

May 2, 2023

Commencement of electronic provision: April 26, 2023

To All Shareholders with Voting Rights

Sadanobu Takemasu
President, Representative Director

Lawson, Inc.
11-2, Osaki 1-chome, Shinagawa-ku, Tokyo

NOTICE OF THE 48th ORDINARY GENERAL MEETING OF SHAREHOLDERS

You are cordially notified that the 48th Ordinary General Meeting of Shareholders will be held as follows. In convening the Ordinary General Meeting of Shareholders, the Company takes measures to provide the materials for the meeting electronically and has posted the “Notice of the 48th Ordinary General Meeting of Shareholders” on the following website providing the agenda materials for the General Meeting of Shareholders and other related materials electronically.

Lawson Website

<https://www.lawson.co.jp/company/ir/event/meeting/>

Electronic agenda materials for the General Meeting of Shareholders and other related materials are posted on the website of the Tokyo Stock Exchange (TSE) as well. Please access the following TSE website (Listed Company Search), enter the issue name (company name) or securities code in the search field, and select “Basic Information (基本情報)” and then “Documents for Public Inspection/PR Information(縦覧書類／P R 情報).”

TSE website (Listed Company Search)

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show>

If you do not attend the meeting, please exercise your voting rights using either of the methods described below after examining REFERENCE DOCUMENTS FOR THE GENERAL MEETING OF SHAREHOLDERS attached herein or posted on the website specified above.

[Voting by Electronic Means (Internet, etc.)]

Please exercise your voting rights by 5:45 p.m. on Tuesday, May 23, 2023, after reading the attached document “Exercising Voting Rights via the Internet, etc.”

[Voting in Writing (by Mail)]

Please indicate your approval or disapproval of the matters to be resolved on the Voting Rights Exercise Form enclosed herewith and return it so that it reaches us by 5:45 p.m. on Tuesday, May 23, 2023. If neither approval nor disapproval is indicated for any matter on the Voting Rights Exercise Form, it will be treated as an indication of approval.

1. Date and Time: 10:00 a.m., Wednesday, May 24, 2023
2. Venue: Hall C, Tokyo International Forum, 5-1 Marunouchi 3-chome, Chiyoda-ku, Tokyo
3. Objectives of the Meeting

Reports:

The Business Report, the Consolidated Financial Statements and the Nonconsolidated Financial Statements for the 48th Fiscal Term (from March 1, 2022, to February 28, 2023), and the related Audit Reports

Matters to Be Resolved:

- Proposal No. 1: Appropriation of Surplus
- Proposal No. 2: Election of Five (5) Directors
- Proposal No. 3: Election of Two (2) Audit and Supervisory Board Members

- If you attend in person, please present the enclosed Voting Rights Exercise Form at the reception desk on arrival at the meeting. You do not need to enter your approval or disapproval in the Voting Rights Exercise Form if you will attend.
- If you wish to exercise your voting rights by proxy, your proxy is requested to present a document evidencing his/her proxy, such as a power of attorney, together with the Voting Rights Exercise Form in the proxy's own name at the reception desk. (The qualified proxy is limited to one shareholder having voting rights for this meeting as per the relevant provision in the Articles of Incorporation.)
- Please note that we will not provide souvenirs for shareholders attending the General Meeting of Shareholders.

REFERENCE DOCUMENT FOR THE GENERAL MEETING OF SHAREHOLDERS

Proposals and References

Proposal No. 1: Appropriation of Surplus

The Company regards the ROE (consolidated return on equity) as a significant management indicator and has been conducting business activities. In addition, the Company's policy for dividend payment is to set the target for consolidated dividend payment ratio at 50%, with the stable minimum annual amount of ¥150 per share, while securing internal reserves necessary for future business development during the course of sustainable growth of the Lawson Group.

We intend to maintain year-end dividends for the current fiscal term at ¥75 per share pursuant to such policy. Accordingly, full-year dividends, including interim dividends of ¥75 per share, will be ¥150 per share.

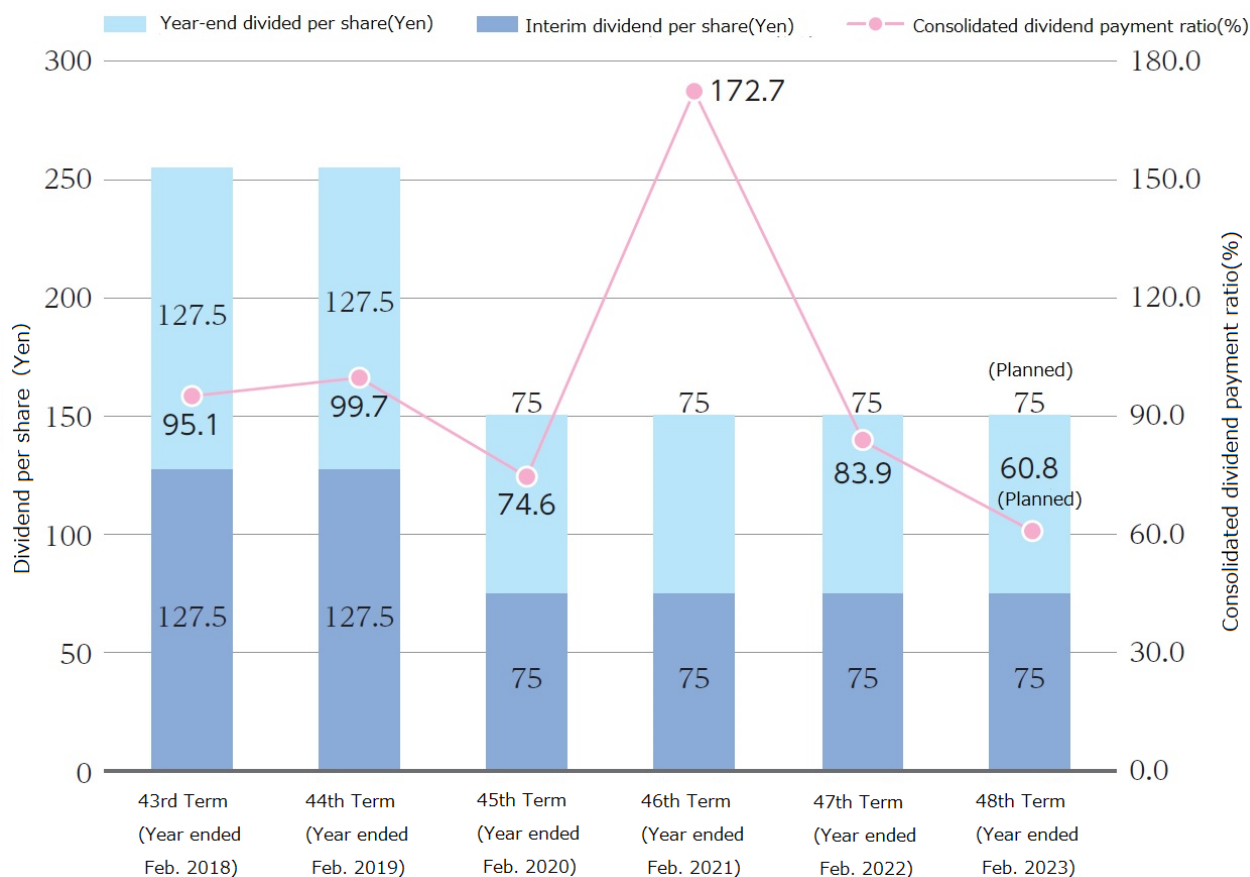
We intend to continue to place emphasis on the distribution of profit to shareholders into the future.

We will endeavor to raise the Company's corporate value by appropriating internal reserves for necessary business investments such as opening new stores, renovating existing stores and new business development.

Year-end dividends:

- (1) The assignment of the dividend property to shareholders and total amount thereof:
¥75 per share of the Company's common stock at a total of ¥7,505,777, 850
- (2) Effective date of the dividends from surplus:
Thursday, May 25, 2023

[Reference: Changes in Dividends and Consolidated Dividend Payment Ratio]



	43rd Term	44th Term	45th Term	46th Term	47th Term	48th Term (Current Period)
Interim dividend per share	¥127.50	¥127.50	¥75	¥75	¥75	¥75
Year-end dividend per share	¥127.50	¥127.50	¥75	¥75	¥75	¥75 (Planned)
Annual dividend per share	¥255	¥255	¥150	¥150	¥150	¥150 (Planned)
Consolidated net income per share	¥268.16	¥255.71	¥200.95	¥86.84	¥178.87	¥246.70
Consolidated dividend payment ratio	95.1%	99.7%	74.6%	172.7%	83.9%	(Planned) 60.8%
ROE	9.7%	9.3%	7.3%	3.2%	6.6%	8.9%

Notes:

Consolidated dividend payment ratio is calculated based on annual dividend per share divided by consolidated net income per share.

Proposal No. 2: Election of Five (5) Directors

The terms of office of all five (5) Directors expire at the conclusion of this 48th Ordinary General Meeting of Shareholders. Accordingly, we propose the election of five (5) Directors.

The Company has endeavored to ensure management transparency and fairness, and has a rule to appoint Independent Directors equaling one-third or more of the Board's composition. If this proposal is approved and passed, there will be five (5) Directors of the Company after the meeting of shareholders, of which two (2) will be Outside Directors. All of the Outside Directors are "Independent Directors/Audit and Supervisory Board Members." Therefore, we propose that you continue to elect Independent Directors equaling one-third or more of the Board's composition.

The candidates for Directors are as stated in the following table. Please refer to pages 10 to 14 for the brief personal histories of the indicated candidates.

Furthermore, please refer to page 18 for the policy and procedures of the Company's Board of Directors for nominating candidates for Directors.

No.	Name	Position at the Company, etc.		Board of Directors' meeting attendance rate
1	Sadanobu Takemasu	President and CEO, Representative Director	Reappointment	100%
2	Masayuki Itonaga	Executive Managing Officer Member of the Board	Reappointment	100%
3	Miki Iwamura	Member of the Board	Reappointment, outside, independent	91.7%
4	Satoko Suzuki	Member of the Board	Reappointment, outside, independent	100%
5	Kiyotaka Kikuchi	Member of the Board	Reappointment	100%

Notes:

- Ms. Miki Iwamura's legal name is Miki Oku.
- Positions at the Company, etc., are as of April 19, 2023.

No.
1

Sadanobu Takemasu
(August 12, 1969)

Reappointment

- Number of the Company's shares held:
11,100
- Attendance at Board of Directors' meetings
12 out of 12 (100%)
- Years in office
Nine years (as of the conclusion of the meeting of shareholders)

Brief Personal History, Position, Assignment and Important Concurrent Positions

April 1993	Joined Mitsubishi Corporation
June 2010	Executive Assistant to President and Chief Executive Officer, Corporate Administration Department and Corporate Strategy and Planning Department, Mitsubishi Corporation
May 2014	Senior Executive Vice President, Representative Director, Division Director of Corporate Sales Division — Lawson Mart, Lawson, Inc.
March 2016	Senior Executive Vice President, Representative Director — Corporate Staff Divisions; SEIJO ISHII, Natural Lawson and Lawson Store100 Business; Overseas Business; Entertainment and Consumer Service Business, and Division Director of Corporate Sales and Store Development Division, Lawson, Inc.
June 2016	President and COO, Representative Director, Lawson, Inc.
March 2017	President and CEO, Representative Director, and Division Director of Marketing Division, Lawson, Inc.
September 2017	President and CEO, Representative Director, Chairman of the Board, CHO, and Division Director of Entertainment Business Division, Lawson, Inc.
February 2019	President and CEO, Representative Director, Chairman of the Board, CHO, and Division Director of Marketing Division, Lawson, Inc.
March 2019	President and CEO, Representative Director, Chairman of the Board, CHO, and Division Director of Marketing Strategy Division, Lawson, Inc.
March 2020	President and CEO, Representative Director, Chairman of the Board, and CHO, Lawson, Inc.
March 2021	President and CEO, Representative Director, Chairman of the Board, and CSO, Lawson, Inc. (Current position)

Reasons for nomination as Director

Mr. Sadanobu Takemasu has been nominated as a candidate for Director of the Company as he has led the entire Group with a focus on the domestic convenience store business, as well as contributed to the improvement of corporate value and the achievement of sustainable corporate management as President and CEO, Representative Director, Chairman of the Board, and CSO of Lawson, Inc. We would like to continue to benefit from his management and supervision of the Company by leveraging his experience.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc.



**Masayuki
Itonaga**
(February 7, 1967)

Reappointment

- Number of the Company's shares held:
—
- Attendance at Board of Directors' meetings
10 out of 10 (100%)
- Years in office
One year (as of the conclusion of the meeting of shareholders)

Brief Personal History, Position, Assignment and Important Concurrent Positions

April 1990	Joined Mitsubishi Corporation
March 1995	Trade Finance Team, International Finance Department, Mitsubishi Corporation
August 1997	Accounting Department, Kansai Branch, Mitsubishi Corporation
December 2000	Seconded to Bridgestone Sales (Thailand) Co., Ltd. in Thailand as Financial and Administrative Director
January 2006	Assistant General Manager, Administration Department, Living Essentials Group, Mitsubishi Corporation
April 2012	Seconded to Princes Limited in the U.K. as Group Corporate Control Director
March 2016	Deputy General Manager, Administration Department, Metals Group, Mitsubishi Corporation
March 2018	Representative Director, President and CEO, Mitsubishi Corporation Financial and Management Services (Japan) Ltd.
April 2022	Financial Administration Division, Lawson, Inc.
May 2022	Executive Vice President, Member of the Board and CFO, Lawson, Inc.
March 2023	Executive Managing Officer, Member of the Board and CFO, Lawson, Inc. (Current position)

Reasons for nomination as Director

Mr. Masayuki Itonaga is a Director, Executive Managing Officer, Member of the Board and CFO of the Company and is responsible for the Company's finance and accounting, business risk management, investor relations (IR), and purchasing management. He has been nominated as a candidate for Director as we would like to continue to benefit from his management and supervision of the Company by leveraging his experience.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc.



Miki Iwamura
(October 24, 1965)

Reappointment, outside,
independent

- Number of the Company's shares held:
1,000
- Attendance at Board of Directors' meetings
11 out of 12 (91.7%)
- Years in office
Five years (as of the conclusion of the meeting of shareholders)

Brief Personal History, Position, Assignment and Important Concurrent Positions

April 1988	Joined Dentsu Inc. (currently Dentsu Group Inc.)
October 1995	Joined Booz Allen Hamilton Inc.
October 2001	Associate Professor (Management Strategy, Marketing Strategy), Nihon University
July 2003	Brand CEO of Mimiso NY, Richemont Japan K.K.
July 2007	Chief Marketing Officer, Google Japan Inc. (currently Google Japan G.K.)
May 2015	Managing Director, APAC Brand and Marketing, CMO Japan, Google G.K.
May 2018	Outside Director, Lawson, Inc. (Current position)
May 2019	Vice President, APAC & Japan Marketing, Google G.K. (Current position)
April 2021	Executive Vice President, Tokyo University (Current position)

Reasons for nomination as Outside Director and expected roles

Ms. Miki Iwamura has been nominated as a candidate for Outside Director, as she has deep insight into management, marketing, and brand reinforcement using digital big data through business execution as Vice President, APAC & Japan Marketing, Google G.K. In addition, she has been proactively making suggestions and disseminating information on workstyle reforms and the promotion of women's advancement in the workplace. We have been receiving her proactive opinions and suggestions regarding the Company's management at Board of Directors' meetings, and we would like to continue to benefit from her supervision of the Company's management by leveraging her experience.

Ms. Iwamura serves as a member of the Company's Nomination and Compensation Advisory Committee, which consists exclusively of non-executive directors and part-time outside Audit and Supervisory Board members. She has also been registered as an Independent Director/Audit and Supervisory Board Member with the Tokyo Stock Exchange, Inc., pursuant to the rules specified by the exchange.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc. Ms. Miki Iwamura's legal name is Miki Oku.

No.
4

Satoko Suzuki
(November 17, 1977)

Reappointment, outside,
independent

- Number of the Company's shares held:
300
- Attendance at Board of Directors' meetings
12 out of 12 (100%)
- Years in office
Three years (as of the conclusion of the meeting of shareholders)

Brief Personal History, Position, Assignment and Important Concurrent Positions

April 1999	Joined Nihon L'Oreal KK
September 2006	Joined Boston Consulting Group K.K.
September 2011	Lecturer, Graduate School of Management, Kyoto University
April 2016	Associate Professor, Graduate School of Management, Kyoto University
April 2017	Associate Professor, The School of International Corporate Strategy at the Graduate School of Business Administration, Hitotsubashi University (Current position)
May 2020	Outside Director, Lawson, Inc. (Current position)
June 2022	Outside Director, Stanley Electric Co., Ltd. (Current position)

Reasons for nomination as Outside Director and expected roles

Ms. Satoko Suzuki has been nominated as a candidate for Outside Director, as she has a wealth of academic knowledge on consumer behavior, marketing and brand management. She has also served as a member of public and private committees related to "hospitality management" and "globalization of service industry," published many papers, presented at academic conferences and received awards. We have been receiving her proactive opinions and suggestions regarding the Company's management at Board of Directors' meetings, and we would like to continue to benefit from her supervision of the Company's management by leveraging her experience.

Ms. Suzuki serves as a member of the Company's Nomination and Compensation Advisory Committee, which consists exclusively of non-executive directors and part-time outside Audit and Supervisory Board members. She has also been registered as an Independent Director/Audit and Supervisory Board Member with the Tokyo Stock Exchange, Inc., pursuant to the rules specified by the exchange.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc.

No.
5

Kiyotaka Kikuchi
(November 19, 1966)

Reappointment

■ Number of the Company's shares held:

—

■ Attendance at Board of Directors' meetings
12 out of 12 (100%)

■ Years in office

Two years (as of the conclusion of the meeting of shareholders)

Brief Personal History, Position, Assignment and Important Concurrent Positions

April 1989	Joined Mitsubishi Corporation
June 2009	Seconded to Itoham Foods Inc. as Director Executive Officer
February 2013	Living Essentials Group CEO Office, Mitsubishi Corporation
April 2014	General Manager, Food Retail Dept., Retail Div., Mitsubishi Corporation
October 2015	Deputy Division COO, Living Essential Resources Div., Mitsubishi Corporation
April 2016	Division COO, Fresh Food Products Div., Mitsubishi Corporation
April 2017	General Manager, Living Essentials Group CEO Office, Mitsubishi Corporation
April 2019	General Manager, Consumer Industry Group CEO Office, Mitsubishi Corporation
April 2020	Senior Vice President, General Manager, Consumer Industry Group CEO Office, Mitsubishi Corporation
April 2021	Executive Vice President, Group CEO, Consumer Industry Group (Concurrently) Division COO, Retail Div., Mitsubishi Corporation
May 2021	Member of the Board, Lawson, Inc. (Current position)
April 2023	Executive Vice President, Group CEO, Consumer Industry Group, Mitsubishi Corporation (Current position)

Reasons for nomination as Director

Mr. Kiyotaka Kikuchi has been nominated as a candidate for Director, as he has a wealth of knowledge on the consumer industry field, mainly in the food industry, through his duties at Mitsubishi Corporation, the parent company of Lawson, Inc., as well as his secondment to a meat processing manufacturer. We have been receiving his proactive opinions and suggestions regarding the Company's management at Board of Directors' meetings, and we would like to continue to benefit from his supervision of the Company's management by leveraging his experience.

Mr. Kikuchi serves as a member of the Company's Nomination and Compensation Advisory Committee, which consists exclusively of non-executive directors and part-time outside Audit and Supervisory Board members.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc.

Notes:

- In accordance with Article 24 of the current Articles of Incorporation, Lawson, Inc. has concluded the following liability limitation agreements with Ms. Miki Iwamura, Ms. Satoko Suzuki and Mr. Kiyotaka Kikuchi. Under the liability limitation agreement concluded with the Company, Directors (excluding those who are executive directors, etc.) assume liability for damages specified in Article 423, Paragraph 1 of the Companies Act within a limit not exceeding the amount stipulated by laws and regulations, provided that they have performed duties which resulted in a cause of such liability in good faith without gross negligence.
- The Company has entered into indemnity agreements as prescribed under Article 430-2, Paragraph 1 of the Companies Act with all of its Directors and Audit and Supervisory Board Members, whereby the Company shall indemnify the expenses set forth in item (i) of the said Paragraph and the losses set forth in item (ii) of the said Paragraph within the limits prescribed by laws and regulations.
- The Company has concluded corporate officer liability insurance (D&O insurance) contract designating its Directors and Audit and Supervisory Board Members as the insured. The insurance contract covers damages such as indemnities and contentious expenses based on the legal liability for damages incurred by the insured due to actions taken by the insured as an officer of the Company. If each of the candidates is elected and assumes office as a Director, all of such Directors will be insured under the said insurance contract. The term of the insurance

(TRANSLATION ONLY)

contract is one (1) year, and it is scheduled to be renewed by resolution of the Board of Directors before the expiration of the term.

4. The information in nominees' Brief Personal Histories, Positions, Assignments and Important Concurrent Positions is current as of April 19, 2023.

Proposal No. 3: Election of Two (2) Audit and Supervisory Board Members

The terms of office of Eiko Tsujiyama, Audit and Supervisory Board Member, and Yuko Gomi, Audit and Supervisory Board Member, expire at the conclusion of this 48th Ordinary General Meeting of Shareholders. Accordingly, we propose that you elect two (2) Audit and Supervisory Board Members.

The consent of the Audit and Supervisory Board has been obtained for this proposal.

The candidates for Audit and Supervisory Board Members are as stated below.

Furthermore, please refer to page 18 for the policy and procedures of the Company's Board of Directors for nominating candidates for Audit and Supervisory Board Members.

No.
1



Yuko Gomi
(March 28, 1972)

Reappointment, outside,
independent

- Number of the Company's shares held:
300
- Attendance at Board of Directors' meetings
12 out of 12 (100%)
- Attendance at Audit & Supervisory Board meetings
16 out of 16 (100%)
- Years in office
Four years (as of the conclusion of the meeting of shareholders)

Brief Personal History, Position and Important Concurrent Positions

April 1999	Admitted to the Japanese bar, joined T. Kunihiro and Co. Attorneys-at-Law
January 2012	Partner, T. Kunihiro and Co. Attorneys-at-Law (Current position)
July 2012	Councilor, The Foundation for the Promotion of Industrial Science (Current position)
September 2013	Legal Advisor to the Legal Compliance Office, General Affairs Division, Minister's Secretariat, Cabinet Office (Part-time, current position)
June 2018	Outside Audit and Supervisory Board Member, Nippon Gas Co., Ltd. (Schedule to resign in June 2023)
May 2019	Outside Audit and Supervisory Board Member, Lawson, Inc. (Current position)
June 2019	Outside Director (Member of the Audit Committee), Alps Alpine Co., Ltd. (Current position)
August 2022	Information Security Advisor, Japan Coast Guard (Current position)

Reasons for nomination as Outside Audit and Supervisory Board Member

Ms. Yuko Gomi has been nominated as a candidate for Outside Audit and Supervisory Board Member, as she has a wealth of business experience related to laws and regulations and risk management centered on the area of corporate legal affairs from a legal perspective and broad insight as a lawyer. She has been appropriately auditing the execution of duties of directors and is expected to continue to sufficiently fulfill the role of an Audit and Supervisory Board Member.

