

## Flash Report on the Consolidated Financial Results [IFRS]

for the First Half of the Fiscal Year Ending February 29, 2024

October 13, 2023

Listed Company Name: Lawson, Inc.

Code No.: 2651

Company Representative: Sadanobu Takemasu, President and CEO, Representative Director,  
Chairman of the Board

Contact: Tomoki Takanishi, Senior Vice President, Financial Administration Division Director

Tokyo Stock Exchange

(URL <https://www.lawson.jp/en/ir/>)

Tel.: +81-3-5435-2773

Scheduled date for submission of quarterly securities report: October 13, 2023

Scheduled date for payment of dividend: November 10, 2023

Supplementary materials for quarterly financial results: Yes

Holding of presentation of quarterly results: Yes (for institutional investors and analysts)

(Amounts less than one million yen are truncated)

1. Consolidated operating results for the first half ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

(1) Consolidated operating results (cumulative)

Note: Percentages represent increases (decreases) compared with the corresponding period of the previous fiscal year.

	Gross operating revenue		Core operating profit		Profit before tax		Profit		Profit attributable to owners of parent		Total comprehensive income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the first half ended August 31, 2023	545,492	11.1	53,069	45.8	47,909	52.4	32,618	60.2	32,403	58.3	34,601	38.5
August 31, 2022	490,936	—	36,409	—	31,427	—	20,363	—	20,467	—	24,975	—

	Basic earnings per share	Diluted earnings per share
For the first half ended August 31, 2023	Yen 323.78	Yen 323.44
August 31, 2022	204.52	204.33

Note: "Core operating profit" is a profit indicator for operating income under Japanese GAAP that is calculated by subtracting the cost of sales and selling, general and administrative expenses from gross operating revenue.

(2) Consolidated financial position

	Total assets	Equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent to total assets
As of August 31, 2023	Millions of yen 2,300,341	Millions of yen 281,081	Millions of yen 276,859	% 12.0
February 28, 2023	2,242,421	253,858	249,941	11.1

2. Dividends

	Annual dividends per share				
	1Q	1H	3Q	Year-end	Total
2022 fiscal year	Yen —	Yen 75.00	Yen —	Yen 75.00	Yen 150.00
2023 fiscal year	—	117.50			
2023 fiscal year (forecast)			—	117.50	235.00

Note: Revision of the most recent dividends forecast: Yes

3. Forecast of consolidated operating results for 2023 fiscal year (from March 1, 2023 to February 29, 2024)

Note: Percentages represent increases (decreases) compared with the corresponding period of the previous fiscal year.

	Gross operating revenue		Core operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
2023 fiscal year	1,080,000	8.0	85,000	32.2	70,500	49.6	47,000	58.2	469.63

Note: Revision of the most recent consolidated operating results forecast: Yes

4. Notes

(1) Change in significant subsidiaries during the quarterly consolidated period (Changes in certain specified subsidiaries resulting in changes in scope of consolidation): None

Added: None

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates

1. Changes in accounting policies required by IFRS: Yes

2. Changes in accounting policies other than 1. above: None

3. Changes in accounting estimates: None

Note: For details, please refer to “2. Condensed Quarterly Consolidated Financial Statements and Main Notes, (5) Notes Concerning Condensed Quarterly Consolidated Financial Statements (Significant Accounting Policies)” on page 17.

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury shares)

As of August 31, 2023: 100,300,000 As of February 28, 2023: 100,300,000

2. Number of treasury shares at the end of period

As of August 31, 2023: 221,628 As of February 28, 2023: 222,962

3. Average number of shares during the period (cumulative six months)

As of August 31, 2023: 100,078,318 As of August 31, 2022: 100,075,070

Note: The Flash Report on the Consolidated Financial Results is not subject to audit.

Note: Descriptions on appropriate use of financial performance forecasts and other special notes

Forward-looking statements presented herein such as financial forecasts are based on currently available information and certain presumptions deemed to be reasonable as of the date of announcement. The achievement of said forecasts cannot be guaranteed. Actual results may be materially different from those in the forecast as a result of various factors. For preconditions of these financial forecasts and notes concerning their use, please refer to “1. Qualitative Information Regarding Quarterly Financial Results, (3) Explanation Regarding Forward