Ms. Gomi serves as a member of the Company's Nomination and Compensation Advisory Committee, which consists exclusively of non-executive directors and part-time outside Audit and Supervisory Board members. She has been registered as an Independent Director/Audit and Supervisory Board Member with the Tokyo Stock Exchange, Inc., pursuant to the rules specified by the exchange.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc.



Yuko Miyata
(August 1, 1964)

New appointment, outside,
independent

■ Number of the Company's
shares held:

—

Brief Personal History, Position and Important Concurrent Positions

April 1989	Joined Nippon Lever K.K. (currently Unilever Japan K.K.)
March 1993	Brand Manager, Marketing, Nippon Lever K.K.
January 2000	Management Development Director, HR, Nippon Lever K.K.
May 2004	Strategic HR Group, Unilever PLC (Unilever's UK Headquarters)
July 2005	Member of the Board, Head of HR and Ggeneral Aaffairs , Unilever Japan K.K.
May 2013	Operating Officer, Head of HR, Bayer Holding Ltd.
January 2021	HR consultant (sole proprietorship) (Current position)
May 2023	Outside Director, Audit and Supervisory Committee Member, Takeuchi Manufacturing Co., Ltd. (scheduled to be appointed)

Reasons for nomination as Outside Audit and Supervisory Board Member

Ms. Yuko Miyata is nominated as a candidate for Outside Audit and Supervisory Board Member as we expect that we can leverage her experience in auditing and supervising the Company. She has global experience, including overseas assignments in the U.S. and the U.K. She has extensive experience in human resources and labor affairs at global companies, having served as Member of the Board, Head of HR and General Affairs of Unilever Japan K.K. and as Executive Officer and General Manager of the Human Resources Division of Bayer Holding Ltd. Ms. Miyata also has considerable knowledge of overall business decision-making, governance, and compliance.

Ms. Miyata has been registered as an Independent Director/Audit and Supervisory Board Member with the Tokyo Stock Exchange, Inc., pursuant to the rules specified by the exchange.

Particular conflicts of interest between the Candidate and Lawson, Inc.

There are no particular conflicts of interest between the Candidate and Lawson, Inc. Ms. Yuko Miyata's legal name is Yuko Yajima.

- In accordance with Article 32 of the current Articles of Incorporation, Lawson, Inc. has concluded the following liability limitation agreement with Ms. Yuko Gomi. Under the liability limitation agreement concluded with the Company, Audit and Supervisory Board Members assume liability for damages specified in Article 423, Paragraph 1 of the Companies Act within a limit not exceeding the amount stipulated by laws and regulations, provided that they have performed their duties which resulted in a cause of such liability in good faith without gross negligence. The Company plans to enter into a similar agreement with Ms. Yuko Miyata upon her election and assumption of office as an Audit and Supervisory Board Member.
- The Company has entered into indemnity agreements as prescribed under Article 430-2, Paragraph 1 of the Companies Act with all of its Directors and Audit and Supervisory Board Members, whereby the Company shall indemnify the expenses set forth in item (i) of the said Paragraph and the losses set forth in item (ii) of the said Paragraph within the limits prescribed by laws and regulations. The Company plans to conclude the same indemnity agreement with Ms. Yuko Miyata upon her election and assumption of office as an Audit and Supervisory Board Member.
- The Company has concluded corporate officer liability insurance (D&O insurance) contract designating its Directors and Audit and Supervisory Board Members as the insured. The insurance contract covers damages such as indemnities and contentious expenses based on the legal liability for damages incurred by the insured due to actions taken by the insured as an officer of the Company. If each of the candidates is elected and assumes office as an Audit and Supervisory Board Member, all of such Audit and Supervisory Board Members will be insured under the said insurance contract. The term of the insurance contract is one (1) year, and it is scheduled to be renewed by resolution of the Board of Directors before the expiration of the term.
- The information in nominees' Brief Personal Histories, Positions and Important Concurrent Positions is current as of April 19, 2023.

Reference: Proposed management system following the approvals of Proposal Nos. 2 and 3

Name	Position	New appointment / reappointment	Gender	Outside independent officer	Nomination and Compensation Advisory Committee	Years in office	Main areas of experience and expertise						
							Corporate management	Corporate finance / accounting	Legal affairs/ compliance and risk	Marketing	IT/DX	Global experience	Franchise or retail business
Sadanobu Takemasu	President and CEO, Representative Director	Reappointment	Male			9	●			●	●	●	●
Masayuki Itonaga	Member of the Board, Executive Managing Officer	Reappointment	Male			1	●	●				●	
Miki Iwamura	Member of the Board	Reappointment	Female	○	○	5	●			●	●	●	
Satoko Suzuki	Member of the Board	Reappointment	Female	○	○	3				●		●	●
Kiyotaka Kikuchi	Member of the Board	Reappointment	Male		○	2	●		●			●	●
Shuichi Imagawa	Audit and Supervisory Board Member (full-time)	—	Male			3			●	●			●
Jun Miyazaki	Audit and Supervisory Board Member (full-time)	—	Male			2			●	●			●
Yuko Gomi	Audit and Supervisory Board Member	Reappointment	Female	○	○	4			●				
Keiko Yoshida	Audit and Supervisory Board Member	—	Female	○	○	3		●					
Yuko Miyata	Audit and Supervisory Board Member	New appointment	Female	○	○	0	●		●	●		●	

Note:

Members of the Board with titles and members of the Nomination and Compensation Advisory Committee will be determined at the Board of Directors' meeting after the General Meeting of Shareholders, while Audit and Supervisory Board Member (full-time) will be determined at the Audit and Supervisory Board meeting after the General Meeting of Shareholders.

[Reference] Policy and procedures of the Company's Board of Directors for nominating candidates for directors and Audit and Supervisory Board members

Lawson, Inc. has established the Director/Audit and Supervisory Board Member Election Standard as the basis for nominating candidates for directors and Audit and Supervisory Board members. Those with different expertise and experience are nominated as candidates for directors to ensure diversity of the Board of Directors as a whole and to carry out appropriate decision making and supervision. Furthermore, in addition to the independence standard specified by the Tokyo Stock Exchange, Inc., we have established our own criteria concerning independence in order to appoint two or more Independent Directors/Audit and Supervisory Board Members who are unlikely to have a conflict of interest with general shareholders in an effort to ensure transparency and fairness of management.

In addition, as an advisory organ that recommends candidates for directors, candidates for representative directors, and posts to the Board of Directors, we have voluntarily established a Nomination and Compensation Advisory Committee. All seven members of the committee are non-executive directors or part-time Audit and Supervisory Board members, with six being Independent Directors/Audit and Supervisory Board Members. The committee is designed to recommend candidates for directors, candidates for representative directors, and posts to the Board of Directors with a high level of independence. In the event that a director or representative director engages in an act that significantly damages corporate value or ceases to satisfy the Director/Audit and Supervisory Board Member Election Standard after assuming his/her post, a dismissal or other treatment will be considered after consultation with the Committee.

As for candidates for Audit and Supervisory Board members, those with knowledge and expertise in finance, accounting, risk management and law, which are necessary for auditing operations, are nominated as candidates for Audit and Supervisory Board members upon obtaining the consent of the Audit and Supervisory Board.

1. Director/Audit and Supervisory Board Member Election Standard

- (1) A person who can deeply relate to the Lawson Group's corporate philosophy of "Creating Happiness and Harmony in Our Communities"
- (2) A person who has the capability to contribute to the sustainable growth and corporate value improvement of the Lawson Group
- (3) A person who has no hindrance in health, both physically and mentally, in the performance of his/her duties
- (4) A person who is popular, possesses dignity, impeccable ethics, and a law-abiding spirit
- (5) A person who has objective decision-making abilities and is gifted with both foresight and insight
- (6) A person who has a wealth of experience and knowledge on corporate management and an area of expertise
- (7) A person who is able to secure enough time to do the job
- (8) A person who does not fall under the criteria for disqualification provided by the Companies Act
- (9) For Independent Directors/Audit and Supervisory Board Members, a person who does not conflict with the Criteria concerning Independence as specified by the Company

2. Criteria concerning Independence

Besides the independence standard specified by the Tokyo Stock Exchange, Inc., we have established our own Criteria concerning Independence. Outside directors or outside Audit and Supervisory Board members who do not conflict with either of them are appointed as Independent Directors/Audit and Supervisory Board Members.

- (1) A person for whom the Lawson Group is a key business partner, or an executive officer thereof
A supplier group who provides products or services to the Lawson Group, with the amount of sales to the Lawson Group in the most recent business year amounting to 2% of the supplier group's consolidated net sales or more
- (2) A key business partner of the Lawson Group, or an executive officer thereof
A client group to whom the Lawson Group provides products or services, with the amount of sales of the Lawson Group to the client group in the most recent business year amounting to 2% of the Lawson Group's consolidated net sales (gross operating revenues) or more
- (3) A consultant, accounting expert or legal expert who receives substantial monies or other property from the Lawson Group other than as director/Audit and Supervisory Board member remuneration.
A consultant, accounting expert such as a certified public accountant, or a legal expert such as a lawyer, who receives substantial monies or other property from the Lawson Group other than as director/Audit and Supervisory Board member remuneration, and who has received compensation of 5 million yen per year or more over the past two years
- (4) A major shareholder of Lawson, Inc. (if the major shareholder is a corporation, an executive officer of the corporation)
- (5) (A close relative is) An executive officer of the Lawson Group
- (6) (A close relative is) A non-executive director or accounting advisor (if the Independent Director/Audit and Supervisory Board Member is an outside Audit and Supervisory Board member) of the Lawson Group
- (7) A person whose total term of office at the time of re-appointment exceeds eight years for outside director and 12 years for outside Audit and Supervisory Board member
Even if the person falls under any of the above, said person can be elected as a candidate for an independent outside director/Audit and Supervisory Board member if the Board of Directors deems said person to have substantial independence. In such case, the reason will be explained and disclosed at the time of his/her election as outside director/Audit and Supervisory Board member.

BUSINESS REPORT

(March 1, 2022 through February 28, 2023)

I. CURRENT STATUS OF THE CORPORATE GROUP**1. Summary of Operations****(1) Business Developments and Results of Operations**

During the fiscal year under review, or fiscal 2022 ended February 28, 2023, we continued to take rigorous prevention measures against the infection of the novel coronavirus and responded to new normal demand by exerting concerted Group-wide efforts. Specifically, under the leadership of our Lawson Group Sweeping Transformation Executive Committee, which was launched in September 2020 to realize “Challenge 2025” formulated for 2025, the 50th anniversary of our foundation, we renovated our stores and revamped our product lineups in Domestic Convenience Store Business in response to changes in the business environment, and the whole Lawson Group endeavored to resolve medium- to long-term issues for sustainable growth, acquire new revenue opportunities and foster job satisfaction. Fiscal 2022 was a year in which we took concrete actions. Upholding a strategic concept of focusing on community, individual customers, and individual stores, we introduced an area company system in the Hokkaido and Kinki regions ahead of other regions. Under the new system, the roles and scope of discretion assigned to the headquarters and areas were reviewed, and greater authority and discretion were delegated to the respective areas so as to expedite decision-making and speed up the hypothesis/verification cycle.

As a result, for fiscal 2022 on a consolidated basis, gross operating revenue increased to 988,621 million yen (up 41.6% from previous fiscal year), operating income increased to 55,056 million yen (up 16.9% from previous fiscal year) and ordinary income increased to 53,453 million yen (up 12.4% from previous fiscal year). Profit attributable to owners of parent was 24,689 million yen (up 37.9% from previous fiscal year).

The Company has adopted the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the fiscal year ended February 28, 2023. Therefore, year-on-year comparative figures for the fiscal year represent amounts based on the previously adopted accounting policies. For information on the changes in relation to the application of the new accounting standards, please refer to Consolidated Financial Statements and “Notes to Consolidated Financial Statements (Changes in Accounting Policies).”

We also focused on improving our group-wide internal control system and addressing operating risks based on the 2022 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control going forward.

Operating results by business segment were as follows.

(Domestic Convenience Store Business)

During the fiscal year under review, the state of quasi-emergency declaration was lifted in March 2022, there have been repeated waves of new COVID-19 cases during the fiscal year under review, but an overall rising trend was seen in the movement of people.

Amid such drastic shifts in the business landscape, Lawson has been proceeding with store renovations considering the characteristics/situation of each store, helping them expand their merchandise assortment of frozen foods and other daily necessities to adapt to changes in customers’ lifestyles and better address customer needs. By the end of fiscal year 2022, we had completed the renovation of some 2,985 stores, and the total number of stores renovated since fiscal 2021 reached 7,290. Installation of the Machikado Chubo in-store kitchen service at stores also progressed, with 9,191 stores equipped with the service as of the end of fiscal year 2022. In addition, we implemented a full-scale introduction of MUJI products at LAWSON stores in May 2022, with a total of 9,621 stores including those in the previous fiscal year offering the merchandise as of the end of fiscal year 2022.

In store operations, as we work our way toward 2025, our 50th anniversary year, we launched the HAPPY LAWSON PROJECT! in June 2022 with the aim of creating “new hubs of refreshment in every community,” and promoted measures to fulfill the three promises of our business policy—“Superior taste,” “Human kindness,” and “Environmental (Machi) friendliness”—in an effort to operate LAWSON stores endorsed by all our customers.

In addition to further strengthening our distinctive products that focus on taste and health, we are also working to provide heartfelt customer service in our stores. Furthermore, we are continuing with our environmentally friendly measures such as reducing food loss, plastic usage, and CO₂ emissions.

[Store Operations]

In store operations, we continued to focus on reinforcing adherence to the Three Essential Practices, which emphasizes (1) serving customers courteously; (2) offering a merchandise assortment focused on basic items

with high demand; and (3) keeping our stores and communities clean. In our efforts to respond to customer needs and increase sales, we also focused on expanding our merchandise assortment to respond to changes in customer lifestyles and values. Furthermore, we kept up our initiatives to increase the profitability of franchise stores, including helping them streamline their store operation and control costs associated with food waste and utility expenses.

[Merchandising and Service Strategies]

Sales continued to surge in frozen foods, fast-food counter items and products offered by the Machikado Chubo in-store kitchen service, whose assortments we have been endeavoring to expand with the aim of supporting the daily lives of customers with store renovations. In the frozen food range, sales were strong for ingredients and deli items that fulfill customers' pantry needs as well as for groundbreaking items such as frozen desserts. In the fast-food counter range, "Kara-age-kun" chicken nuggets in new flavors, their "Sauce-topped" series, and "Protein Chicken" for protein lovers enjoyed robust sales. With regard to products offered by the Machikado Chubo, we saw strong performance for regular items such as the "Mixed-seafood Tempura Rice Bowl" as well as deli items and box lunch items in which rice is packed separately launched after October 2022.

Furthermore, we strengthened our merchandise assortment of regular products and rolled out sales promotional measures, which resulted in the strong performance of onigiri rice balls and the "Korega BENTO" box lunch series in the rice range and deli items in the daily food range. In addition, new dessert products such as "NAMA CUSTARD CREAM PUFF" and "Rich Canelé" also contributed to sales. MUJI cosmetics and baked sweets, which we are currently in the process of introducing, recorded strong sales.

In food delivery service, the combined number of stores listed on 4 food delivery services such as Uber Eats, reached 3,558 in 46 prefectures as of February 28, 2023. In addition, Uber Eats delivers over-the-counter (OTC) drugs sold at 91 LAWSON stores in 17 prefectures.

[Breakdown of Sales by Merchandise Category at Chain Stores in Domestic Convenience Store Business]

Product group	Sales (millions of yen)	Percentage of total (%)	Year on Year (%)
Processed foods	1,229,474	53.5	103.2
Fast foods	517,272	22.5	107.7
Daily delivered foods	352,081	15.3	102.4
Nonfood products	200,690	8.7	101.8
Total	2,299,518	100.0	104.0

[Store Development]

In opening new stores, the Group continued to focus on developing profitable stores.

During the fiscal year under review, the total number of LAWSON, NATURAL LAWSON and LAWSON STORE100 stores opened in Japan stood at 228 stores. Meanwhile, we closed a total of 253. As of the end of February 2023, the total number of domestic stores was 14,631 ^{*1}.

In an effort to establish convenience store models catered to an aging population and a trend toward self-treatment, we are building partnerships with dispensing pharmacy and drug store chains to operate healthcare-oriented LAWSON stores that offer over-the-counter pharmaceuticals and prescription drugs, as well as a wider assortment of cosmetics and daily necessities than conventional LAWSON stores. The number of stores offering non-prescription drugs has reached 298 stores (includes 51 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of February 2023. Moreover, the number of stores with nursing care consultation desks for seniors has reached 20 as of the end of February 2023. Furthermore, we have also been expanding our chain of "in-hospital LAWSON stores," which feature strengthened focus on medical, sanitary and nursing supplies in addition to merchandise and services offered at standard convenience stores. The number of such stores has reached 345 as of the end of February 2023. Building on our expertise developed through operation of in-hospital LAWSON stores, we will continue to support the lives of all people interacting with hospitals.

Our NATURAL LAWSON stores, which are popular among customers for supporting their beauty, health, and comfortable lifestyles, offer an exclusive selection of finely picked items of value, including food made with healthy ingredients and environmentally friendly detergents and cosmetics. Meanwhile, our LAWSON STORE100 stores offer high quality, safe and reliable fruits and vegetables with a focus on freshness and daily necessities, supporting customers' daily dietary lives by helping them plan their meals. The stores are visited by customers of all ages including children and the elderly, and particularly single people and homemakers. As of the end of February 2023, we operate 131 NATURAL LAWSON stores and 661 LAWSON STORE100 stores.

*1 The numbers of store openings and closings and total number of stores in Japan include stores operated by Lawson, Inc. and three equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.

[Change in Total Number of Domestic Stores]

	Total stores as of February 28, 2022	Change during fiscal year	Total stores as of February 28, 2023
LAWSON	13,851	(12)	13,839
NATURAL LAWSON	136	(5)	131
LAWSON STORE100	669	(8)	661
Total	14,656	(25)	14,631

As a result, Domestic Convenience Store Business posted gross operating revenue of 691,363 million yen (up 62.8% from previous fiscal year) and segment profit of 39,001 million yen (up 37.3% from previous fiscal year).

(Seijo Ishii Business)

Seijo Ishii Co., Ltd provides customers with well-selected, and highly original foods under its philosophy of “Quality food for a quality life.” Operating diverse store formats including street-side stores and stores in station buildings and commercial facilities, the supermarket chain leverages its distinguished product development expertise to offer original products and food items made in-house under the Seijo Ishii brand. The number of directly operated Seijo Ishii Co., Ltd stores reached 175 as of the end of February 2023. In the first half of the fiscal year, sales were slow for perishable food and grocery items including fruit and vegetables, meat and fish, and confectionery, especially at street-side stores. This was attributable to the high relative basis of comparison resulting from the spike in demand same period of last year from customers staying at home during the COVID-19 pandemic. In the second half of the fiscal year, however, dishes produced in-house at Seijo Ishii’s central kitchen recorded steady sales, driven by promotional projects and reinforced publicity activities.

Furthermore, in July 2022 we started operating a new central kitchen, doubling our production capacity. By harnessing the expanded capacity, we are stepping up our efforts to develop new items in-house and to increase the proportion of items produced in-house. In addition, on December 16, 2022, due to a comprehensive consideration of trends in the stock market and other factors, Seijo Ishii Co., Ltd withdrew its listing application filed with the Tokyo Stock Exchange on September 9, 2022. We will continue striving to elevate the brand power of Seijo Ishii by promoting the sustainable development of products of value, effective promotional campaigns, and publicity activities as a manufacturing retailer eager to send messages out to consumers.

As a result, Seijo Ishii Business posted gross operating revenue of 109,541 million yen (up 0.8% from previous fiscal year) and segment profit of 11,189 million yen (down 0.5% from previous fiscal year).

(Entertainment-related Business)

With respect to our ticketing business in our Entertainment-related Business undertaken by Lawson Entertainment, Inc., concerts and other events were resumed in force in an environment in which restrictions on movement were lifted for the first time in three years. Under such circumstances, we focused our efforts on securing an expanded lineup of events in each genre with the aim of capturing the increased demand, which resulted in our ticket transaction value for the full fiscal year exceeding the pre-pandemic level recorded in fiscal 2019. Furthermore, sales for our product sales business also increased year on year at HMV music/video software stores and others. Meanwhile, demand from stay-at-home customers slowed in our e-commerce business, which resulted in decreased sales, but we are working to expand the scope of merchandise we handle to include entertainment and cosmetics goods. The number of stores has reached 55 as of February 28, 2023, including HMV stores, HMV&BOOKS, which markets books, CDs and DVDs, and HMV record shop stores specializing in analog records.

During the fiscal year under review, United Cinemas Co., Ltd., an operator of cinema complexes, again attracted more moviegoers than in the same period of the previous fiscal year. Sales increased as a result of measures taken to attract customers, such as distributing discount coupons to members, and strengthening digital advertising. As of February 28, 2023, 44 cinema complexes nationwide with 399 screens are operating.

As a result, Entertainment-related Business posted gross operating revenue of 72,167 million yen (up 14.6% from previous fiscal year) and segment profit of 3,963 million yen (up 74.2% from previous fiscal year).

(Financial Services Business)

With respect to our Financial Services Business, we endeavored to offer an expanded range of new services through Lawson Bank, Inc.'s ATMs and ATM settlement network. As of the end of February 2023, the number of ATMs installed nationwide reached 13,519, with each ATM used 52.6 times a day on average. The total number of our financial institution partners reached 384 nationwide. We now have seven partners for the "smartphone ATM (QR code deposit/withdrawal)"^{*2} service, 23 for the "Immediate Account Settlement Service"^{*3} (18 financial institutions and five other service operators), and seven for international money transfer cards. In addition to conventional demand for cash deposit and withdrawal services, charging to cashless payment services has contributed to the increased use of ATMs, etc.

Regarding LAWSON Ponta Plus credit cards issued by Lawson Bank, Inc, we are steadily expanding credit card membership by rolling out a range of promotional campaigns and strengthening promotional efforts at stores.

*2 A service where customers can deposit/withdraw cash or take out/repay a credit card loan at an ATM by using a smartphone app instead of a bank card. "smartphone ATM" is a registered trademark of Seven Bank, Ltd.

*3 A service that allows customers to top up their mobile payment app from their account with a financial institution by harnessing the ATM network.

As a result, Financial Services Business posted gross operating revenue of 34,486 million yen (up 2.6% from previous fiscal year) and segment profit of 3,882 million yen (up 31.1% from previous fiscal year).

(Overseas Business)

With regards to Overseas Business, the Group's operating companies opened LAWSON stores in the People's Republic of China, Thailand, Indonesia, the Philippines, and the United States of America (Hawaii).

The number of LAWSON stores in the People's Republic of China, reached 5,620 as of the end of February 2023, up 1,060 stores from the end of previous fiscal year. In addition to opening new stores through our subsidiaries, we are also launching stores by concluding mega franchise agreements with local retailers in different cities, as well as area license agreements—where partner companies serve as headquarters in designated areas and assume overall operation and development—in efforts to accelerate the expansion of business areas and the number of stores. In July 2022, the number of stores exceeded 5,000, a milestone first for a Japanese convenience store chain. Due to the spread of COVID-19, large-scale movement restrictions were imposed across China in and after April 2022, and about half of the stores in the eastern part of the country suspended their operations due to the lockdown across Shanghai. Almost all stores were reopened after the lockdown was lifted in June 2022, but both government-imposed and self-imposed restrictions on movement continued intermittently in different regions. After China's zero COVID policy was eased in early December 2022, the number of new cases among store staff increased, forcing stores to suspend their operations or operate with shorter hours. Thus, the business environment remained extremely challenging throughout the year. Meanwhile, the movement of people has been showing a phased recovery starting with cities where infection numbers have peaked, which has resulted in a decline in the number of stores suspending their operations or operating with shorter hours and a recovery trend in daily sales. We will work to offer our signature high-quality original products including rice and dessert items, enhance the value of the Lawson brand in China, and increase earnings by strengthening our delivery business. Furthermore, from fiscal year 2022, Chengdu Lawson, Inc. has been included in the scope of consolidation.

With regard to regions outside China, stores that had been suspending their operations or operating with shorter hours have resumed normal operations and are gradually recovering from the impact of COVID-19 in almost all stores. While making preparations to accelerate the pace of new store openings, we will continue to operate our stores to sustain the daily lives of our customers and strive to further expand our earnings. In addition, from fiscal year 2022, Lawson Philippines, Inc. has been included in the scope of consolidation.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2022)	Change during fiscal year	Number of stores (As of February 28, 2023)
China Shanghai and surrounding area (Shanghai, Zhejiang, Jiangsu)	2,349	134	2,483
China Chongqing and surrounding area (Chongqing, Sichuan)	489	309	798
China Liaoning (including Shenyang, Dalian)	461	125	586
China Beijing and surrounding area (Beijing, Tianjin, Hebei)	343	89	432
China Guangdong and Fujian (including Shenzhen, Xiamen)	—	174	174
China Hubei (including Wuhan)	526	91	617
China Anhui (including Hefei)	175	56	231
China Hunan (including Changsha)	117	43	160
China Hainan (including Haikou)	100	39	139
China Subtotal	4,560	1,060	5,620
Thailand	166	15	181
Indonesia	65	191	256
Philippines	69	32	101
United States of America Hawaii	2	—	2
Total	4,862	1,298	6,160

As a result, Overseas Business posted gross operating revenue of 92,132 million yen (up 15.1% from previous fiscal year) and segment loss of 3,064 million yen (segment profit was 2,342 million yen in previous fiscal year).

(Sustainability Philosophy and Initiatives)

With the aim of achieving a sustainable society through Lawson's business activities based on our corporate philosophy, "Creating Happiness and Harmony in Our Communities," we established the SDGs Committee effective March 1, 2019. We are making Group-wide efforts led by our SDGs Committee to conduct individual initiatives that solve social issues through our business activities. Furthermore, on March 1, 2021 the position of Chief Sustainability Officer (CSO) was assumed by the president and CEO and representative director to further strengthen our initiatives.

Specifically, we identified issues having significant impacts on the environment, society and economy across our business activities including our value chains, identified social issues that should be prioritized, and uphold them as our six material issues (materiality) that we are currently working on.

Lawson's "Six Material Issues"

1. Providing safety/security-oriented overwhelmingly high value-added products and services friendly to society and the environment
2. Supporting health promotion for all people through products and stores
3. Providing comfortable work environment leading to job satisfaction
4. Supporting women, senior people as well as children's growth
5. Coexisting synergistically with communities by serving as part of social infrastructure
6. Sustainable environment preservation activities toward carbon-free society

In Environmental Initiatives, we formulated its environmental vision, "Lawson Blue Challenge 2050!" in 2019, aiming to realize a (1) reducing CO₂ emissions; (2) reducing food waste; and (3) reducing plastic use (for containers, packaging and shopping bags) and focused efforts are under way.

Furthermore, in an effort to tackle climate change issues, we are following the Task Force on Climate-

related Financial Disclosures (TCFD) recommendations to analyze climate-related risks and opportunities and promote disclosure of their impact on our business activities and financial performance.

Goals related to the environmental aspect (KPIs)

Issues	Short-term KPIs for 2025	Medium-term KPIs for 2030	Long-term KPIs for 2050
Reducing CO ₂ emissions (per store)	Reduce by 15% over 2013	Reduce by 50% over 2013	Reduce by 100% over 2013
Reducing food waste	Reduce by 25% over 2018	Reduce by 50% over 2018	Reduce by 100% over 2018
Reducing plastic use (for containers and packaging)	Reduce by 15% over 2017	Reduce by 30% over 2017 (50% of materials used for Lawson's original product containers and packaging are eco-friendly)	(100% of materials used for Lawson's original product containers and packaging are eco-friendly)
Reducing plastic use (Plastic shopping bags)	—	Plastic shopping bags Reduce by 100%	—

Our measures for social issues include promoting respect for human rights and diversity, health and productivity management, and social contribution activities.

• Respect for Human Rights

With the aim of embodying our Group's corporate philosophy, "Creating Happiness and Harmony in Our Communities," we focus on respecting the human rights of all the stakeholders of our Group including our supply chain by complying with the Lawson Group Human Rights Policy, which was established in June 2021 as our top-level basic policy on human rights. We signed the United Nations Global Compact, a worldwide initiative to achieve sustainable growth in the international community in May 2022. We will respect human rights in all aspects of its business activities, build relationships of trust with all people involved in its business activities, and promote initiatives to respect human rights with support and respect international norms such as the United Nations Guiding Principles on Business and Human Rights.

• Promoting Diversity and Inclusion

Our goal is for employees with diverse values to come together to exert their maximum power as a whole, strengthening our chain even further. In hiring new employees, we focus on the aptitude, motivation, and competence of each individual regardless of their gender, nationality, age, academic background, or place of origin. In our regular recruitment, we have been working to achieve our target of a 50:50 gender ratio since 2005, and have continued to actively hire non-Japanese nationals since 2008. In addition, in an effort to achieve the target of raising the proportion of female managers to 30% by fiscal 2030, top management members offer training to female executive candidates as part of our program to develop the next generation of leaders from among general managers.

Data on Active Role of Female Employees

	FY 2019	FY 2020	FY 2021	FY 2022
Number of female managers (percentage of women in this role)	111 10.3%	121 11.4%	134 12.2%	154 13.8%
Number of female senior managers (percentage of women in this role)	16 9.3%	10 6.2%	14 8.3%	11 7.1%
Number of female (Deputy) Senior Vice Presidents* (percentage of women in this role)	1 3.1%	2 5.7%	2 5.6%	2 6.1%
Number of female corporate officers* (percentage of women in this role)	5 41.7%	6 46.2%	6 50.0%	5 50.0%

* The number of senior vice presidents is the total number of senior vice presidents and deputy vice

presidents. Also, the number of corporate officers is the total number of members of the board and corporate auditors.

- Health and Productivity Management

As a company that contributes to customers overall health, we announced a health declaration to this end in 2013. With the President serving as Chairman of Health and Wellness Promotion Committee, we have recently established a system to promote health management and lead efforts to reinforce and direct health initiatives and health management for the Company and its customers.

- Social Contributions

We conduct social contribution activities to realize the concept of aiming to create a better future for children.” Under our scholarship program for children from single-parent families, we extended non-repayable scholarships to 400 recipients every year from fiscal 2017 to 2022 to help them achieve their dreams.

Major sustainability initiatives we implemented in 2022 were as follows.

- In November 2022, in Toshima Ward, Tokyo, we opened a GREEN LAWSON store as part of our efforts to achieve a sustainable society. Focusing on achieving sustainability in collaboration with customers and communities, the futuristic store incorporates over 20 sustainability measures including endeavoring to decrease its environmental impact by reducing CO₂ emissions, food loss, and plastic usage, serving customers with on-screen avatars to realize less restrictive work options for employees, and leveraging digital transformation to facilitate smooth communication with customers. After verifying these measures, we will seek to introduce each measure to stores where they will be suitable nationwide.

- In November 2022, in Kawasaki City, Kanagawa Prefecture, we opened an energy-saving model store with approximately 80% of its refrigerated/frozen display cases equipped with doors and solar panels installed on its roof, the store achieves reductions of 40% and 55% in electricity consumption and CO₂ emissions, respectively, from its fiscal 2013 levels. We will be launching similar stores in other regions to verify the effectiveness of this initiative until February 2024, after which we will seek to make this a standard for new and renovated stores from the fiscal 2024.

- We launched some new initiatives to reduce food loss in fiscal 2022, including offering certain dessert items on discount through Cookpad Mart^{*4}, in order to use products after their sell-by date^{*5}. We also conducted a pilot experiment in which we donated fast-food items to children’s cafeterias by using rapid freezers. Furthermore, we periodically donated original dessert products and processed foods that missed their store delivery deadlines (but were still well within their best-before dates) to the Japan Food Bank Promotion Group and Kodomo Takushoku Oendan, a charity organization that delivers food to children. In fiscal 2022, we donated a total of approximately 1,350,000 items (about 126 tons) of food products^{*6}.

*4 Fresh food e-commerce platform provided by Cookpad Inc.

*5 The sell-by date is set by Lawson and indicates the limit by which a product should be sold. After the sell-by date, the product is removed from the shelf even though the expiry date has not passed.

*6 The figures include donations by suppliers.

- To reduce the use of plastic, we started using paper containers for our bento box lunches and cooked noodles, and have adopted thinner plastics and environmentally friendly materials. Furthermore, in response to the enforcement of the Plastic Resource Circulation Act in April 2022, we introduced lightweight plastic cutlery developed with an open-handle design.

- In an effort to promote diversity, in August 2022 we affixed a communication support guide at the cashier counter in Lawson stores nationwide with the aim of helping customers with hearing impairments or other conditions convey their need for plastic shopping bags, cutlery, or microwave usage by identifying their request on the guide. In response to requests from municipalities nationwide as well as customers, we have made the data for the communication sheet support guide available to the public. In addition, to support people with disabilities, we made a full-scale start on our project to use pictures drawn by artists with disabilities. Such pictures were employed in 2022 for the cover of the SDGs Handbook issued in August, awareness stickers for toilets in November, and postcards and tissue boxes, which were put on sale to coincide with the International Day of Persons with Disabilities in December.

(2) Capital Expenditures

Capital expenditures of the Group during the fiscal year under review totaled 45,906 million yen, of which 26,891 million yen was primarily for store facility investment in buildings, and 13,076 million yen was for the upgrading of information systems.

(3) Changes in Operating Results and Financial Position

① Changes in Operating Results and Financial Position of the Corporate Group

Category/Fiscal Term	Fiscal 2019 45 th Term	Fiscal 2020 46 th Term	Fiscal 2021 47 th Term	Fiscal 2022 48 th Term
Gross operating revenue (millions of yen)	730,236	666,001	698,371	988,621
Ordinary income (millions of yen)	56,346	37,610	47,571	53,453
Profit attributable to owners of parent (millions of yen)	20,108	8,689	17,900	24,689
Profit per share (yen)	200.95	86.84	178.87	246.70
Total assets (millions of yen)	1,357,732	1,365,430	1,337,245	1,366,166
Net assets (millions of yen)	275,347	272,931	278,473	287,099
Net assets per share (yen)	2,707.08	2,674.53	2,726.97	2,810.33

② Changes in Operating Results and Financial Position of the Company

Category/Fiscal Term	Fiscal 2019 45 th Term	Fiscal 2020 46 th Term	Fiscal 2021 47 th Term	Fiscal 2022 48 th Term
Net sales of all convenience stores (millions of yen)	2,296,156	2,165,818	2,211,981	2,299,518
Gross operating revenue (millions of yen)	390,811	354,825	355,102	357,571
Ordinary income (millions of yen)	45,962	33,700	34,278	40,618
Profit (millions of yen)	15,486	15,894	13,470	22,595
Profit per share (yen)	154.76	158.84	134.61	225.78
Total assets (millions of yen)	858,770	839,426	793,925	805,367
Net assets (millions of yen)	233,705	234,977	233,294	240,073
Net assets per share (yen)	2,333.04	2,344.86	2,327.59	2,395.60

(4) Priority Issues of the Group**① Response to social issues**

The Company promotes ESG-focused management, and the SDGs Committee is clarifying the items and issues to be addressed by the Lawson Group with the aim of ensuring that the Group can work toward resolving issues. In particular, the Group is focused on promoting decarbonization activities, reducing food waste, and eliminating plastic uses in order to help bring about a sustainable society.

② Continue to ensure stable management of franchised stores

The Company recognizes that maintaining the stable management of franchised stores is an important issue. Based on franchise store profit-focused management, we are developing a system in which our headquarters takes responsibility for providing comprehensive support to franchise stores in response to soaring store expenses and labor shortages. In addition, we will make the maximum use of digital technology to efficiency store operation, make working environments more pleasant, and reduce labor needs to develop an environment that enables people of all ages and nationalities to work at our stores, while addressing issues faced by franchised stores such as the shortage of store crew. Furthermore, we will implement short-term and medium- to long-term initiatives such as measures to stabilize management by promoting the management of multiple franchised stores as well as measures to enable new franchised store owners to start their business with peace of mind while addressing shortages of FC store owners stemming from the declining birthrate, thereby building stronger partnerships with franchised stores.

③ Pursuit of an ideal store format with enhanced product appeal and product assortment

By setting out and thoroughly implementing the Three Lawson Promises of “Superior taste,” “Human kindness,” and “Environmental (Machi) friendliness,” we aim to further strengthen our product appeal and create stores that match the various lifestyles and needs of our customers. By promoting store renovations to pursue the ideal store format based on the above, we strive to create stores that generate word-of-mouth recommendations by customers. In addition, in order to deeply understand customer needs that vary by area and respond to such needs in an appropriate and prompt manner, each area company will shift to a system in which they formulate and implement sales, product, and store development strategies.

④ Take on challenges in future growth areas

We will continue to take on challenges to establish new business models in future growth areas not only in our domestic convenience store business, the core business of the Group, but also in various other fields such as Seijo Ishii Business, Entertainment-related Business, Financial Services Business, and Overseas Business. We will also work hard to make maximum use of each Group company’s distinctive features to generate synergistic effects.

For such purposes, we will utilize advanced digital technologies as well as management resources such as real stores and customer bases, etc. held by the Group.

⑤ Promote internal control systems and address operating risks

We believe that enhancing internal control across the Group as a whole and dealing with business risks are absolutely necessary to develop our business on a continual basis. Proactive efforts in corporate governance as an enterprise listed on the prime market that will enable us to meet the expectations of all stakeholders involved with our Group will help improve our corporate value. We will continue focusing our efforts on enhancing internal control and addressing business risks.

The Company has a listed parent company (Mitsubishi Corporation) and, although we are publicly listed as a parent/subsidiary pair, we appoint one-third or more independent directors who have no conflict of interest with general shareholders. In addition, we install “Nomination and Compensation Advisory Committee” and “Special Committee” on a voluntary basis and maintaining a system able to ensure the highest levels of management transparency and fairness.

We conduct business activities under our corporate philosophy, “Creating Happiness and Harmony in Our Communities”. We continue to make companywide efforts to “master the basics”, “respond to changes” and “meet the challenge of further growth.”

We look forward to the continued support and encouragement of our shareholders.

2. Current Status at the End of February 2023

(1) Major Business Segments of the Corporate Group and Principal Offices (Domestic Convenience Store Business)

① Lawson, Inc.

Major Business: Primarily operates the Lawson-brand franchise system and undertakes management of company-operated stores as the head office of LAWSON, NATURAL LAWSON and LAWSON STORE100 convenience store chains.

Head Office: Shinagawa-ku, Tokyo

Principal Offices: Hokkaido area office (Kita-ku, Sapporo), Tohoku area office (Aoba-ku, Sendai), Kanto area office (Minato-ku, Tokyo), Chubu area office (Naka-ku, Nagoya), Kinki area office (Suita city, Osaka), Chushikoku area office (Kita-ku, Okayama) and Kyushu area office (Hakata-ku, Fukuoka)

Note: In addition to the above sites, the Company has 117 offices throughout Japan, including branches.

② Lawson urbanworks, Inc.

Major Business: Operates LAWSON stores mainly in Tokyo and Chiba prefectures.

Head Office: Shinagawa-ku, Tokyo

③ Lawson Store100, Inc.

Major Business: Operates LAWSON STORE100 stores, provides guidance, and engages in merchandise-related businesses.

Head Office: Saiwai-ku, Kawasaki-shi, Kanagawa

④ SCI, Inc.

Major Business: Food wholesaler, including processed meats and frozen foods, and wholesaler of packing materials.

Head Office: Shinagawa-ku, Tokyo

[Stores]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	679	Ibaraki	215	Kyoto	328	Ehime	216
Aomori	277	Tokyo	1,673	Shiga	153	Tokushima	137
Akita	179	Kanagawa	1,063	Nara	134	Kochi	138
Iwate	180	Shizuoka	276	Wakayama	152	Fukuoka	524
Miyagi	257	Yamanashi	135	Osaka	1,193	Saga	76
Yamagata	109	Nagano	167	Hyogo	699	Nagasaki	122
Fukushima	169	Aichi	717	Okayama	241	Oita	201
Niigata	225	Gifu	178	Hiroshima	299	Kumamoto	163
Tochigi	198	Mie	135	Yamaguchi	127	Miyazaki	110
Gunma	243	Ishikawa	102	Tottori	137	Kagoshima	200
Saitama	694	Toyama	176	Shimane	141	Okinawa	259
Chiba	596	Fukui	105	Kagawa	133	Total (domestic)	14,631

Note: These figures include stores operated by Lawson, Inc., and three equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.

(Seijo Ishii Business)

SEIJO ISHII CO., LTD.

Major Business: Operates a chain of small supermarkets that seeks to develop and manufacture high-value-added products.

Head Office: Setagaya-ku, Tokyo

(Entertainment-related Business)

① Lawson Entertainment, Inc.

Major Business: Sells tickets for various events and music/video software inside LAWSON stores and others.

Head Office: Shinagawa-ku, Tokyo

② United Cinemas Co., Ltd.

Major Business: Manages multiplex movie theaters

Head Office: Shinagawa-ku, Tokyo

(Financial Services Business)

Lawson Bank, Inc.

Major Business: Operates a banking business

Head Office: Shinagawa-ku, Tokyo

(Overseas Business)

① Lawson (China) Holdings, Inc.

Major Business: Controls companies that operate overseas business in China.

Head Office: Shanghai, China

② Shanghai Lawson, Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Shanghai, China

③ Shanghai Le Song Trading Co., Ltd.

Major Business: Operates Company-operated convenience stores.

Head Office: Shanghai, China

④ Shang Hai Gong Hui Trading Co., Ltd

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Shanghai, China

⑤ Zhejiang Lawson, Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Hangzhou, China

(Note) Zhejiang Lawson, Inc. changed its Chinese trade name in January 2023.

⑥ Chongqing Lawson, Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Chongqing, China

⑦ Dalian Lawson, Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Dalian, China

⑧ Lawson (BEIJING), Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Beijing, China

⑨ BEIJING LUOSONG Co., Ltd.

Major Business: Operates Company-operated convenience stores.

Head Office: Beijing, China

⑩ Chengdu Lawson, Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Chengdu, China

⑪ Saha Lawson Co., Ltd.

Major Business: Operates stores under the store brand of LAWSON 108 and 108SHOP.

Head Office: Bangkok, Thailand

⑫ Lawson Philippines, Inc.

Major Business: Operates Company-operated convenience stores and franchise stores.

Head Office: Manila, Philippines

(Other Business)

• Consulting Business

BestPractice, Inc.

Major Business: Conducts surveys of convenience stores to give advice and make specific proposals for the improvement of LAWSON stores.

Head Office: Shinagawa-ku, Tokyo

(2) Employees

① Employees of the Corporate Group

Name of Business Segment	Number of Employees	Year-on-Year Change
Domestic Convenience Store Business	5,055	(163)
Seijo Ishii Business	1,221	(73)
Entertainment-related Business	1,190	38
Financial Services Business	163	(6)
Overseas Business	2,889	496
Other Business	130	(6)
Total	10,648	286

Note: Number of employees is full-time employees.

② Employees of the Company

Number of Employees	Year-on-Year Change	Average Age	Average Years of Service
4,454	(163)	42.1	15.2

Note: Number of employees is full-time employees.

(3) Major Lenders

Lenders	Amount Borrowed (millions of yen)
Syndicated loan	110,000
Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	41,900
Sumitomo Mitsui Banking Corporation	15,000

(4) Parent Company and Significant Subsidiaries and Equity-method Associates

① Parent Company

Parent Company	Capital Stock (millions of yen)	Shareholding (%)	Major Business
Mitsubishi Corporation	204,446	50.2	Natural Gas, Industrial Materials, Petroleum & Chemicals Solution, Mineral Resources, Industrial Infrastructure, Automotive & Mobility, Food Industry, Consumer Industry, Power Solution, Urban Development, etc.

- Relationship with parent company
Mitsubishi Corporation, our parent company, holds 50,150,000 of our shares (50.2% of voting rights). Mitsubishi Corporation provides guarantees for loans payable and engages in other transactions with the Lawson Group.
- Information on transactions with the parent company:
 - a. Ensuring that engaging in these transactions is not harmful to our interests
We have entered into guarantee entrustment agreements with our parent company, and we have paid our parent company guarantee fees for some of our loans payable based on these agreements. In conducting these transactions, we have established transaction conditions that compare with prevailing market prices, as we do for general transactions.
 - b. Board of Directors' assessment on whether these transactions are harmful to our interests, and grounds for that assessment
Given the perspective in a. above, we solicit appropriate feedback on our management at Board of Directors' meetings attended by outside directors and outside Audit and Supervisory Board members, with decisions made after multi-faceted discussions, and we have determined that such transactions are not harmful to our interests.
 - c. Views of outside directors if they differ from the Board of Directors' assessment
Not applicable.
- The following outlines the agreements, etc. that the Company has concluded with its parent company with regard to

significant financial and business policies:

The Company resolved at its Board of Directors' meeting held on September 16, 2016 to amend the business alliance agreement that the Company had concluded with Mitsubishi Corporation in February 2000 (including amendments thereto; hereinafter, the "Original Business Alliance Agreement") and on the same day concluded the business alliance agreement (which came into effect on February 15, 2017).

a. Reason for amendment of the Original Business Alliance Agreement

The Company and Mitsubishi Corporation concluded that it was necessary to further strengthen their collaboration and further bolster the Company's business foundation by enabling the Company to take even greater advantage of Mitsubishi Corporation's network and human resources for the benefit of the Company's domestic convenience store business, overseas convenience store business, and other peripheral businesses through making the Company a consolidated subsidiary of Mitsubishi Corporation.

b. Details of amendments to the Original Business Alliance Agreement

(a) The fields of business alliance will be as follows:

- (i) domestic convenience store business,
- (ii) overseas convenience store business,
- (iii) peripheral businesses, and
- (iv) other businesses separately agreed on by the companies;

(b) Mitsubishi Corporation will implement the business alliance while respecting the Company's management independence and identity, as well as respecting the interests of the franchise stores, which constitute the essence of the franchise business;

(c) In order to effectively and substantially promote the business alliance, Mitsubishi Corporation will dispatch personnel as necessary upon mutual consultation, and the Company will accept such dispatched personnel; and

(d) The amended business alliance agreement will become effective on the settlement commencement date of the tender offer for shares of the Company's common stock by Mitsubishi Corporation announced on September 16, 2016 and will remain effective until a time separately agreed to in writing by Mitsubishi Corporation and the Company.

② Significant Subsidiaries

Company Name	Capital Stock		Shareholding	Major Business
Lawson urbanworks, Inc.	10	million yen	100.0 %	Domestic Convenience Store Business
Lawson Store100, Inc.	99	million yen	100.0 %	Domestic Convenience Store Business
SCI, Inc.	10	million yen	100.0 %	Domestic Convenience Store Business
SEIJO ISHII CO., LTD.	100	million yen	100.0 %	Seijo Ishii Business
Lawson Entertainment, Inc.	100	million yen	100.0 %	Entertainment-related Business
United Cinemas Co., Ltd.	100	million yen	100.0 %	Entertainment-related Business
Lawson Bank, Inc.	11,600	million yen	95.0 %	Financial Services Business
Lawson (China) Holdings, Inc.	3,359	million Chinese yuan	100.0 %	Overseas Business
Shanghai Lawson, Inc.	452	million Chinese yuan	100.0 %	Overseas Business
Shanghai Le Song Trading Co., Ltd.	0.1	million Chinese yuan	100.0 %	Overseas Business
Shang Hai Gong Hui Trading Co., Ltd.	0.3	million Chinese yuan	85.0 %	Overseas Business
Zhejiang Lawson, Inc.	20	million Chinese yuan	100.0 %	Overseas Business
Chongqing Lawson, Inc.	490	million Chinese yuan	100.0 %	Overseas Business
Dalian Lawson, Inc.	66	million Chinese yuan	98.3 %	Overseas Business
Beijing Lawson, Inc.	284	million Chinese yuan	64.8 %	Overseas Business

(TRANSLATION ONLY)

BEIJING LUOSONG Co., Ltd.	0.1 million Chinese yuan	64.8 %	Overseas Business
Chengdu Lawson, Inc.	180 million Chinese yuan	100.0 %	Overseas Business
Saha Lawson Co., Ltd.	1,367 million baht	49.2 %	Overseas Business
Lawson Philippines, Inc	2,475 million peso	100.0 %	Overseas Business
BestPractice, Inc.	10 million yen	100.0 %	Consulting Business

Notes:

1. Shareholding includes indirectly held shares.
2. Lawson HMV Entertainment United Cinemas Holdings, Inc. and United Entertainment Holdings Co., Ltd. were excluded from the scope of consolidation because of an absorption-type merger with United Cinemas Co., Ltd. as the surviving company on September 1, 2022.
3. Zhejiang Lawson, Inc. changed its Chinese trade name on January 12, 2023.
4. Chengdu Lawson, Inc. and Lawson Philippines, Inc. have been included in the scope of consolidation due to an increase in significance from fiscal 2022.

③ Significant Equity-method Associates

Company Name	Capital Stock (millions of yen)	Shareholding (%)	Major Business
Lawson Okinawa, Inc.	10	49.0	Domestic Convenience Store Business
Lawson Minamikyushu, Inc.	100	49.0	Domestic Convenience Store Business
Lawson Kochi, Inc.	50	49.0	Domestic Convenience Store Business

II. CURRENT STATUS OF THE COMPANY**1. Shares at the End of the Year****(1) Total Number of Shares Authorized to Be Issued:** 409,300,000 shares**(2) Total Number of Shares Issued and Outstanding:** 100,300,000 shares

(Including 222,962 shares of treasury shares)

(3) Number of Unit (*tangen*) Shares: 100 shares**(4) Number of Shareholders:** 30,409**(5) Top 10 Major Shareholders:**

Shareholder's Name	Number of Shares Held (thousand shares)	Shareholding (%)
Mitsubishi Corporation	50,150	50.1
The Master Trust Bank of Japan, Ltd. (Trust account)	8,074	8.1
Custody Bank of Japan, Ltd. (Trust account)	2,596	2.6
KDDI CORPORATION	2,110	2.1
NTT DOCOMO, INC.	2,092	2.1
SMBC Nikko Securities Inc.	1,958	2.0
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,636	1.6
Japan Securities Finance Co., Ltd.	1,180	1.2
JP MORGAN CHASE BANK 385771	1,084	1.1
Employee stockholding association	929	0.9

Notes:

1. The number of shares held in the above table is based on the register of shareholders.
2. The equity position in the above table is calculated after deducting treasury shares.

2. Status of Stock Acquisition Rights**(1) Stock Acquisition Rights Held by Corporate Officers of the Company as of February 28, 2023**

	14 th Stock Acquisition Rights	16 th Stock Acquisition Rights	17 th Stock Acquisition Rights	19 th Stock Acquisition Rights
Number of option holders and the number of stock acquisition rights (units)				
Directors (excluding Outside Directors)	1 person (27 units)	1 person (38 units)	1 person (62 units)	1 person (57 units)
Outside Directors	0 person (0 units)	0 person (0 units)	0 person (0 units)	0 person (0 units)
Class and number of shares subject to stock acquisition rights	Common stock of Lawson, Inc. 2,700	Common stock of Lawson, Inc. 3,800	Common stock of Lawson, Inc. 6,200	Common stock of Lawson, Inc. 5,700
Amount of property contributed upon the exercise of the share subscription rights (per share)	1 yen	1 yen	1 yen	1 yen
Exercise period	April 10, 2015 through March 24, 2035	May 2, 2016 through April 12, 2036	May 1, 2017 through April 11, 2037	June 8, 2018 through May 21, 2038
Main exercise conditions	Note 1	Note 1	Note 1	Note 1

	20 th Stock Acquisition Rights	21 st Stock Acquisition Rights	22 nd Stock Acquisition Rights	23 rd Stock Acquisition Rights
Number of option holders and the number of stock acquisition rights (units)				
Directors (excluding Outside Directors)	1 person (64 units)	1 person (90 units)	1 person (112 units)	2 persons (117 units)
Outside Directors	1 person (5 units)	1 person (5 units)	2 persons (10 units)	2 persons (10 units)
Class and number of shares subject to stock acquisition rights	Common stock of Lawson, Inc. 6,900	Common stock of Lawson, Inc. 9,500	Common stock of Lawson, Inc. 12,200	Common stock of Lawson, Inc. 12,700
Amount of property contributed upon the exercise of the share subscription rights (per share)	1 yen	1 yen	1 yen	1 yen
Exercise period	June 7, 2019 through May 20, 2039	June 12, 2020 through May 26, 2040	June 11, 2021 through May 24, 2041	June 10, 2022 through May 24, 2042
Main exercise conditions	Note 1	Note 1	Note 1	Note 1

(2) Stock Acquisition Rights Issued during the Fiscal Year to Senior Vice Presidents of the Company as Compensation for Performing Their Duties

	23 rd Stock Acquisition Rights
Number of SVPs and the number of stock acquisition rights	
Senior Vice Presidents	13 persons (69 units)
Class and number of shares subject to stock acquisition rights	Common stock of Lawson, Inc. 6,900
Amount of property contributed upon the exercise of the share subscription rights (per share)	1 yen
Exercise period	June 10, 2022 through May 24, 2042
Main exercise conditions	Note 1

Notes:

1. A stock acquisition rights holder may exercise his or her rights within the exercise period only for a period of 10 days from the day after losing his or her position as either director and/or executive officer of the Company.
2. “Senior Vice Presidents” exclude those who concurrently serve as a member of the board.

(3) Other Information related to Stock Acquisition Rights

The total number of shares subject to stock acquisition rights that remain unexercised as of February 28, 2023, is 80,800 shares, accounting for 0.08% of the total number of shares issued and outstanding.

3. Members of the Board and Corporate Auditors**(1) Positions, Names and Assignments (As of February 28, 2023)**

Name	Position, Assignments and Important Concurrent Positions Note: Important concurrent positions of Outside Directors given later in (8) Outside Directors and Outside Corporate Auditors	
Sadanobu Takemasu	President Representative Director, Chairman of the Board	CSO
Masayuki Itonaga	Executive Vice President, Member of the Board	CFO
Miki Iwamura	Member of the Board	
Satoko Suzuki	Member of the Board	
Kiyotaka Kikuchi	Member of the Board	Executive Vice President, Group CEO, Consumer Industry Group (Concurrently) Division COO, Retail Div. Mitsubishi Corporation
Shuichi Imagawa	Audit and Supervisory Board Member (full-time)	
Jun Miyazaki	Audit and Supervisory Board Member (full-time)	
Eiko Tsujiyama	Audit and Supervisory Board Member	
Yuko Gomi	Audit and Supervisory Board Member	
Keiko Yoshida	Audit and Supervisory Board Member	

Notes:

- Two members of the Board (Miki Iwamura and Satoko Suzuki) are outside directors as stipulated in Article 2, Item 15, of the Companies Act of Japan (the “Companies Act”).
- Three auditors (Eiko Tsujiyama, Audit and Supervisory Board Member, Yuko Gomi, Audit and Supervisory Board Member and Keiko Yoshida, Audit and Supervisory Board Member) are outside corporate auditors as stipulated in Article 2, Item 16, of the Companies Act.
- Eiko Tsujiyama, Audit and Supervisory Board Member, has long-term experience as a university professor in accounting and therefore has considerable expertise in finance and accounting.
Yuko Gomi, Audit and Supervisory Board Member, has a wealth of work experience of law and risk management mainly in relation to the legal affairs of companies, based on her viewpoint of law as a lawyer and her broad knowledge.
Keiko Yoshida, Audit and Supervisory Board Member, is a certified public accountant, serving as the representative of an accounting firm, and therefore has considerable expertise in taxation, accounting and management.
- The following personnel changes were approved at the 47th general meeting of shareholders held on May 25, 2022.

Appointment	Member of the Board	Masayuki Itonaga
Resignation	Member of the Board	Katsuyuki Imada
	Member of the Board	Satoshi Nakaniwa
	Member of the Board	Keiko Hayashi

[Reference] Members of the Boards and Senior Vice Presidents**(Excluding Non-Executive Directors) (As of March 1, 2023)**

Name	Position and Major Title	
Sadanobu Takemasu	President, Representative Director, Chairman of the Board	CSO
Masayuki Itonaga	Executive Managing Officer, Member of the Board	CFO
Masakatsu Gonai	Senior Executive Managing Officer	Chief Risk Officer, Executive Assistant to CSO, General Manager of CS Promotion Office
Yuichi Wada	Senior Executive Managing Officer	Company President of Kinki Company
Motonobu Miyake	Executive Managing Officer	Company President of China Company, General Manager of Lawson (China) Holdings, Inc.
Hitoshi Fujii	Executive Managing Officer	Division Director of Merchandising Division
Tatsushi Sato	Executive Managing Officer	Division Director of IT Systems Solution Division
Hiroyuki Karasawa	Executive Managing Officer	Division Director, Corporate Strategy and Planning Division
Tatsuya Murase	Executive Managing Officer	Division Director of Store Sales Division
Suguru Kawabata	Executive Managing Officer	Division Director of Corporate Sales and Store Development Division
Miwako Tate	Executive Managing Officer	Division Director of Corporate Communications Division
Gyo Katsuta	Executive Managing Officer	Division Director of Marketing Strategy Division
Akihito Watanabe	Executive Vice President	Lawson Entertainment, Inc., United Cinemas Co., Ltd. President and Representative Director
Kazuhiro Wakui	Executive Vice President	Merchandising Division Deputy Director and Department Director of Order Placement DX Department
Yasuhiko Hirokane	Executive Vice President	Company President of Hokkaido Company and Company President of Tohoku Company
Katsuaki Sakai	Executive Vice President	Company President of Shutoken Company
Satoshi Kumagai	Senior Vice President	Company President of Financial Services Company
Takeji Hino	Senior Vice President	Human Resources Division Director and LAWSONWILL, Inc President and Representative Director
Tomoki Takanishi	Senior Vice President	Financial Administration Division Director
Hiroyuki Oki	Senior Vice President	Company President of Kyushu Company
Kazuki Tsukiuda	Senior Vice President	Division Director of Franchisee Business Support Division

(2) Outline of Liability Limitation Agreements

The Company has entered into agreements with its directors (excluding persons who are executive directors, etc.) and corporate auditors to limit their liability with regard to the damages outlined under Article 423, Paragraph 1 of the Companies Act, whereby their liability shall be, at a maximum, the total sum of the amounts set forth in the respective relevant items of Article 425, Paragraph 1 of the Companies Act. The aforementioned liability limitation is valid only in cases where the said director or corporate auditor has performed duties which resulted in a cause of such liability in good faith without committing acts of gross negligence.

(3) Outline of Indemnity Agreements

The Company has entered into indemnity agreements prescribed under Article 430-2, Paragraph 1 of the Companies Act with its directors (Sadanobu Takemasu, Masayuki Itonaga, Miki Iwamura, Satoko Suzuki, and Kiyotaka Kikuchi) and corporate auditors (Shuichi Imagawa, Jun Miyazaki, Eiko Tsujiyama, Yuko Gomi, and Keiko Yoshida), whereby the Company shall indemnify the expenses set forth in item (i) of the said Paragraph and the losses set forth in item (ii) of the said Paragraph within the limits prescribed by laws and regulations.

In addition, the Company takes measures to prevent the impairment of appropriate execution of duties by the Company's officers by not providing compensation in cases where loss is attributable to bad faith or gross negligence in the execution of duties, or in cases where there is a reason that exempts the insurance provider from payment as stipulated in the directors and officers (D&O) liability insurance agreements concluded between the Company and the insurer and by setting a certain amount as a deductible for losses per event.

(4) Outline of Directors and Officers (D&O) Liability Insurance Agreements

The Company has entered into directors and officers (D&O) liability insurance agreements prescribed under Article 430-3, Paragraph 1 of the Companies Act with an insurance provider, whereby litigation expenses and damages arising from compensation payments to be borne by the insured shall be covered by the said insurance agreements. The insured under the directors and officers (D&O) liability insurance agreements shall be directors, corporate auditors, executive officers, etc. of the Company and its subsidiaries, and all insurance premiums for the insured shall be borne by the Company. In addition, the Company takes measures to prevent the impairment of appropriate execution of duties by the Company's officers by ensuring that the said insurance shall not be applied in cases where loss is attributable to bad faith or gross negligence in the execution of duties by the insured, or in cases where there is a reason that exempts the insurance provider from payment as stipulated in the said agreements.

(5) Amounts of Remuneration Paid to Directors and Corporate Auditors**Remuneration paid to officers**

Category	Total Compensation Paid (millions of yen)	Total Compensation Paid by Type (millions of yen)			Number of Corresponding Directors and Corporate Auditors
		Fixed Compensation	Variable Compensation	Stock Options	
Directors (Including Outside Directors)	202	104	59	38	8
Outside Directors	25	22	—	3	3
Corporate Auditors (Including Outside Corporate Auditors)	84	84	—	—	5
Outside Corporate Auditors	36	36	—	—	3
Total	286	188	59	38	13

(6) Policy on Decisions Concerning the Amount of Remuneration Paid to Directors

The Company resolved the following policy on decisions concerning the amount of remuneration paid to directors at its Board of Directors' meeting held on December 15, 2021.

① Basic policy on decisions concerning the amount of remuneration paid to directors

Regarding the amount of remuneration paid to directors, it is the Company's basic policy to design the remuneration system in close correlation with shareholder returns while ensuring that it will function sufficiently as an incentive for the enhancement of corporate value, sustainable growth and improvement of operating performance, and reward each director with a sufficient and adequate amount of compensation for the execution of their duties.

② Decision-making process for the amount of remuneration paid to directors

In order to enhance management transparency and fairness, the amount of remuneration paid to the Company's directors is determined through the following processes:

i The limit on the amount of remuneration paid to directors is resolved at the general meeting of shareholders following the decision by the Board of Directors based on consultation with and recommendations of the Nomination and Compensation Committee.

ii Directors' remuneration system and calculation rules are determined by the Board of Directors based on consultation with and recommendations of the Nomination and Compensation Committee. The standard remuneration amount commensurate with the position is determined by the President of the Company based on consultation with and recommendations of the Nomination and Compensation Committee.

iii With regard to the amount of remuneration for each year, in accordance with the calculation rules, the amount of remuneration paid to individual directors is calculated based on the standard remuneration, taking into account the Company's financial performance, etc., and qualitative assessment. The total amount of remuneration is determined at the board of directors' meeting based on consultation with and the recommendations of the Nomination and Compensation Committee, and the amount of remuneration paid to individual directors is determined by Sadanobu Takemasu, President, Representative Director, as entrusted by the board of directors. The Company has delegated the above authority to the President because it believes that a decision by the President is the most appropriate way to determine the amount of remuneration from a comprehensive perspective, taking into account the business environment and business performance of the Company and the execution of duties by each Executive Director. The amount of remuneration paid to individual directors is determined by the President of the Company based on consultation with and recommendations of the Nomination and Compensation Committee in order to ensure transparency and fairness as well as the appropriate execution of delegated authority.

As the amount of remuneration paid to individual directors for the current fiscal year was determined in accordance with these procedures, the Board of Directors has determined that the decision is in line with the basic policy.

Members of the Nomination and Compensation Committee:

Consisting exclusively of non-executive directors and outside audit & supervisory board members (part-time) (5 independent directors out of 6 members)

Director	Kiyotaka Kikuchi	Outside Director	Miki Iwamura (Vice Committee Chairperson)
Outside Director	Satoko Suzuki	Outside Corporate Auditor	Eiko Tsujiyama (Committee Chairperson)
Outside Corporate Auditor	Yuko Gomi	Outside Corporate Auditor	Keiko Yoshida

③ Details of remuneration paid to directors

Remuneration paid to the Company's directors is composed of basic compensation through monthly cash payments during the term of office and stock price-linked compensation through the granting of stock options.

[Basic compensation]

Basic compensation of directors is composed of fixed compensation with fixed monthly payments and variable compensation, which fluctuates in response to the Company's financial performance for each period.

- Fixed compensation (60% of the total)

The amount of fixed compensation commensurate with the position is determined based on standards stipulated by internal rules.

- Variable compensation (40% of the total)

In order to link the remuneration of directors with shareholder returns, the Company has adopted a compensation system that is linked to the Company's financial performance. Variable compensation is paid in accordance with the degree to which targets for EPS (earnings per share) and SDGs targets (CO₂ reduction rate per store, etc.). KPIs will be determined based on the percentage of budget achievement for "EPS" and "SDGs targets (CO₂ reduction rate per store, etc.)". The EPS targets are aimed at better sharing value with shareholders and linking this to the Company's operating results, while the SDGs targets are aimed at achieving the Company's environmental vision of "Lawson Blue Challenge 2050!"((1) reducing CO₂ emissions; (2) reducing food waste; and (3) reducing plastic use (for containers, packaging and shopping bags)). The amount of variable compensation is determined based on the above by adding a qualitative assessment (10%) through the interview with the Nomination and Compensation Committee.

Regarding 3 non-executive directors, Miki Iwamura, Satoko Suzuki, and Kiyotaka Kikuchi, variable compensation is not applicable as they are focused on their supervisory and advisory roles as the Company's representative directors and in the board of directors meetings.

[Targets and results concerning variable compensation for the current fiscal year (March 2022 through February 2023)]

KPI	Ratio	March 2021 through February 2022		Reasons for selecting indicators
		Targets	Results	
EPS budget	20%	100%	260.9%	To link compensation with the Company's financial performance and thereby create a shared interest with shareholders
SDGs targets	10%	100%	206.7%	Toward achieving "Lawson Blue Challenge 2050!"

Note: The variable compensation for the current fiscal year is calculated based on the financial results for the previous fiscal year ended February 2022.

[Stock price-linked compensation]

Stock options as stock-based compensation

By incorporating stock options as stock-based compensation linked with stock prices as part of compensation paid to directors, the Company has a system in which management shares with stockholders the benefits from a rise in stock price as well as the risks associated with a price decline. The Company positions stock options as compensation that is linked to medium to long-term improvement of its corporate value.

Exercise price on stock options as stock-based compensation is 1 yen per share and the amount of units granted is determined in accordance with the position of directors. In addition, stock options as stock-based compensation can be exercised only during designated periods after retirement from office; directors are not allowed to exercise their stock option rights during their term in office.

[Targets and results concerning stock options as stock-based compensation for the current fiscal year (March 2022 through February 2023)]

KPI	March 2021 through February 2022	
	Targets	Results
EPS budget	100%	260.9%

Note: The stock options as stock-based compensation for the current fiscal year are calculated based on the financial results for the previous fiscal year ended February 2022.

④ Limit on the amount of remuneration paid to directors

The limit on the amount of remuneration paid to the Company's directors is determined at the general meeting of shareholders in accordance with laws and regulations.

- Amount of remuneration paid to directors
Resolutions at the general meeting of shareholders as of May 24, 2001: 400 million yen or less per year
Number of directors: 20
- Amount of stock options granted to directors
Resolutions at the general meeting of shareholders as of May 27, 2014: 300 million yen or less per year
Number of directors: 9

(7) Policy on Decisions Concerning the Amount of Remuneration Paid to Corporate Auditors

① Basic policy on decisions concerning the amount of remuneration paid to corporate auditors

Regarding the amount of remuneration paid to corporate auditors, it is the Company's basic policy to reward each corporate auditor with a sufficient and adequate amount of compensation for the execution of their duties.

② Decision-making process for the amount of remuneration paid to corporate auditors

The amount of remuneration paid to corporate auditors is determined based on discussions among corporate auditors and is within the remuneration amount limit resolved at the general meeting of shareholders.

③ Details of remuneration paid to corporate auditors

The Company's corporate auditors receive basic compensation (fixed compensation) in cash.

The amount of basic compensation is decided based on discussions among corporate auditors, taking into consideration whether or not they are working on a full-time basis, and segregation of auditing duties. Regarding

retirement benefits, the system itself was abolished.

④ Limit of the amount of remuneration paid to corporate auditors

The limit of the amount of remuneration paid to the Company's corporate auditors is determined at the general meeting of shareholders in accordance with laws and regulations.

Amount of remuneration paid to corporate auditors

Resolutions at the general meeting of shareholders as of May 27, 2020: 100 million yen or less per year

Number of corporate auditors: 5

(8) Outside Directors and Outside Corporate Auditors

① Relationship between Major Positions Concurrently Held and the Company (As of February 28, 2023)

Position in the Company	Name	Position Concurrently Held	Details	Relationship between the Company and Company Where Position Concurrently Held
Outside Director (Independent)	Miki Iwamura	Google Japan LLC The University of Tokyo	Vice President, Asia-Pacific, Japan (Marketing) Executive Vice President	—
Outside Director (Independent)	Satoko Suzuki	Hitotsubashi University Business School School of International Corporate Strategy STANLEY ELECTRIC CO., LTD.	Associate Professor Outside director	—
Outside Corporate Auditor (Independent)	Eiko Tsujiyama	Waseda University	Emeritus Professor and Auditor	—
Outside Corporate Auditor (Independent)	Yuko Gomi	T.Kunihiro & Co. Attorneys-at-Law NIPPON GAS CO., LTD. ALPS ALPINE CO., LTD.	Partner Outside corporate auditor Outside director Audit and supervisory committee member	—
Outside Corporate Auditor (Independent)	Keiko Yoshida	Shiba Kaikei Jimusho Passlogy Co., Ltd.	Representative Outside director	—

Note: If there is an empty space in the column “Relationship between the Company and company Where Position Concurrently Held,” it means that the Company has no important business or other relationship with that company.

② Major Activities during the Year

Position in the Company	Name	Outline of activities, provision of comments, and duties performed in line with expected roles
Outside Director (Independent)	Miki Iwamura	Ms. Iwamura attended 11 of 12 board of directors' meetings held throughout the year during her term in office, and as an executive Vice President of a global IT company, appropriately questioned and/or remarked based on a wealth of her experience and knowledge. Ms. Iwamura is also a vice chairperson of the Company's Nomination and Compensation Committee.
Outside Director (Independent)	Satoko Suzuki	Ms. Suzuki attended all 12 board of directors' meetings held throughout the year during her term in office and, as an academic, appropriately questioned and/or expressed opinions based on her extensive knowledge of consumption behavior, marketing and brand management. Ms. Suzuki is also a member of the Company's Nomination and Compensation Committee.
Outside Corporate Auditor (Independent)	Eiko Tsujiyama	Ms. Tsujiyama attended all 12 board of directors' meetings and all 16 board of corporate auditors' meetings held during the year and appropriately questioned and/or remarked based on her deep knowledge of accounting as an emeritus professor in this field. Ms. Tsujiyama is also a chairperson of the Company's Nomination and Compensation Committee.
Outside Corporate Auditor (Independent)	Yuko Gomi	Ms. Gomi attended all 12 board of directors' meetings and all 16 board of corporate auditors' meetings held during the year and, as a lawyer, appropriately questioned and/or remarked based on her viewpoint of law as a lawyer and her broad knowledge. Ms. Gomi is also a member of the Company's Nomination and Compensation Committee.
Outside Corporate Auditor (Independent)	Keiko Yoshida	Ms. Yoshida attended all 12 board of directors' meetings and all 16 board of corporate auditors' meetings held throughout the year during her term in office and, as a certified public accountant, appropriately questioned and/or expressed opinions based on her expertise in taxation, accounting and management. Ms. Yoshida is also a member of the Company's Nomination and Compensation Committee.

4. Independent Auditor**(1) Independent Auditor**

Deloitte Touche Tohmatsu LLC

(2) Amounts of Remunerations, etc., to be Paid to the Independent Auditor

1) Remuneration to be paid by the Company to the independent auditor	210 million yen
2) Sum of money and other property benefits to be paid by the Company and its subsidiaries to the independent auditor	378 million yen

Notes:

1. The audit agreement entered into by the independent auditor and the Company does not clearly distinguish the amount for the audit under the Companies Act and for the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the amount in 1) above indicates the total for the two audits.
2. As a result of confirmation and consideration of the content of the audit plan, former audits and actual remuneration paid in the past, and the basis for calculating remuneration estimates, etc. as well as the progress of discussions with accounting auditors, etc. in light of the Practical Guidance on Collaboration with Accounting Auditors issued by the Japan Audit and Supervisory Board Members Association, the Board of Corporate Auditors gave its consent with regard to the remuneration of accounting auditors pursuant to Article 399, Paragraph 1 of the Companies Act.
3. 12 of the important subsidiaries of Lawson overseas are subject to audit by an independent auditor other than Lawson's independent auditor.

(3) Policy on Decisions Concerning Dismissal or Nonreappointment of the Independent Auditor

If the independent auditor violates or infringes the Companies Act, the Certified Public Accountant Act, or other laws or regulations, or the Company considers it necessary to do so, the board of directors shall, after obtaining the agreement of the Board of Corporate Auditors, submit a proposal for dismissal or nonreappointment of the independent auditor to a general meeting of shareholders. In addition, the board of corporate auditors can dismiss the independent auditor with a unanimous resolution if it determines that any act or circumstance of the independent auditor falls under any items of Article 340, Paragraph 1, of the Companies Act.

III. SYSTEMS AND POLICIES OF THE COMPANY**1. Determination of Resolution of Systems to Ensure the Propriety of Business Operations**

Based on improvements and the operation of the preceding “2021 Basic Policy for Improvement of Internal Control Systems,” which was approved at the board of directors’ meeting held on February 16, 2022, the Company passed a resolution called the “2022 Basic Policy for Improvement of Internal Control Systems,” as indicated below.

(1) Systems to Ensure Compliance of the Execution of Duties by Directors, Senior Vice Presidents and Employees with Laws and Regulations and the Articles of Incorporation

- ① The board of directors shall determine the improvement policies and plans for internal control systems, including those for compliance, and receive status reports thereof periodically.
- ② The board of directors shall maintain and improve the supervising function regarding the execution of duties by the directors by electing outside Directors on an ongoing basis.
- ③ The corporate auditors shall independently audit the execution of duties by the directors, including the status concerning the improvement of the internal control systems.
- ④ The Board of Directors shall raise and maintain the awareness of directors, senior vice presidents and employees regarding compliance by thoroughly disseminating the Lawson Group’s Code of Conduct and the Lawson Ethical Mission Statement as well as measures that shall include, but not be limited to: establishing a specialist committee (“Compliance & Risk Management Committee”), appointing a Chief Compliance and Risk Management Officer and establishing a department that oversees compliance, assigning personnel in charge of compliance to each department, streamlining the rules in relation to compliance, and providing training on ethics and conducting compliance awareness surveys on a periodic basis.
- ⑤ The Legal Department establish foundations for complying with legal requirements by identifying the laws and regulations applicable to the Company’s businesses and communicating the content thereof to the relevant departments and sections. Especially for compliance with the Act on Prohibition of Private Monopolization and Maintenance of Fair Trade, Subcontract Act, Act Against Unjustifiable Premiums and Misleading Representations and other consumer-related laws, the Intellectual Property Act, the Labor Standards Act, etc., the Company shall strive to disseminate information about applicable laws and regulations to employees.
- ⑥ The Internal Audit Department, which is independent from the business executing bodies, shall conduct efficient and effective audits of the status concerning the improvement of the internal control systems, and recommend improvements thereof, as required.
- ⑦ The Company shall establish and upgrade reporting routes for reporting any violations of laws, regulations, or internal rules as well as any negative impacts on human rights in carrying out the Company’s business operations (hereinafter, “Violations of Laws and Regulations, etc.”). Moreover, by establishing consulting and reporting points (internal contact points, a Group-wide consulting contact point, and a consulting contact point for employees and business counterparties for Lawson’s franchised stores) that can be used by informants with anonymity and peace of mind and making prospective users aware of such facilities, the Company shall strive for early detection of Violations of Laws and Regulations, etc. across the entire Lawson Group and Lawson chain. If a Violation of Laws and Regulations, etc. is discovered, the Company shall act promptly to rectify the situation and prevent any recurrence.
- ⑧ The Company shall never become involved with antisocial forces or bodies that threaten the order and security of society, and shall take a firm stance on, and deal with, improper demands by consulting with lawyers the police and the like.
- ⑨ The Company shall rotate personnel periodically to prevent wrongdoings resulting from specific employees monopolizing certain business processes.

(2) Systems to Preserve and Manage Information Pertaining to the Execution of Duties by Directors

- ① The Company shall record, preserve and manage information relating to decision making at important meetings such as those of the board of directors and the management council, and authorizing documents, including those approved by the president and representative director, as well as financial, clerical and risk and compliance-related information (including information contained in electromagnetic media). Moreover, the Company shall put in place a system allowing relevant parties to inspect the above information.
- ② The Company shall manage and monitor its information systems in a secure manner, in addition to maintaining the systems, by sufficiently taking into account contingencies.
- ③ The Company shall establish and maintain rules regarding the management of documents (including electromagnetic recording media), keep everyone informed about the responsibility and authority for document management, document storage periods and management methods, and periodically monitor the status of document storage and management.
- ④ The Company shall establish regulations regarding the safeguarding of personal information and management of confidential business information, and shall properly and safely store and manage personal information and important confidential business information.

(TRANSLATION ONLY)

- ⑤ The Company shall establish a specialist committee (Information Security Management Committee), appoint a Chief Information Security Officer and establish departments to generally control information security and allocate appropriate personnel thereto. The Company shall also strive to establish an information security system for the Lawson Group in order to promote information security risk management and System Technology Security in an interactive and comprehensive manner.
- ⑥ The Company shall establish and maintain rules regarding the disclosure of important Company information, and upgrade the system for disclosing information that must be disclosed according to the requirements of laws, regulations and stock exchanges, in an appropriate, timely and fair manner.

(3) Rules and Other Systems Regarding Risk Management

- ① The Company shall establish a department to oversee risk management, and improve rules related to risk management and group-wide risk-prevention systems during normal operations. Furthermore, each department shall identify risks that might have adverse effects on the Company's management in connection with its business purposes, analyze the probability of such risk factors materializing and their impact, and evaluate whether intensive countermeasures should be taken as part of measures tailored to the nature of risks.
- ② To ensure the effectiveness of risk management, the Company shall establish a specialist committee ("Compliance & Risk Management Committee"), and clarify the authority and responsibility of the committee and its chairperson. Furthermore, the Company shall endeavor to increase awareness about risk management by assigning risk management staff to departments, subsidiaries and affiliated companies (hereinafter "Associated Companies") and conducting risk management training.
- ③ The Company shall develop contingency systems and formulate policy for contingency response bodies in advance to prepare for the occurrence or possible occurrence of unanticipated situations or events, which might have adverse effects on management of the Company, in order to provide a quick response to any actual occurrence thereof and to take effective measures to prevent a reoccurrence.
- ④ As a designated public institution, the Company shall work to formulate a business continuity plan (BCP) and establish a business continuity management (BCM) system in order to maintain the essential infrastructure functions of convenience stores and minimize any disruption to operations caused by events that could have a detrimental impact on the Company, including a major disaster or infectious disease outbreak, such as that of a new strain of influenza. In order to be prepared for major earthquakes, the Company shall conduct disaster prevention drills three times a year while working to improve effectiveness of the "Disaster Countermeasure Manuals" and the "BCP Manuals".
- ⑤ As for the risk of human rights violations in terms of business-related risks, the Company implements human rights due diligence based on the Lawson Group Human Rights Policy and promotes initiatives to prevent and mitigate any negative impacts on human rights.

(4) Systems to Ensure the Efficient Execution of Duties by Directors

- ① The Company shall clarify the functional authority and responsibility of corporate officers and employees for decision making and execution of business affairs. The Company shall also improve rules for the division of duties to ensure and encourage more appropriate division of duties and collaboration among organizational bodies.
- ② The Company shall work to raise operational efficiency by simplifying business processes, streamlining the organization and making appropriate use of IT.
- ③ The Company shall promote digital transformation (DX) through the renewal of IT infrastructure.
- ④ In order to promote the proper communication of information and communications between officers and employees, the Company shall improve systems by which management guidelines and policies are disseminated to employees by corporate officers, and important field information is properly communicated by employees to corporate officers in a timely manner.
- ⑤ The Company shall seek to improve labor productivity by promoting work style reform.

(5) Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company, Its Parent Company, and Its Subsidiaries

- ① Systems for reporting to the Company on matters pertaining to the execution of duties by the Associated Companies' directors, etc., and systems for ensuring that the performance of duties by directors etc. of is efficient.
 - The Company shall establish rules concerning the management of Associated Companies and endeavor to maintain and enhance the Lawson brand through close collaboration with them. However, with regards to affiliated companies, the Company will work to establish and maintain systems through phased implementation, taking into account such factors as relations with other leading shareholders, difference in laws, regulations and business customs and the like of foreign countries.
 - While respecting the independence of Associated Companies, we shall step up action to optimize a system for supervising Associated Companies by taking into account the reasons that the Company has taken a stake in the Associated Company, engaging in negotiations or providing advice to Associated Companies as necessary, operating a system for receiving reports from them, etc.

- ② Rules and other systems for risk management by Associated Companies and systems for ensuring that the Associated Companies' directors, senior vice presidents and employees execute their duties in conformity with laws, ordinances, and the articles of incorporation
 - While respecting the independence of Associated Companies, in view of the purpose of the Company's equity participation in Associated Companies, the Company shall establish Group regulations such as basic policies for the management of Associated Companies and management policies thereof, and keep the Associated Companies fully informed of the Lawson Group Code of Conduct.
 - The Company shall establish an organization with jurisdiction over Associated Companies, and a dedicated department that can provide support to Associated Companies from technical standpoints, and endeavor to ensure the soundness of operations at Associated Companies.
 - The Company shall appoint designated people at major Associated Companies to be responsible for promoting compliance and risk management (hereinafter, "People in Charge of Compliance and Risk Management at Associated Companies"). Moreover, the departments that oversee risk management and compliance for the Company also meet with the People in Charge of Compliance and Risk Management at Associated Companies on a regular basis to confirm the status of development of internal rules at Associated Companies and give advice if necessary, and thus strive to ensure appropriate business operations across the entire Lawson Group.
 - The Company will establish a system that the People in Charge of Compliance and Risk Management at Associated Companies will report immediately to the Company if they are aware of the situation could harm Associated Companies.
 - The Internal Audit Department shall cooperate in auditing the status of establishment of internal control systems at Associated Companies, and promote improvements based on the results of audits.
- ③ The Company will report immediately to the parent company if they are aware of the situation could harm the company and Associated Companies.

(6) Necessary Systems to Ensure Proper Financial Reporting by the Company and Its Group of Companies

- ① The Company shall enhance systems for preparing financial statements according to laws, regulations, and accounting standards and disclosing the same after they have been discussed, examined, and confirmed in accordance with regulations governing information disclosure in order to report financial information in a proper and timely manner.
- ② The Company shall establish a dedicated internal organization in order to properly implement the internal control reporting system required by the Financial Instruments and Exchange Act as an internal control for financial reporting. Furthermore, the Company shall establish a system for self-evaluation and third-party evaluation and improvement through the identification and recording of business processes at important business bases and the status of Company-wide internal controls. The results of these evaluations of, and improvements at, the Company and important subsidiaries shall be regularly reported to the board of directors.

(7) Matters Concerning Employees Where a Corporate Auditor Requests Employees to Assist with Duties

- ① The Company shall assign appropriate personnel to the auditors' office ("Corporate Auditors' Staff") as employees exclusively to assist corporate auditors in the execution of their duties.
- ② Corporate Auditors' Staff may serve concurrently as corporate auditors of Associated Companies.
- ③ Corporate Auditors' Staff shall have the authority to conduct investigations necessary for audits by corporate auditors following the instructions of corporate auditors.

(8) Independence of Employees from Directors in the Preceding Item

Performance reviews of Corporate Auditors' Staff shall be conducted by the Corporate Auditors to ensure that Corporate Auditors' Staff carry out their duties appropriately. Personnel changes and disciplinary action require the prior consent of the Corporate Auditors.

(9) Systems for ensuring that directors, senior vice presidents and employees of the Company and directors, corporate auditors, senior vice presidents and employees of Associated Companies make reports to corporate auditors and other systems concerning reports to corporate auditors

- ① Directors, senior vice presidents and employees of the Company shall report important corporate management and business administration matters, as well as the status and results of the execution of their duties, to Corporate Auditors so that the Corporate Auditors can carry out their duties effectively. Such important matters include compliance and risk-related issues and other matters relating to internal control.
- ② Should directors, senior vice presidents and employees of the Company and directors, corporate auditors, senior vice presidents and employees of Associated Companies become aware of any fact or event that will likely cause the Company or Associated Companies to suffer significant damage or loss, they shall immediately so inform Corporate Auditors of the Company.
- ③ Reports to corporate auditors shall basically be made in good faith without fail, and shall be made promptly, if required, in addition to periodic reports.

- ④ The Company will establish a system for cross-external consultation and reporting content will be reported to the auditors in a timely manner.
- ⑤ No person shall be subject to disadvantageous treatment by reason of having made a report to Corporate Auditors.

(10) Other Systems to Ensure Effective Audits by Corporate Auditors

- ① The representative directors and corporate auditors shall have regular meetings to enhance smooth communications with each other.
- ② Directors shall cooperate with the corporate auditors with regards to communications, the collection and exchange of information and so on between the corporate auditors and the corporate directors and the like of Associated Companies so that the corporate auditors can perform their duties appropriately.
- ③ Directors shall also cooperate in conducting surveys of significant business partners, which the corporate auditors deem necessary.
- ④ Directors shall enable the corporate auditors to collaborate with outside experts such as lawyers and certified public accountants, if any corporate auditor deems it necessary in executing his/her duties.
- ⑤ The Legal Affairs, Risk Management, Internal Audit, and Finance and Accounting departments of the Company shall assist in conducting necessary surveys for audits when requested by any corporate auditor.
- ⑥ Expenses etc. incurred by Corporate Auditors in the performance of their duties shall be promptly reimbursed, except in cases where the Company has proven that they were unnecessary for said performance of duties.

2. Outline of Operational Status of Systems to Ensure the Propriety of Business Operations

The Company operates internal control systems in accordance with the aforementioned basic policy. Their operational status is as outlined below.

(1) Compliance and Risk Management Systems

- ① The Company strives to be a good corporate citizen able to act according to high ethical standards and with integrity and thoughtfulness by implementing the PDCA (Plan-Do-Check-Action) cycle while integrating its code of conduct, education and training, communication function and monitoring activities in an organic manner.
- ② The Company has streamlined the Lawson Ethical Mission Statement. Along with that, The Company has established The Group Code of Conduct as its code of conduct, published them in the “Lawson Group C&R Handbook,” Lawson Group Human Rights Policy, Lawson Group Purchasing Policy, and distributed the handbook to all employees in an effort to thoroughly disseminate its content with the aim of ensuring the propriety of business operations across the Group.
- ③ In order to promote compliance and establish and promote the risk management system, the top position of Compliance & Risk Management Officer (CRO) is appointed as an executive officer, and the position of Compliance & Risk Management Officer (CR manager) is established for each head office and region. CR managers monitor the progress of such measures and formulate, disseminate and implement compliance measures and risk management measures of their own departments as leaders promoting such measures, in an effort to create a corporate culture that emphasizes compliance with social norms and prevents the occurrence of risk events.
- ④ On the educational/training front, the Company aims to further improve ethical awareness and the ability to withstand crises by conducting compliance and risk management training for all employees every year. In addition, the Company has established an educational system to enable systematic learning by providing training upon joining the Group and upon promotion to a managerial position, training by job types, training conducted by external lecturers for company management, and optional study group activities. The Company is seeking measures to ensure that employees of various job positions and job types will be able to share problems to improve their operations by maintaining these educational/training programs while revising their content in line with changing risk conditions.
- ⑤ With respect to whistleblowing reports, the Company has established a consultation contact point exclusively for sexual harassment and power harassment, which is offered by the Human Resources Department, as well as an internal consultation and reporting contact point for compliance and risk management matters including those related to human rights violations, misconduct/corruption, and labor issues. In addition, there is the Group Independent Whistleblower Hotline to a law firm and other external organizations as well as an anonymous consultation contact point for employees of the Company’s business counterparties and store staff and a consultation contact point for FC store owners. The Company shall seek to strengthen self-rectification within the organization by treating instances of whistleblowing appropriately, reviewing the system to prevent recurrence, and introducing specific cases at meetings and through training programs and internal notifications.
- ⑥ The Company has established the Legal Affairs Department that oversees compliance matters and the Risk and Information Security Management Department that oversees risk management matters under the leadership of the CRO. The two departments work in collaboration and act as the secretariat of the cross-organizational Compliance & Risk Management Committee Meeting and manage the progress of measures

by each department, and thus promote an effective compliance and risk management system. In addition, by working closely with the IT Department, the Risk and Information Security Management Department acts as the secretariat of the Information Security Committee Meeting and further enhances measures to manage information security risks. Meanwhile, four subcommittees (Risk Management Subcommittee, Safety Measures Subcommittee, Intellectual Property and Premiums and Representations Subcommittee, and Overseas Business-Related Compliance Subcommittee) have been separately established under the Compliance & Risk Management Committee Meeting in an effort to manage the progress of key measures and prevent risks.

- ⑦ In terms of monitoring activities, the Company continuously conducts awareness surveys targeting all employees and questionnaire surveys targeting the Company's business partners with regard to matters such as product delivery and store construction, and thus reviews and improves its compliance system from a broad perspective. In addition, the Company provides thorough guidance and improvement proposals based on the results of audits conducted by the Internal Audit Department.
- ⑧ At principal affiliated companies, officers in charge of compliance and risk management (Company Compliance & Risk Management Officers) are appointed and participate in the Lawson Group Compliance & Risk Management Meeting. Company Compliance and Risk Officers strive to enhance awareness among employees by formulating the code of ethics and providing training while conducting employee awareness surveys and questionnaire surveys for business counterparts in collaboration with the Company. In addition, through the operational audits conducted on Associated Companies by the Company's Internal Audit Department and the liaison meetings for the Group's corporate auditors organized by the Company's corporate auditors, etc., support have been offered to improve the compliance and risk management systems of the Group.

(2) Preparations against and Responses to Risks

- ① The Company places particular emphasis on "food safety and hygiene management," "information security," "disaster relief," and "security measures" and it has prepared a structure for responding to emergencies and resolving problems rapidly. In normal times, the Compliance & Risk management meetings and four sub-committees are organized to assess risks and formulate and responding to risk. In the event of significant risk events, the countermeasures headquarters is convened in an effort to swiftly solve issues and minimize damage. Once the problems have been resolved, the Company analyzes the factors contributing to their occurrence and reviews and improves the relevant countermeasures to prevent any recurrence.

Furthermore, we are reinforcing our emergency response capabilities through efforts such as formulating the Business Continuity Plan (BCP) and implementing disaster mitigation measures. Our aim is to institute a business continuity (BC) framework that prevents interruption of important business activities, even in the case of significant damage due to a large-scale disaster, etc.

- ② With regard to the food safety and hygiene management system, we strictly enforce food safety and hygiene management in the process of developing, manufacturing and selling original products. We use raw materials that have passed examination based on our voluntary standards, and after the examination of product specifications, we take samples from the production line to confirm their safety. At our original product manufacturing plants, we have adopted a factory management method based on the HACCP concept, and we have established a system to record each priority management item, such as cooking time and product temperature, and to immediately investigate the cause of any problems and take measures when they occur. Product information (thermal label) is displayed in compliance with laws and regulations, and the Quality Control Department and a third-party organization check the content of the labeling. In order to ensure thorough hygiene management at our stores, voluntary inspections at our stores and hygiene inspections by the headquarters are conducted every month, and surprise inspections are conducted by external organizations.
- ③ With regard to the information security system, the "Lawson Group Privacy Policy" has been formulated and a management system has been established under the supervision of the CRO to establish management system for personal information protection. To help employees put the Privacy Policy into practice, the Company produces and publishes various manuals illustrating potential mistakes and complaints that may arise at the stores, accompanied by practical responses to them, for stores in an effort to raise awareness. For headquarters employees, the Company has compiled matters to be observed in the form of the Information Security Guidebook and periodically conducts tests to confirm that the rules are being followed.

In light of the increased risk of cyber-attacks in recent years, we are working to strengthen our cyber security by taking measures from multiple perspectives, including technical, process/personnel, and physical aspects. In addition, in preparation for the unlikely event of a problem, we conduct security drills during normal times in an effort to reduce such risks.

- ④ With regard to Disaster Response System, we are formulating The Disaster Relief Manual that defines the approach to disaster preparedness and the standards of conduct for employees and the organization in the event of a disaster. The Disaster Relief Manual is composed of a "Common Section," "Initial Response

Section,” and “Emergency Response Section” describing the disaster response rules and procedures to be followed by all employees across all organizations in accordance with the disaster level.

When large-scale disasters occur, our first priority is to confirm the safety of the Company’s employees and our FC owners and crews. The Company conducts Companywide disaster prevention drills three times a year in which participants acquire experience in implementing a variety of measures, including responding by telephone, email and disaster message dialing and applying the safety check system. This prepares every individual to respond smoothly should emergencies arise. Manuals elucidating the requisite disaster preparedness and responses are distributed to the stores. In the event a disaster occurs, disaster relief headquarters are set up immediately in three locations: headquarters, area offices, and branches that oversee operations in the disaster-struck areas. The Company takes advantage of a Disaster Information Map System designed to enable personnel to confirm the disaster situation in real-time and implement support measures for shops, factories and delivery centers, so that stores in the disaster area can be reopened for business at an early timing. The disaster relief headquarters and franchised stores work together to ascertain potential hazards as well as evacuation site locations, widely sharing the information with employees in preparation for an evacuation.

- ⑤ For crime prevention, we conduct education to ensure that store personnel act with the highest priority placed on personal safety and with crime prevention in mind, in ways such as greeting customers in a cheerful and spirited manner. Our headquarters is cooperating with the police and the Japan Franchise Association in efforts to prevent crimes against the convenience store industry as a whole.
- ⑥ In our effort to prevent the spread of COVID-19, we have been promoting necessary measures in view of the government’s guidelines and changes in the external environment with the aim of ensuring that customers can use our stores with peace of mind as well as securing the safety of our in-store employees.
- ⑦ In our effort to promote the Lawson Group Human Rights Policy, we have been taking various steps including disseminating the policy within and outside the Group, conducting human rights due diligence, and participating in the Stakeholder Engagement Program. In particular, with regard to human rights issues across the supply chain, including in the procurement of raw materials and production processes, we are striving to grasp the situation of our suppliers and engage in dialogues with them as a top priority.

(3) System to Ensure the Propriety of Business Operations Conducted by the Corporate Group

- ① Through a system that has been established for the reporting of any risks that occur at an associated company to the Company, information on risk cases at the Company or its associated companies is appropriately reported to the parent company on a timely basis.
- ② By establishing an organization in charge of Associated Companies as well as a specialized department to support Associated Companies from a specialist perspective, the Company shall strive to ensure the appropriateness of the operations of Associated Companies.

(4) Securing Effectiveness of Performance of Corporate Auditors

- ① Corporate Auditors’ Staff are assigned to the auditors’ office to provide exclusive assistance to corporate auditors in the execution of their duties. Corporate Auditors’ Staff have the authority to conduct investigations necessary for audits by corporate auditors. In addition, relevant departments assist in conducting necessary investigations for audits by corporate auditors in accordance with the content of the audits.
- ② With regard to reporting to corporate auditors, matters that should be reported to corporate auditors have been reported to corporate auditors in a timely and appropriate manner.

The above monetary amounts and the numbers of shares in this Business Report are rounded down to the nearest unit and percentages are rounded to the nearest one decimal place.

Consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	As of February 28, 2022 (for reference)	As of February 28, 2023	Account item	As of February 28, 2022 (for reference)	As of February 28, 2023
Current assets	667,627	704,954	Current liabilities	704,691	804,674
Cash and deposits	388,463	396,978	Accounts payable-trade	125,681	168,350
Accounts receivable-trade	4,990	35,708	Short-term loans payable	47,072	13,580
Accounts receivable-due from franchised stores	47,202	50,522	Current portion of long-term loans payable	20,000	80,000
Lease receivables	15,071	13,712	Lease obligations	45,955	45,862
Merchandise	22,128	25,706	Accounts payable-other	90,412	65,559
Accounts receivable-other	146,443	141,560	Income taxes payable	7,368	10,896
Other	43,344	40,782	Deposits received	151,809	171,567
Allowance for doubtful accounts	(17)	(16)	Provision for bonuses	4,854	4,967
Non-current assets	669,618	661,211	Call money	108,000	123,000
Property and store equipment	368,768	378,385	Deposits received for banking business	91,420	102,020
Buildings and structures-net	189,190	193,703	Other	12,117	18,871
Tools, furniture and fixtures-net	22,762	25,502	Non-current liabilities	354,080	274,392
Land	8,507	8,420	Long-term loans payable	160,000	80,000
Leased assets-net	124,978	127,694	Lease obligations	118,445	119,910
Construction in progress	4,720	1,704	Deferred tax liabilities	449	414
Other-net	18,609	21,360	Provision for retirement benefits to executive officers and audits and supervisory board members	248	286
Intangible assets	77,746	78,727	Net defined benefit liability	17,438	16,656
Software	34,884	36,543	Asset retirement obligations	36,622	37,977
Goodwill	34,459	34,435	Other	20,875	19,146
Trademark right	7,721	7,172	Total liabilities	1,058,771	1,079,066
Other	680	575	Net assets		
Investment and other assets	223,103	204,098	Shareholders' equity	265,327	271,209
Investment securities	21,738	16,759	Capital stock	58,506	58,506
Long-term loans receivable	38,044	36,720	Capital surplus	46,495	46,495
Guarantee deposits	103,277	98,384	Retained earnings	161,299	167,156
Deferred tax assets	34,736	32,924	Treasury shares	(973)	(948)
Other	26,066	20,133	Accumulated other comprehensive income	7,563	10,040
Allowance for doubtful accounts	(759)	(823)	Valuation difference on available-for-sale securities	1,585	1,007
			Revaluation reserve for land	(69)	(69)
			Foreign currency translation adjustment	6,273	8,167
			Remeasurements of defined benefit plans	(227)	934
			Subscription rights to shares	368	328
			Non-controlling interests	5,213	5,521
			Total net assets	278,473	287,099
Total assets	1,337,245	1,366,166	Total liabilities and net assets	1,337,245	1,366,166

Consolidated Statement of Income

(Millions of yen)

Account item	From March 1, 2021 to February 28, 2022 (for reference)		From March 1, 2022 to February 28, 2023	
Operating revenue				
Income from franchised stores	291,802		251,564	
Other operating revenue	114,331	406,134	132,244	383,809
Net sales				
Net sales	292,237	292,237	604,812	604,812
Gross operating revenue		698,371		988,621
Cost of sales	199,738	199,738	476,684	476,684
Gross profit	92,498		128,127	
Operating gross profit		498,633		511,937
Selling, general and administrative expenses		451,537		456,881
Operating income		47,096		55,056
Non-operating income				
Interest income	976		960	
Dividend income	369		678	
Gain on investments in investment partnerships	1,624		—	
Compensation income	483		553	
Employment adjustment subsidy due to novel coronavirus disease	1,762		622	
Other	1,202	6,420	1,611	4,426
Non-operating expenses				
Interest expenses	3,440		3,514	
Loss on cancellation of leases	1,423		1,225	
Other	1,081	5,944	1,288	6,028
Ordinary income		47,571		53,453
Extraordinary income				
Gain on sales of investment securities	1,103	1,103	—	—
Extraordinary losses				
Loss on retirement of non-current assets	1,746		1,541	
Impairment loss	16,616		8,362	
Loss on novel coronavirus disease	701		1,261	
Other	1,512	20,576	350	11,515
Profit before income taxes		28,098		41,937
Income taxes-current	11,226		15,136	
Income taxes-deferred	(1,160)	10,065	1,886	17,023
Profit		18,032		24,914
Profit attributable to non-controlling interests		131		224
Profit attributable to owners of parent		17,900		24,689

Consolidated Statement of Changes in Equity

(From March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity					Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	58,506	46,495	161,299	(973)	265,327	1,585	(69)	6,273	(227)	7,563	368	5,213	278,473
Cumulative effect of changes in accounting policies			(723)		(723)								(723)
Restated balance	58,506	46,495	160,576	(973)	264,604	1,585	(69)	6,273	(227)	7,563	368	5,213	277,750
Changes of items during period													
Dividends of surplus			(15,011)		(15,011)								(15,011)
Change in scope of consolidation			(3,098)		(3,098)								(3,098)
Profit attributable to owners of parent			24,689		24,689								24,689
Purchase of treasury shares				(0)	(0)								(0)
Disposal of treasury shares		0		0	0								0
Exercise of subscription rights to shares (Delivery of treasury shares)		(0)		24	24								24
Net changes of items other than shareholders' equity						(578)	—	1,893	1,161	2,477	(40)	307	2,744
Total changes of items during period	—	(0)	6,579	24	6,604	(578)	—	1,893	1,161	2,477	(40)	307	9,348
Balance at end of current period	58,506	46,495	167,156	(948)	271,209	1,007	(69)	8,167	934	10,040	328	5,521	287,099

(Notes to Consolidated Financial Statements)**(Accounting Policies for the Preparation of Consolidated Financial Statements)****1. Scope of consolidation****(1) Number of consolidated subsidiaries: 20**

(Domestic)	Lawson urbanworks, Inc. Lawson Store100, Inc. SCI, Inc. SEIJO ISHII CO., LTD. Lawson Entertainment, Inc. United Cinemas Co., Ltd. Lawson Bank, Inc. BestPractice, Inc.
(Foreign)	Lawson (China) Holdings, Inc. Shanghai Lawson, Inc. Shanghai Le Song Trading Co., Ltd. Shang Hai Gong Hui Trading Co., Ltd. Zhejiang Lawson, Inc. Chongqing Lawson, Inc. Dalian Lawson, Inc. Beijing Lawson, Inc. BEIJING LUOSONG Co., Ltd. Chengdu Lawson, Inc. Saha Lawson Co., Ltd. Lawson Philippines, Inc.

Lawson HMV Entertainment United Cinemas Holdings, Inc. and United Entertainment Holdings Co., Ltd. were excluded from the scope of consolidation because of an absorption-type merger with United Cinemas Co., Ltd. as the surviving company on September 1, 2022.

Zhejiang Lawson, Inc. changed its Chinese trade name on January 12, 2023.

Chengdu Lawson, Inc. and Lawson Philippines, Inc. have been included in the scope of consolidation due to an increase in significance from fiscal 2022.

(2) Names of nonconsolidated subsidiaries and others

(Domestic)	LAWSONWILL, Inc. Seikaken, Inc. SEIJO ISHII SYUHAN CO., LTD. TOKYO EUROPE TRADE CO., LTD. Lawson Digital Innovation Inc.
(Foreign)	Lawson USA Hawaii, Inc. Jiangsu Lawson, Inc. LAWSON (TIANJIN) INC. SLV Retail Company Limited Shenyang LAWSON Inc. Guangdong Lawson, Inc. LAWSON (HEBEI) INC. Shenzhen Lawson, Inc.

(Reasons for exclusion from the scope of consolidation)

The above nonconsolidated subsidiaries have been excluded from the scope of consolidation because they are all small in scale and their total assets, net sales, profit or loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) and others have no material influence on the consolidated financial statements.

2. Application of the equity method**(1) Equity-method associates: 3**

- (Domestic) Lawson Okinawa, Inc.
- Lawson Minamikyushu, Inc.
- Lawson Kochi, Inc.

(2) Nonconsolidated subsidiaries and entities excluded from the scope of the equity-method application

Nonconsolidated subsidiaries (LAWSONWILL, Inc., Seikaken, Inc., SEIJO ISHII SYUHAN CO., LTD., TOKYO EUROPE TRADE CO., LTD., Lawson Digital Innovation Inc., Lawson USA Hawaii, Inc., Jiangsu Lawson, Inc., LAWSON (TIANJIN) INC., SLV Retail Company Limited, Shenyang LAWSON Inc., Guangdong Lawson, Inc., LAWSON (HEBEI) INC., and Shenzhen Lawson, Inc.) and entities (Double Culture Partners Co., Ltd., Loyalty Marketing, Inc., Lawson Staff, Inc., TA Platform Corporation, LTF Co., Ltd., StageAround TOKYO Production Committee, Jiangyin Hualian Guzhitian Food Co., Ltd., New Designed by Tokyo Ltd., Boogie Woogie Entertainment Co., Ltd., TA Platform Software, and Lawson Farm Chiba and others) were excluded from the scope of the equity-method application because their profit or loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) of these entities are not significant either individually or in aggregate to the consolidated financial statements.

3. Fiscal year end of the consolidated subsidiaries

The balance sheet date of Lawson (China) Holdings, Inc., Shanghai Lawson, Inc., Shanghai Le Song Trading Co., Ltd., Shang Hai Gong Hui Trading Co., Ltd., Zhejiang Lawson, Inc., Chongqing Lawson, Inc., Dalian Lawson, Inc., Beijing Lawson, Inc., BEIJING LUOSONG Co., Ltd., Chengdu Lawson, Inc., Saha Lawson Co., Ltd. and Lawson Philippines, Inc. is December 31. In order to prepare the consolidated financial statements, the Company used these companies' financial information prepared as of such balance sheet date and significant transactions which occur between the balance sheet date and the consolidated balance sheet date are adjusted as required for consolidation.

The balance sheet date of Lawson Bank, Inc. is March 31. In preparing the consolidated financial statements, the Company used this subsidiary's provisional settlement of accounts as of the consolidated balance sheet date.

The fiscal year end date for the other consolidated subsidiaries corresponds with the consolidated balance sheet date.

4. Summary of Significant Accounting Policies**(1) Valuation basis and method for significant assets****① Securities:**

Available-for-sale securities:

With market quotations:

Recorded at market value with net unrealized gains and losses as a separate component of net assets. The cost of securities sold is determined based on the moving average method

Without market quotations:

Stated at cost determined by the moving-average method.

② Inventories:

Merchandise:

Stated at cost determined mainly by the retail method (the book value in the balance sheet is written down based on the decline in profitability).

(2) Depreciation method of depreciable significant assets**① Property and store equipment (except for leased assets):**

Mainly computed by the straight-line method.

The ranges of useful lives are from 11 to 34 years for buildings and structures and from 5 to 8 years for tools, furniture and fixtures.

② Intangible assets (except for leased assets):

Computed by the straight-line method.

Costs of software for internal use are amortized by the straight-line method over 5 years, which is the estimated useful life. Furthermore, for right of trademark, amortization is mainly computed using the straight-line method over 20 years.

③ Leased assets:

Leased assets related to finance leases that do not transfer ownership of leased property

The Company applies the straight-line method using the lease term as the useful life and a residual value of zero.

④ Rights-of-use assets:

Rights-of-use assets of the Company's foreign consolidated subsidiaries that apply International Financial Reporting Standard 16 (IFRS 16) "Leases"

The Company applies the straight-line method using the lease term as the useful life and a residual value of zero.

(3) Accounting standard for significant reserves

① Allowance for doubtful accounts:

Allowance for doubtful accounts is provided at the amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables and on estimated recoverability for specific doubtful receivables.

② Provision for bonuses:

Provision for bonuses is provided for payments of employees' bonuses based on the estimated amounts.

③ Provision for retirement benefits to executive officers and audit and supervisory board members:

Provision for retirement benefits to executive officers of the Company and audit and supervisory board members of consolidated subsidiaries is recorded under internal regulations.

(4) Accounting method for retirement benefits

① Period attributable method of estimated amount of retirement benefits

In calculating retirement benefit obligation, in order to attribute estimated amount of retirement benefits in the period up to the end of the current fiscal year, it is based on the benefit formula basis.

② Cost treatment method of actuarial difference and prior service cost

Prior service cost is amortized starting the fiscal year incurred mainly on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their recognition.

Actuarial differences are mainly amortized from the following fiscal year on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their recognition.

Certain consolidated subsidiaries apply the simplified method to estimate the amount required for voluntary resignations at the end of the fiscal year as the retirement benefit liability in order to calculate net defined benefit liability and retirement benefit expenses.

(5) Basis for recording revenue and expenses

① Methods for recognizing revenue

The Company recognizes revenue from contracts with customers by applying the following five steps:

Step 1: Identify the contracts with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognized revenue when the entity satisfies a performance obligation.

Since the consideration corresponding to the transaction price is received within one month of satisfaction of the performance obligation, the practical expedient method is used and there is no adjustment for a significant financing component.

② Recognition of revenues for the Group's major businesses

The Group's primary business comprises the Domestic Convenience Store Business, Seijo Ishii Business, Entertainment-related Business, Financial Services Business, and Overseas Business.

• Revenues from franchised stores in the Domestic Convenience Store Business, Seijo Ishii Business, and Overseas Business

For franchised stores in its Domestic Convenience Store Business, Seijo Ishii Business, and Overseas Business, the Group has contractual obligations to prepare for their openings, provide knowledge on how to operate the stores, grant licenses for trademarks, etc., provide training, accounting and other services, and lease fixtures for sale, signboards, and information systems, among others. As these activities are closely inter-related and cannot be performed as separate services, they are collectively deemed as a single performance obligation except for the lease transactions. The performance obligation is deemed to be satisfied over time and when the services are provided, but as the royalty revenues fluctuate based on the operating gross profit of each franchised store, the revenues are recognized whenever the applicable operating gross profit is recognized throughout the contract period.

• Revenues from directly operated stores in the Domestic Convenience Store Business, Seijo Ishii Business, and Overseas Business; Entertainment-related Business; and Financial Services Business

The Group sells general consumer goods at its directly operated stores in the Domestic Convenience Store Business, Seijo Ishii Business, and Overseas Business, and music and video software products and concert tickets in the Entertainment-related Business. Revenues from selling such goods are recognized when an item is handed over to the customer, at which point its control is deemed to have been transferred to the customer.

In the Entertainment-related Business, the Group operates multiplex movie theaters, for which revenues are recognized when a movie has been screened, at which point its control is deemed to have been transferred to the viewers.

In the Financial Services Business, the Group provides ATM transaction services via cash cards of partner financial institutions and sales deposit services for franchised store owners, for which revenues are recognized when a transaction has occurred, at which point the control of the service is deemed to have been transferred.

In identifying a performance obligation, the Group assesses whether it is acting as a principal or an agent in performing the promise to provide the specified goods or services. In cases where the nature of the promise constitutes a performance obligation of the Group itself to provide the goods or services as a principal, the revenue in total amount of the consideration is recognized in the consolidated statement of income, whereas in cases where the performance obligation requires that the Group arrange a third party to provide the goods or services, the revenue as an agent is recognized therein in the amount of commissions or remunerations or the net amount of the consideration.

The Group considers the following indicators in assessing whether it is acting as a principal.

- The Group has the primary responsibility to fulfill the promise to provide the specified goods or services.
- The Group has an inventory risk either before the specified goods or services are transferred to the customer or after the control of the specified goods or services is transferred to the customer.
- The Group has discretion over the price of the specified goods or services.

Revenues are based on the transaction price less consideration paid to the customer such as discounts and rebates. If the Group grants the customer an option to acquire additional goods or services and provides a material right to do so, transaction value is allocated to the optional transaction by deeming it as a separate performance obligation, for which revenues are recognized when the goods or services are transferred to the customer or when the option is extinguished.

(6) Significant foreign currency transactions and foreign currency financial statements

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income. The consolidated balance sheet accounts as well as revenue and expense accounts of foreign subsidiaries and affiliated companies are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date except for shareholders' equity, which is translated at the historical rate. Differences arising from such translation are shown as "foreign currency translation adjustments" and "non-controlling interests," a separate component of net assets.

(7) Amortization method and period of goodwill

Goodwill is amortized on a straight-line basis over the relevant years, depending on the reason for the occurrence of goodwill, with a maximum of 20 years.

(8) Adoption of consolidated taxation system

The Company and certain consolidated subsidiaries in Japan adopt the consolidated taxation system.

(9) Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system

The Company and certain domestic consolidated subsidiaries have calculated the amounts of deferred tax assets and deferred tax liabilities in accordance with tax laws in effect before amendment based on the treatment of Paragraph 3 of "Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System" (ASBJ Practical Issues Task Force No.39, March 31, 2020) instead of applying the provision in Paragraph 44 of "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No.28, February 16, 2018), regarding the transition to group tax sharing system established in "Act for Partial Amendment of the Income Tax Act, etc." (Act No.8 of 2020), and items for which the non-consolidated taxation system has been reviewed in the line with the transition to the group tax sharing system.

Furthermore, effective from the beginning of the next fiscal year, the Company plans to apply the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ Practical Issues Task Force No. 42 (August 12, 2021).

(Changes in Accounting Policies)

1. Application of Accounting Standards for Revenue Recognition, etc.

Effective from March 1, 2022, the Company applies the "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020, "Accounting Standard for Revenue Recognition") and other

standards and recognizes revenue at an amount that it expects to receive in exchange for promised goods or services when control of the goods or services is transferred to a customer.

The changes in relation to the application of the accounting standards for revenue recognition are stated below:

(i) Sales transactions involving a subsidiary

Sales transactions involving SCI, Inc., a subsidiary of the Company in the domestic convenience store business, that were previously recognized on a net basis are now recorded on a gross basis in consideration of the subsidiary's role in sales to customers (whether it is principal or agent).

(ii) Consideration paid to customers

Sales promotion costs and other costs were previously recognized as selling, general and administrative expenses, such as sales commission and advertising expenses, but such consideration paid to customers is now deducted directly from revenue.

(iii) IT systems fees received from customers

Fees received from customers for IT system utilization and data provision were previously deducted from selling, general and administrative expenses, but transactions based on contracts with customers are now recognized as revenue.

(iv) Points program operated by a subsidiary

With respect to the in-house points program operated by United Cinemas Co., Ltd., a subsidiary of the Company in the Entertainment-related Business, points awarded were previously recognized as revenue on a gross basis at the time the services were sold. However, the points awarded at the time of sales are now recognized as a separate performance obligation to be executed when customers choose to purchase additional services in the future. As a result, transaction values allocated to points are recognized as contract liabilities at the time the points are awarded, and later recognized as revenue when services are sold in exchange for the points. Transaction values are allocated in proportion to the independent selling prices. The membership fees for the points program were previously recognized as revenue in a lump sum at the time of receipt, but they are now recorded based on the elapsed period.

The Accounting Standards for Revenue Recognition have been applied in accordance with Proviso of Paragraph 84 of the Accounting Standards for Revenue Recognition with the cumulative effect of retrospective application added to or deducted from the beginning balance of retained earnings of the first quarter of the current fiscal year, thus, the new accounting policy has been adopted from the first quarter of this fiscal year.

As a result, compared with the amounts based on the previously adopted accounting policies, accounts receivable-trade increased by 29,568 million yen, accounts receivable-other decreased by the same amount, accounts payable-trade increased by 32,123 million yen and accounts payable-other decreased by the same amount, net sales and operating revenue increased by 232,971 million yen, cost of sales increased by 264,400 million yen, and selling, general and administrative expenses decreased by 31,441 million yen for the fiscal year under review, while operating income, ordinary income, and profit before income taxes increased by 12 million yen, respectively. The balance of retained earnings at the beginning of the fiscal year decreased by 723 million yen.

2. Application of Accounting Standard for Fair Value Measurement, etc.

The "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30, July 4, 2019; hereafter "Fair Value Accounting Standards") has been applied prospectively from the beginning of the first quarter of the current fiscal year as prescribed by the Fair Value Accounting Standards in accordance with the transitional treatment set forth in Paragraph 19 of Fair Value Accounting Standards and Section 44-2 of "Accounting Standard for Financial Instruments" (ASBJ Statement No.10, July 4, 2019). This change had no effect on the quarterly consolidated financial statements.

Furthermore, notes on "matters concerning fair value of financial instruments and breakdown by input level" have been provided under "Notes to Financial Instruments."

(Changes in Presentation)

In the "Current assets" section, "Accounts receivable-trade"(4,990 million yen for the previous fiscal year) was included in "Other" in the previous fiscal year. Due to an increase in financial materiality, it is now separately presented (35,708 million yen).

(Notes to Accounting Estimates)**Impairment of fixed assets****(1) Amounts recorded in consolidated financial statements for the current fiscal year**

Property and store equipment	6,977	million yen
Intangible assets	1,375	"
Other	9	"

(2) Information on significant accounting estimates concerning identified items

① Calculation method

The Company and its consolidated subsidiaries (collectively, the "Group") identify each store as the smallest cash generating unit. With regard to asset groups showing signs of impairment, undiscounted future cash flows were calculated, and when they were less than the carrying value, the recoverable amount was measured based on the net selling price or value in use and the carrying value was written down, with the difference recognized as an impairment loss under extraordinary losses. The net selling price of land was calculated based on the value appraised by a real estate appraiser or contract price, and the value in use was calculated by discounting estimated future cash flows mainly using a discount rate of 2.9%.

② Major assumptions

The estimates of undiscounted future cash flows related to the recognition of impairment loss of fixed assets of the Company's stores are based on profit forecasts by each store.

③ Impact on consolidated financial statements for the next fiscal year

In cases where the assumptions used in the aforementioned estimates need to be reviewed due to changes in uncertain economic conditions in the future, additional impairment loss (extraordinary loss) may be incurred in the consolidated financial statements for the next fiscal year and thereafter.

(Notes to Consolidated Balance Sheet)

1. Accumulated depreciation of property and store equipment: 439,578 million yen

2. Revaluation of land used for business

Land used for business was revalued on the basis prescribed by the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998). The resulting revaluation difference has been included in net assets as "Revaluation reserve for land."

Revaluation method: The value of land is determined based on the notified prices adjusted reasonably as stipulated in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998) and the assessed value as stipulated in Article 2, Item 5 of the same ordinance.

Date of revaluation: February 28, 2002

The difference between book value and market value of the revalued land as of the consolidated balance sheet date was 4 million yen.

3. Guarantee obligations

The Company guarantees the borrowings from financial institutions of the following subsidiary.

Lawson USA Hawaii, Inc.	84 million yen
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(Notes to Consolidated Statement of Income)**1. Revenue from contracts with customers**

Regarding revenue, the Company does not separately present revenue from contracts with customers and revenue from other sources. The amount of revenue from contracts with customers is described in “Note to Revenue Recognition 1. Information on disaggregation of revenues from contracts with customers” in the notes to the consolidated financial statements.

2. Impairment loss

The Company and its consolidated subsidiaries (collectively, the “Group”) identify each store as the smallest cash generating unit.

The carrying value of asset groups whose profitability has significantly decreased was written down to the recoverable amount, with the difference recognized as impairment loss under extraordinary losses.

Category by use	Location	Assets	Impairment loss (millions of yen)
Stores	Tokyo	Buildings; Tools, furniture and fixtures; and others	1,112
	Osaka	"	419
	Others	"	5,451
Other	—	Software	87
	—	Goodwill	1,288
	—	Other	2
Total	—	—	8,362

Category by non-current assets

Buildings and structures	4,112	million yen
Tools, furniture and fixtures	301	"
Leased assets	2,563	"
Software	87	"
Goodwill	1,288	"
Other	9	"

The recoverable amount of the asset groups is the higher of net selling price or value in use. The net selling price of land was calculated based on the value appraised by a real estate appraiser or contract price, and the value in use was calculated by discounting estimated future cash flows mainly using a discount rate of 2.9%.

(Notes to Consolidated Statement of Changes in Equity)**1. Number of outstanding shares and treasury shares**

	Number of shares at the end of previous period (thousand shares)	Increase during the period (thousand shares)	Decrease during the period (thousand shares)	Number of shares at the end of the period (thousand shares)
Outstanding shares				
Common stock	100,300	—	—	100,300
Treasury shares				
Common stock	228	0	5	222

Notes:

- The increase in treasury shares of 0 thousand shares resulted from purchases of stock of less than one share unit.
- The decrease in treasury shares of 5 thousand shares resulted from decreases of 5 thousand shares due to the exercise of stock option rights and 0 thousand shares due to requests for additional purchases of stock of less than one share unit.

2. Dividend**(1) Dividend payment**

Date of resolution	Class of shares	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders (May 25, 2022)	Common stock	7,505	75.00	February 28, 2022	May 26, 2022
Directors' meeting (October 6, 2022)	Common stock	7,505	75.00	August 31, 2022	November 10, 2022

(2) Dividends for which the record date is in the current period and the effective date is after the year-end consolidated balance sheet date

Date of resolution	Class of shares	Source of dividend	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders (May 24, 2023)	Common stock	Retained earnings	7,505	75.00	February 28, 2023	May 25, 2023

3. Number of stock that can be exercised by outstanding subscription rights to shares (excluding those not yet in the exercisable period)

80,800 shares

(Notes to Financial Instruments)**1. Matters relating to the status of financial instruments****(1) Policy for financial instruments**

The Group primarily uses short-term deposits, etc., to manage its funds and raises funds as necessary through borrowings from financial institutions and leasing according to the financing plan.

(2) Nature, extent of risk, and risk management system for financial instruments

Trade receivables, such as accounts receivable - trade, accounts receivable - due from franchised stores, lease receivables and accounts receivable-other, are exposed to credit risk from business counterparties.

Investment securities are primarily shares of companies with business relationships and listed shares which are exposed to the risk of market price fluctuations. With regard to this risk, the Company monitors the financial conditions of business counterparties on a regular basis.

Long-term loans receivable (mainly construction cooperation payments) and guarantee deposits are exposed to credit risks of borrowers and landlords, etc. With regard to this risk, the Company manages credit on a daily basis at the relevant division and seeks early acknowledgement and minimization of collection concerns due to deterioration in a borrower's financial situation, etc.

Among trade payables, most of the accounts payable-trade, accounts payable-trade for franchised stores, accounts payable-other and deposits received held as a result of bill settlement services have payment due dates within one month, while most deposits received held as a result of ticket sales transactions have payment due dates within 6 months.

Short-term loans payable and call money are mainly for the purpose of procuring working capital, and are due within 1 year. These are exposed to liquidity risks, including a situation in which necessary funding cannot be secured under certain environments.

Deposits received for banking business, which are the deposits of customers received by domestic consolidated subsidiaries engaged in the banking business, are exposed to interest rate fluctuation risks.

Long-term loans payable are mainly for the purpose of funding necessary for the banking business and M&A, and are due within 5 years.

The primary purpose of lease obligations related to finance lease transactions is securing the funds required for capital investments and the maximum redemption period is 15 years after the consolidated balance sheet date.

With regard to the liquidity risk associated with fundraising (risk that payments cannot be executed on the payment due dates), the Company prepares and updates financial plans on a timely basis and manages liquidity risk by measures including maintaining adequate liquidity on hand.

(3) Fair values of financial instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead. Since multiple factors are considered in the estimation of fair value, the results of the estimation might differ if other valuation techniques were used.

2. Matters relating to the fair values of financial instruments

The carrying amount, fair values, and difference as of February 28, 2023 are as follows.

(Millions of yen)

	Carrying amount	Fair value	Difference
(1) Lease receivables	13,712	12,175	(1,537)
(2) Short-term and long-term investment securities Available-for-sale securities (*2)	3,498	3,498	—
(3) Long-term loans receivable Allowance for doubtful accounts (*3,5)	44,113 (73)		
	44,040	44,020	(20)
(4) Guarantee deposits Allowance for doubtful accounts (*3)	98,384 (408)		
	97,975	93,091	(4,884)
Total assets	159,227	152,785	(6,441)
(1) Deposits received for banking business	102,020	102,020	—
(2) Long-term loans payable (*4)	160,000	160,000	0
(3) Lease obligations (*4,5)	173,165	165,696	(7,469)
Total liabilities	435,186	427,717	(7,469)

(*1) A fair value of “cash and deposits”, “accounts receivable-trade”, “accounts receivable-due from franchised stores”, “accounts receivable-other”, “accounts payable-trade”, “short-term loans payable”, “accounts payable-other”, “deposits received” and “call money” are omitted because they are cash or their fair value approximates carrying value due to the short maturities of these instruments.

(*2) Securities without market value, etc. are not included in “(2) Short-term and long-term investment securities”. The carrying amount as of February 28, 2023 are as follows.

Category	Carrying amount (millions of yen)
Unlisted equity securities	195
Investments in subsidiaries and affiliated companies	13,744
Other	2,336

(*3) Allowance for doubtful accounts related to long-term loans receivable and guarantee deposits have been deducted.

(*4) Long-term loans payable and lease obligations include liabilities maturing within one year.

(*5) As long-term loans receivable and lease obligations satisfy the offsetting requirements, long-term loans receivable are offset against lease obligations and the net amount is shown in the consolidated balance sheets. The offset amount is 7,393 million yen.

(*6) Investments in partnerships and other similar business entities that are recorded in the consolidated balance sheet in the net amount proportionate to the Company’s equity are omitted. The carrying value of such investments was 2,288 million yen.

3. The breakdown of the fair value of financial instruments by appropriate classification

Financial instruments are classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1: Fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is available in active markets as the inputs used in the calculation of observable fair value

Level 2: Fair value calculated using inputs for the calculation of observable fair value other than Level 1 inputs

Level 3: Fair value calculated using inputs that are unobservable

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial assets measured at fair value by level

Category	Estimated Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Marketable securities and investment securities				
Other securities				
Stock	483	—	—	483
Government bonds	3,014	—	—	3,014
Total	3,498	—	—	3,498

(2) Financial assets and liabilities other than those measured at fair value by level

Category	Estimated Fair Value (Millions of yen)			
	Level 1	Level 2	Level 3	Total
Lease receivables	—	12,175	—	12,175
Long-term loans receivable	—	44,020	—	44,020
Guarantee deposits	—	93,091	—	93,091
Total financial assets	—	149,287	—	149,287
Deposits received for banking business	—	102,020	—	102,020
Long-term loans, less current portion	—	160,000	—	160,000
Lease obligation	—	165,696	—	165,696
Total financial liabilities	—	427,717	—	427,717

Fair value measurement method and inputs for fair value measurement

(1) Marketable securities and investment securities

Listed shares and government bonds are valued at the quoted market price. As listed shares and government bonds are traded on active markets, their fair market value is classified as Level 1 fair market value.

(2) Lease receivables

The fair values of lease receivables are calculated by discounting future cash flows using the yield rate of government bonds for the remaining period and classified as Level 2.

(3) Long-term loans receivable

The fair values of long-term loans receivable are determined based on the present value, derived by discounting the total amount of principal and interest at the expected rate of interest to be applied for similar loans and classified as Level 2.

(4) Guarantee deposits

Guarantee deposits are determined by discounting future cash flows, which reflect the collectability, using the yield rate of government bonds over the remaining period and classified as Level 2.

(5) Deposits received for banking business

The fair values of demand deposits are stated at the amount to be paid if demanded on the balance sheet date (carrying values). In addition, the fair values of term deposits are stated at their carrying values, because their contract period is short (within one year) and their carrying values are approximately the same as their fair values and classified as Level 2.

(6) Long-term loans payable (including current portion of long-term loans payable)

The fair values of long-term loans payable with fixed interest rates are calculated based on the present value of the total amount of principal and interest discounted at the expected interest rate for similar borrowings. The fair values of long-term loans payable with floating interest rates are stated at their carrying values, because they are determined using floating interest rates that reflect market rates in a short-time and their carrying values are approximately the same as their fair values and classified as Level 2.

(7) Lease obligations (including current portion of lease obligations)

The fair values of lease obligations are determined by discounting the cash flows related to the obligations at the expected rate of interest to be applied for similar lease transactions and classified as Level 2.

(Notes to Revenue Recognition)**1. Information on disaggregation of revenues from contracts with customers**

(Millions of yen)

Category	Reportable segment					Others	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment-related Business	Financial Services Business	Overseas Business			
Gross operating revenue								
Revenue from contracts with customers								
Income from franchised stores	250,272	860	—	—	431	—	—	251,564
Net sale Company-operated stores	77,237	108,641	58,016	—	64,234	—	—	308,129
Other	337,313	33	12,052	31,751	26,958	12	—	408,121
Other revenue	20,291	6	—	—	508	—	—	20,806
Revenue from external customers	685,114	109,541	70,069	31,751	92,132	12	—	988,621
Intersegment revenue or transfer	6,248	—	2,098	2,735	—	808	(11,889)	—
Total	691,363	109,541	72,167	34,486	92,132	820	(11,889)	988,621

Note: The business segments within the “Others” category that do not fall under the main reportable segments, include Consulting Business.

2. Foundational information for understanding revenue from contracts with customers

“Foundational information for understanding revenue from contracts with customers” is described in “4. Summary of Significant Accounting Policies (5) Basis for recording revenue and expenses” in the Notes to Consolidated Financial Statements.

3. Information for understanding revenue of current fiscal year and subsequent years**(1) The balances of receivables from contracts with customers and contract liabilities etc. for the fiscal year ended February 28, 2023**

Category	Carrying amount (millions of yen)
Receivables from contracts with customers (beginning balance)	120,184
Receivables from contracts with customers (ending balance)	132,121
Contract liabilities (beginning balance)	2,082
Contract liabilities (ending balance)	3,986

“Contract liabilities” is included in “Other” in the consolidated balance sheet. Revenue recognized for the year ended February 28, 2023, that was included in the beginning balance of contract liabilities was 1,802 million yen.

(2) Transaction price allocated to remaining performance obligations

As the Group has no material transactions for which the expected term of individual contract exceeds one year, it has omitted information on remaining performance obligations of which duration was originally expected to be within one year for practical expediency. Moreover, there are no material amounts of the consideration arising from contracts with customers that are not included in the transaction price.

(Notes to Per-Share Data)

1. Net assets per share	2,810.33 yen
2. Profit per share	246.70 yen

(Notes to Significant Subsequent Events)

Not applicable.

Non-consolidated Balance Sheet

(Millions of yen)

Assets			Liabilities		
Account item	As of February 28, 2022 (for reference)	As of February 28, 2023	Account item	As of February 28, 2022 (for reference)	As of February 28, 2023
Current assets	173,022	192,427	Current liabilities	363,285	367,066
Cash and deposits	5,028	6,316	Accounts payable-trade	101,427	110,202
Accounts receivable-due from franchised stores	46,386	49,329	Short-term loans payable	41,062	11,900
Lease receivables	15,480	14,196	Short-term loans payable to subsidiaries and associates	24,730	53,930
Merchandise	934	907	Current portion of long-term loans payable	20,000	—
Prepaid expenses	17,629	15,444	Lease obligations	35,614	35,754
Accounts receivable-other	79,989	99,524	Accounts payable-other	24,676	26,407
Other	7,573	6,708	Income taxes payable	5,142	8,789
Non-current assets	620,902	612,940	Accrued expenses	2,292	2,386
Property and store equipment	309,252	312,118	Deposits received	102,241	109,222
Buildings	154,144	154,347	Provision for bonuses	3,048	3,349
Structures	24,484	22,136	Other	3,049	5,123
Tools, furniture and fixtures	10,266	10,017	Non-current liabilities	197,345	198,227
Land	8,461	8,374	Long-term loans payable	30,000	30,000
Leased assets	111,020	117,011	Lease obligations	102,414	104,060
Construction in progress	876	231	Provision for retirement benefits	14,360	15,064
Intangible assets	31,451	29,088	Provision for retirement benefits to executive officers and audits and supervisory board members	151	164
Software	21,261	22,239	Asset retirement obligations	32,795	32,989
Goodwill	9,647	6,565	Other	17,623	15,948
Other	542	284	Total liabilities	560,631	565,294
Investments and other assets	280,198	271,732	Net assets		
Investment securities	3,276	3,003	Shareholders' equity	231,409	238,806
Shares of subsidiaries and associates	63,866	65,098	Capital stock	58,506	58,506
Investments in capital of subsidiaries and associates	40,691	40,691	Capital surplus	47,761	47,760
Long-term loans receivable	37,430	36,164	Legal capital surplus	47,696	47,696
Long-term loans receivable from subsidiaries and associates	482	470	Other capital surplus	64	64
Long-term prepaid expenses	12,294	11,017	Retained earnings	126,114	133,488
Guarantee deposits	88,669	82,950	Legal retained earnings	727	727
Deferred tax assets	33,580	32,333	Other retained earnings		
Other	666	827	General reserve	50,000	50,000
Allowance for doubtful accounts	(759)	(823)	Retained earnings brought forward	75,387	82,760
			Treasury shares	(973)	(948)
			Valuation and translation adjustments	1,516	938
			Valuation difference on available-for-sale securities	1,585	1,007
			Revaluation reserve for land	(69)	(69)
			Subscription rights to shares	368	328
			Total net assets	233,294	240,073
Total assets	793,925	805,367	Total liabilities and net assets	793,925	805,367

Non-consolidated Statement of Income

(Millions of yen)

Account item	From March 1, 2021 to February 28, 2022 (for reference)		From March 1, 2022 to February 28, 2023	
Operating revenue				
Income from franchised stores	289,038		262,581	
Other operating revenue	36,841	325,880	68,569	331,151
Net sales				
Net sales	29,222	29,222	26,419	26,419
Gross operating revenue		355,102		357,571
Cost of sales	21,318	21,318	19,217	19,217
Gross profit	7,903		7,202	
Operating gross profit		333,784		338,354
Selling, general and administrative expenses		307,913		303,165
Operating income		25,870		35,188
Non-operating income				
Interest income	476		437	
Dividend income	8,811		7,100	
Gain on investments in investment partnerships	1,624		—	
Other	1,388	12,301	1,446	8,985
Non-operating expenses				
Interest expenses	1,921		1,912	
Loss on cancellation of leases	1,414		1,099	
Other	558	3,894	543	3,555
Ordinary income		34,278		40,618
Extraordinary income				
Gain on sales of investment securities	1,103	1,103	—	—
Extraordinary losses				
Loss on retirement of non-current assets	1,360		828	
Impairment loss	15,741		8,054	
Loss on novel coronavirus disease	187		5	
Other	1,256	18,546	647	9,536
Profit before income taxes		16,834		31,082
Income taxes – current	4,512		6,891	
Income taxes – deferred	(1,148)	3,364	1,595	8,486
Profit		13,470		22,595

Non-consolidated Statement of Changes in Equity

(From March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity									
	Capital stock	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance at the beginning of current period	58,506	47,696	64	47,761	727	50,000	75,387	126,114	(973)	231,409
Cumulative effect of changes in accounting policies							(211)	(211)		(211)
Restated balance	58,506	47,696	64	47,761	727	50,000	75,176	125,903	(973)	231,198
Changes of items during period										
Dividends of surplus							(15,011)	(15,011)		(15,011)
Profit							22,595	22,595		22,595
Purchase of treasury shares									(0)	(0)
Disposal of treasury shares			0	0					0	0
Exercise of subscription rights to shares (Delivery of treasury shares)			(0)	(0)					24	24
Net changes of items other than shareholders' equity										
Total changes of items during period	—	—	(0)	(0)	—	—	7,584	7,584	24	7,608
Balance at end of current period	58,506	47,696	64	47,760	727	50,000	82,760	133,488	(948)	238,806

(TRANSLATION ONLY)
(Millions of yen)

	Valuation and translation adjustments			Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Total valuation and translation adjustments		
Balance at the beginning of current period	1,585	(69)	1,516	368	233,294
Cumulative effect of changes in accounting policies					(211)
Restated balance	1,585	(69)	1,516	368	233,083
Changes of items during period					
Dividends of surplus					(15,011)
Profit					22,595
Purchase of treasury shares					(0)
Disposal of treasury shares					0
Exercise of subscription rights to shares (Delivery of treasury shares)					24
Net changes of items other than shareholders' equity	(578)		(578)	(40)	(618)
Total changes of items during period	(578)	—	(578)	(40)	6,990
Balance at end of current period	1,007	(69)	938	328	240,073

(Notes to the Non-consolidated Financial Statements)**(Significant Accounting Policies)****1. Valuation basis and method for assets****(1) Marketable securities and investments in securities:**

- ① Investments in subsidiaries and affiliated companies

Stated at cost determined by the moving-average method.

- ② Available-for-sale securities

With market quotations:

Recorded at market value with net unrealized gains and losses as a separate component of net assets. The cost of securities sold is determined based on the moving-average method.

Without market quotations:

Stated at cost determined by the moving-average method.

(2) Inventories:

Merchandise:

Stated at cost determined mainly by the retail method (the book value in the balance sheet is written down based on the decline in profitability).

2. Depreciation method of depreciable assets**(1) Property and store equipment (except for leased assets):**

Computed by the straight-line method.

The ranges of useful lives are from 10 to 34 years for buildings and structures and from 5 to 8 years for tools, furniture and fixtures.

(2) Intangible assets (except for leased assets):

Computed by the straight-line method.

Costs of software for internal use are amortized by the straight-line method over 5 years, which is the estimated useful life.

(3) Leased assets:

Leased assets related to finance leases that do not transfer ownership of leased property

The Company applies the straight-line method using the lease term as the useful life and a residual value of zero.

(4) Long-term prepaid expenses:

Computed by the straight-line method.

3. Accounting standard for significant reserves**(1) Allowance for doubtful accounts:**

Allowance for doubtful accounts is provided at the amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables and on estimated recoverability for specific doubtful receivables.

(2) Provision for bonuses:

Accrued employees' bonuses are provided for payments of employees' bonuses based on the estimated amounts.

(3) Provision for retirement benefits:

Provision for retirement benefits is provided at the amount calculated based on the retirement benefit liability and pension assets at the consolidated balance sheet date.

- ① Method of attributing the estimated amount of retirement benefits to periods

In calculating the retirement benefit obligation, the benefit formula method is used to attribute the estimated amount of retirement benefits to periods up to the end of the current fiscal year.

- ② Method of amortizing actuarial differences and prior service costs

Prior service costs are recorded as expense over a certain number of years within the average remaining years of service of the corresponding employees at the time of occurrence (10 years) using the straight-line method.

Actuarial differences are accounted for as expenses over a certain number of years within the average remaining years of service of the corresponding employees (10 years) using the straight-line method, commencing with the consolidated fiscal year following the one in which they were incurred.

Treatment of unrecognized actuarial and unrecognized past service costs differences in the non-consolidated balance sheet differs from the consolidated balance sheet.

(4) Provision for retirement benefits to executive officers:

Provision for retirement benefits to executive officers prepared for required payments at the end of the current fiscal year is recorded under internal regulations.

4. Basis for recording revenue and expenses**(1) Methods for recognizing revenue**

The Company recognizes revenue from contracts with customers by applying the following five steps:

Step 1: Identify the contracts with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognized revenue when the entity satisfies a performance obligation.

Since the consideration for the transaction price is received within one month of satisfaction of the performance obligation, the practical expedient method is used and no adjustment for a significant financing component.

(2) Recognition of revenues for the major businesses

The primary business comprises the Domestic Convenience Store Business.

- Revenues from franchised stores in the Domestic Convenience Store Business

For franchised stores in its Domestic Convenience Store Business, Seijo Ishii Business, and Overseas Business, the Group has contractual obligations to prepare for their openings, provide knowledge on how to operate the stores, grant licenses for trademarks, etc., provide training, accounting and other services, and lease fixtures for sale, signboards, and information systems, among others. As these activities are closely inter-related and cannot be performed as separate services, they are collectively deemed as a single performance obligation except for the lease transactions. The performance obligation is deemed to be satisfied over time and when the services are provided, but as the royalty revenues fluctuate based on the operating gross profit of each franchised store, the revenues are recognized whenever the applicable operating gross profit is recognized throughout the contract period.

- Revenues from directly operated stores in the Domestic Convenience Store Business

We sell general consumer goods at our directly operated stores in the Domestic Convenience Store Business. Revenues from selling such goods are recognized when an item is handed over to the customer, at which point its control is deemed to have been transferred to the customer.

In identifying a performance obligation, we assess whether we are acting as a principal or an agent in performing the promise to provide the specified goods or services. In cases where the nature of the promise constitutes a performance obligation of us to provide the goods or services as a principal, the revenue in total amount of the consideration is recognized in the non-consolidated statement of income, whereas in cases where the performance obligation requires that we arrange a third party to provide the goods or services, the revenue as an agent is recognized therein in the amount of commissions or remunerations or the net amount of the consideration.

We consider the following indicators in assessing whether we are acting as a principal.

- We have the primary responsibility to fulfill the promise to provide the specified goods or services.
- We have an inventory risk either before the specified goods or services are transferred to the customer or after the control of the specified goods or services is transferred to the customer.
- We have discretion over the price of the specified goods or services.

Revenues are based on the transaction price less the consideration paid to the customer such as discounts and rebates. If the Company grants the customer an option to acquire additional goods or services and provides a material right to do so, transaction value is allocated to the optional transaction by deeming it as a separate performance obligation, for which revenues are recognized when the goods or services are transferred to the customer or when the option is extinguished.

5. Adoption of consolidated taxation system

The Company adopts the consolidated taxation system.

6. Application of tax effect accounting for transition from consolidated taxation system to group tax sharing system

The Company has calculated the amounts of deferred tax assets and deferred tax liabilities in accordance with tax laws in effect before amendment based on the treatment of Paragraph 3 of “Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System” (ASBJ Practical Issues Task Force No.39, March 31, 2020) instead of applying the provision in Paragraph 44 of “Implementation Guidance on Tax Effect Accounting” (ASBJ Guidance No.28, February 16, 2018), regarding the transition to group tax sharing system established in “Act for Partial Amendment of the Income Tax Act, etc.” (Act No.8 of 2020), and items for which the non-consolidated taxation system has been reviewed in the line with the transition to the group tax sharing system.

Furthermore, effective from the beginning of the next fiscal year, the Company plans to apply the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ Practical Issues Task Force No. 42 (August 12, 2021)).

(Changes in Accounting Policies)

1. Application of Accounting Standards for Revenue Recognition, etc.

Effective from March 1, 2022, the Company applies the “Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020, “Accounting Standard for Revenue Recognition”) and other standards and recognizes revenue at an amount that it expects to receive in exchange for promised goods or services when control of the goods or services is transferred to a customer.

The changes in relation to the application of the accounting standards for revenue recognition are stated below:

(i) Consideration paid to customers

Sales promotion costs and other costs were previously recognized as selling, general and administrative expenses, such as sales commission and advertising expenses, but such consideration paid to customers is now deducted directly from revenue.

(ii) IT systems fees received from customers

Fees received from customers for IT system utilization and data provision were previously deducted from selling, general and administrative expenses, but transactions based on contracts with customers are now recognized as revenue.

The Accounting Standards for Revenue Recognition have been applied in accordance with Proviso of Paragraph 84 of the Accounting Standards for Revenue Recognition with the cumulative effect of retrospective application added to or deducted from the beginning balance of retained earnings of the first quarter of the current fiscal year, thus, the new accounting policy has been adopted from the first quarter of this fiscal year.

As a result, compared with the amounts based on the previously adopted accounting policies, net sales and operating revenue decreased by 16,671 million yen, cost of sales decreased by 387 million yen, and selling, general and administrative expenses decreased by 16,352 million yen for the fiscal year under review, while operating income, ordinary income, and profit before income taxes increased by 69 million yen, respectively. The balance of retained earnings at the beginning of the fiscal year decreased by 211 million yen.

2. Application of Accounting Standard for Fair Value Measurement, etc.

The “Accounting Standard for Fair Value Measurement” (ASBJ Statement No.30, July 4, 2019; hereafter “Fair Value Accounting Standards”) has been applied prospectively from the beginning of the first quarter of the current fiscal year as prescribed by the Fair Value Accounting Standards in accordance with the transitional treatment set forth in Paragraph 19 of Fair Value Accounting Standards and Section 44-2 of “Accounting Standard for Financial Instruments” (ASBJ Statement No.10, July 4, 2019). This change had no effect on the quarterly non-consolidated financial statements.

(Notes to Accounting Estimates)

Impairment of fixed assets

(1) Amounts recorded in non-consolidated financial statements for the current fiscal year

Property and store equipment	6,759	million yen
Intangible assets	1,288	"
Other	7	"

(2) Information on significant accounting estimates concerning identified items

The method used to calculate the amounts in (1) is the same as that described in the “Notes to Consolidated Financial Statements (Notes to Accounting Estimates)” of the Consolidated Financial Statements.

(Notes to the Non-consolidated Balance Sheet)

1. Accumulated depreciation of property and store equipment:	351,063	million yen
2. Due from/to subsidiaries and affiliated companies		
Short-term receivables due from subsidiaries and affiliated companies	28,152	million yen
Long-term receivables due from subsidiaries and affiliated companies	47	"
Short-term payables due to subsidiaries and affiliated companies	6,582	"
Long-term payables due to subsidiaries and affiliated companies	214	"

3. Revaluation of land used for business

Land used for business was revalued on the basis prescribed by the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998). The resulting revaluation difference has been included in net assets as "Revaluation reserve for land."

Revaluation method: The value of land is determined based on the notified prices adjusted reasonably as stipulated in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998) and the assessed value as stipulated in Article 2, Item 5 of the same Ordinance.

Date of revaluation: February 28, 2002

The difference between book value and market value of the revalued land as of the non-consolidated balance sheet date was 4 million yen.

4. Guarantee obligations

The Company guarantees the accounts payable-trade and deposit liabilities of the following subsidiaries

Lawson Bank, Inc.	95,000	million yen
Shanghai Lawson, Inc.	1,958	"
SCI, Inc.	601	"
Lawson Entertainment, Inc.	494	"
Lawson Philippines, Inc.	209	"
Lawson USA Hawaii, Inc.	84	"

(Notes to the Non-consolidated Statement of Income)

Transaction amount with affiliated companies

Operating transactions		
Operating revenue	36,830	million yen
Goods purchased	151	"
Selling, general and administrative expenses	44,833	"
Transactions other than operating transactions	7,183	"

(Notes to the Non-consolidated Statement of Changes in Equity)

Number of treasury shares	222,962 shares
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(Notes to Accounting for Income Taxes)

Components of deferred tax assets and liabilities

Enterprise taxes payable	674	million yen
Provision for bonuses	1,007	"
Loss on write-down of investments in affiliated companies	9,081	"
Excess of depreciation	9,043	"
Excess of amortization of software	209	"
Provision for retirement benefits	6,319	"
Allowance for doubtful accounts	252	"
Impairment loss	13,505	"
Other	2,315	"
Subtotal of deferred tax assets	42,410	million yen
Less valuation allowances	(10,077)	"
Total deferred tax assets	32,333	million yen
Deferred tax assets-net	32,333	million yen

(Notes to Related-Party Transactions)

Parent Company

Attribute	Company name	Business line or profession	Equity ownership percentage	Relationship		Description of transactions	Transaction amount (millions of yen)	Account item	Ending balance (millions of yen)
				Business relationship	Directors' posts held concurrently				
Parent Company	Mitsubishi Corporation	General Trading Company	Direct holding 50.2%	Transactions under a business collaboration agreement	No	Receipt of debt guarantees	11,900	—	—
						Payment of guarantee fees	0	—	—

Transaction conditions and the policies for determining those conditions:

1. The Company is provided with debt guarantees for loans payable from Mitsubishi Corporation Financial & Management Services (Japan) Ltd. by Mitsubishi Corporation. Guarantee fee rates are determined rationally, taking into account market interest rates.

Subsidiaries and affiliates

Attribute	Company name	Business line or profession	Equity ownership percentage	Relationship		Description of transactions	Transaction amount (millions of yen)	Account item	Ending balance (millions of yen)
				Business relationship	Directors' posts held concurrently				
Subsidiary	SCI, Inc.	Domestic Convenience Store Business	Direct holding 100.0%	SCM	Yes	Repayment of funds	35,800	Short-term loans payable	12,000
						Borrowing of funds	38,300		
						Borrowing interest	0		
Subsidiary	Lawson Entertainment, Inc.	Entertainment-Related Business	Direct holding 100.0%	Sale of tickets and software for music and video	Yes	Repayment of funds	5,000	Short-term loans payable	40,000
						Borrowing of funds	31,500		
						Borrowing interest	2		
Subsidiary	Lawson Bank, Inc.	Financial Services Business	Direct holding 95.0%	Banking business	Yes	Guarantee obligations	95,000	—	—
						Receipt of guarantee fees	9		

Transaction conditions and the policies for determining those conditions:

1. The Company manages the funds of some subsidiaries centrally and there are lending and borrowing transactions between the Company and its subsidiaries.
2. The interest rates for loans and borrowings are determined rationally taking into account market interest rates.
3. The Company provides debt guarantees for loans payable received from financial institutions by Lawson Bank, Inc. Guarantee fee rates are determined rationally, taking into account market interest rates.

Subsidiaries of an affiliated companies under common control

Attribute	Company name	Business line or profession	Equity ownership percentage	Relationship		Description of transactions	Transaction amount (millions of yen)	Account item	Ending balance (millions of yen)
				Business relationship	Directors' posts held concurrently				
Subsidiary of the parent company	Mitsubishi Shokuhin Co., Ltd.	Sales of processed foods	—	Vendor	No	Purchases for company-operated stores (purchases for franchised stores)	8,881 (718,717)	Accounts payable-trade	59,983
						Shipping costs	55,811	Accounts payable-other	4,758
						Receipt of shipping costs	58,741	Accounts receivable-other	4,751
Subsidiary of the parent company	Mitsubishi Corporation Financial & Management Services (Japan) Ltd.	Contracted operations	—	Recipient of loans	No	Repayment of funds	65,922	Short-term loans payable	11,900
						Borrowing of funds	55,760	Accrued interest	0
						Borrowing interest	0		
Subsidiary of the parent company	KCS Co.,Ltd.	Sales of processed foods	—	Vendor	No	Purchases for company-operated stores (purchases for franchised stores)	1,818 (88,604)	Accounts payable-trade	7,368

Transaction conditions and the principles on the decision thereof:

1. The terms and conditions for goods purchased transactions are determined to be same as those for other general business transactions. Furthermore, regarding purchases for the franchised stores, the Company acts as an alternative payer but not as a direct party for the purchase.
2. The interest rates for borrowings are determined rationally taking into account market interest rates.

(Notes to Revenue Recognition)**Basic information to understand revenues from contracts with customers**

Information to enable users to understand revenue from contracts with customers is as stated in “Significant Accounting Policies (4) Basis for recording revenue and expenses” in the Notes to Non-consolidated Financial Statements.

(Notes to Per-Share Data)

- | | |
|-------------------------|--------------|
| 1. Net assets per share | 2,395.60 yen |
| 2. Profit per share | 225.78 yen |

(Notes to Significant Subsequent Events)

Not applicable.

The above monetary amounts and the numbers of shares in these Financial Statements and Notes are rounded down to the nearest unit and percentages are rounded to the nearest one decimal place.

INDEPENDENT AUDITOR'S REPORT

April 13, 2023

To the Board of Directors of
Lawson, Inc.:

Deloitte Touche Tohmatsu LLC

Tokyo office

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kazuaki Furuuchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masumi Nakagawa

Opinion

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated balance sheet as of February 28, 2023 of Lawson, Inc. (the "Company") and its consolidated subsidiaries, and the related consolidated statements of income and changes in equity for the fiscal year from March 1, 2022 to February 28, 2023, and the related notes.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Lawson, Inc. and its consolidated subsidiaries as of February 28, 2023, and the results of their operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial

statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate whether the overall presentation and disclosures of the consolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during over audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(TRANSLATION ONLY)

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

INDEPENDENT AUDITOR'S REPORT

April 13, 2023

To the Board of Directors of
Lawson, Inc.:

Deloitte Touche Tohmatsu LLC
Tokyo office

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Kazuaki Furuuchi

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Masumi Nakagawa

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the financial statements, namely, the balance sheet as of February 28, 2023 of Lawson, Inc. (the "Company"), and the related statements of income and changes in equity for the 48th fiscal year from March 1, 2022 to February 28, 2023, and the related notes and the accompanying supplemental schedules.

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of Lawson, Inc. as of February 28, 2023, and the results of its operations for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements section of our report. We are independent of the Company in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

Management is responsible for the other information. Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the other information. The other information comprises the information included in the Business Report and the accompanying supplemental schedules.

Our opinion on the nonconsolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the nonconsolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the nonconsolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management and Audit & Supervisory Board Members and the Audit & Supervisory Board for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal

control as management determines is necessary to enable the preparation of nonconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the nonconsolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

Audit & Supervisory Board members and the Audit & Supervisory Board are responsible for overseeing the Directors' execution of duties relating to the design and operating effectiveness of the controls over the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Nonconsolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the nonconsolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these nonconsolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the nonconsolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks. The procedures selected depend on the auditor's judgement. In addition, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Obtain, when performing risk assessment procedures, an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the nonconsolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate whether the overall presentation and disclosures of the nonconsolidated financial statements are in accordance with accounting principles generally accepted in Japan, as well as the overall presentation, structure and content of the nonconsolidated financial statements, including the disclosures, and whether the nonconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with Audit & Supervisory Board members and the Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during over audit.

We also provide Audit & Supervisory Board members and the Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Company which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

<Copy of the Audit Report of the Board of Audit & Supervisory Board>

AUDIT REPORT

With respect to the directors' performance of their duties during the 48th business term from March 1, 2022 to February 28, 2023, we have prepared this Audit Report, through due deliberations based on the audit reports prepared by each Audit & Supervisory Board Member, and hereby report as follows:

1 . Auditing Methods Employed by the Audit & Supervisory Board Members and Audit & Supervisory Board and Contents of Such Methods

(3) We have established audit policies and audit plans for the current term, and received the reports from each Audit & Supervisory Board Member regarding their execution of audits and results thereof, as well as reports from the Directors, other relevant personnel, and the Accounting Auditor regarding the execution of their duties, and asked for explanations as necessary.

(4) Each Audit & Supervisory Board Member, pursuant to the auditing standards of Audit & Supervisory Board Members established by the Audit & Supervisory Board, has followed the audit policies and audit plans for the current term, communicated with the Directors, officers, internal audit department and other relevant employees by using such means as the telephone and the Internet as necessary, endeavored to collect information and develop the audit environment, and performed the audit using the following methods:

- (i) We have attended the Board of Directors meetings, the management meetings, Compliance & Risk management committee meetings, Internal Control over Financial Reporting committee meetings and the like, and other important meetings, received reports from the Directors, officers, internal audit department and other relevant employees regarding the execution of their duties, asked for explanations whenever necessary, reviewed important approval documents and the like, and investigated the status of operations and assets with regard to the head office, area office, and other principal offices and stores. With respect to subsidiaries, we have communicated and exchanged information with the Directors, Audit & Supervisory Board Members and other relevant personnel of subsidiaries, requested the subsidiaries to report on their business where necessary, and investigated their status of operations and assets.
- (ii) Pursuant to the audit items and audit methods regarding internal control system established by the Audit & Supervisory Board , we have monitored and verified the resolution of the Board of Directors regarding the development of the system as prescribed by item (vi) of paragraph 4, Article 362 of the Companies Act and paragraph 1 and paragraph 3, Article 100 of the Ordinance for Enforcement of the Companies Act and the status of the development and operation of the system based on such resolution (Internal Control System), as the system necessary to ensure that the execution of the duties by the Directors, described in business report, complies with laws and regulations and the Articles of Incorporation and other system necessary to ensure the properness of operations of a Stock Company and corporate group consisting of its subsidiaries. In connection with internal control over financial reporting, we received reports from the Directors and other relevant personnel, and Deloitte Touche Tohmatsu LLC regarding the status of evaluation and audit of such internal control respectively, and asked for explanations whenever necessary.

- (iii) Regarding the transaction with the parent company described in the business report, we have carefully examined the matter noted in item (v)-(a) of Article 118 of the Ordinance for Enforcement of the Companies Act and the judgment and its reasons in item (v)-(b) based on the status of deliberations of the Board of Directors and others.
- (iv) We have monitored and verified whether Accounting Auditor maintained its independence and properly conducted its audit, and we received reports from Accounting Auditor regarding the status of the execution of its duties and, whenever necessary, asked for explanations. In addition, we have received the notice from the Accounting Auditor that “System for ensuring proper execution of duties” (matters set forth in each item of Article 131 of the Company Accounting Regulations) is organized in accordance with the “Quality Control Standards for Audits” (Business Accounting Council, October 28, 2005) and the like, and, when necessary, asked for explanations.

Based on the above methods, we have examined the “business report and the supplementary schedules thereof,” the “consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statements of changes in net assets, and notes to consolidated financial statements)” and “financial statements (balance sheet, statement of income, statements of changes in net assets, and notes to financial statements) and supplementary schedules thereof” for this term.

1. Result of Audit

(1) Result of Audit of Business Report and Other Relevant Documents

- (i) We have found that business report and the supplementary schedules thereof fairly present the status of our company, in conformity with the applicable laws and regulations and the Articles of Incorporation.
- (ii) Regarding the execution of duties by the Directors, we have found no misconduct or material matter that violates applicable laws and regulations or the Articles of Incorporation.
- (iii) We have found that the content of the resolution of the Board of Directors regarding the Internal Control System is adequate. In addition, we have found no matters on which to give remarks in regard to the relevant description in the business report and execution of duties by the Directors concerning Internal Control System.
- (iv) Regarding the transaction with the parent company described in the business report, we have found no matters on which to give remarks in regard to the particulars being given due consideration so as not to harm the interests of our company in carrying out the transaction and the judgment of the Board of Directors and its reasons related to whether or not the transaction would harm the interests of our company.

(2) Result of Audit of Consolidated Financial Statements

We have found that methods and the result of the audit by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are adequate.

(3) Result of Audit of Financial Statements and Supplementary Schedules thereof.

We have found that methods and the result of the audit by the Accounting Auditor, Deloitte Touche Tohmatsu LLC, are adequate.

April 18, 2023

The Audit & Supervisory Board of Lawson, Inc.

(TRANSLATION ONLY)

Audit & Supervisory Board Member Shuichi Imagawa
(full-time)

Audit & Supervisory Board Member Jun Miyazaki
(full-time)

Outside Audit & Supervisory Board Member Eiko Tsujiyama

Outside Audit & Supervisory Board Member Yuko Gomi

Outside Audit & Supervisory Board Member Keiko Yoshida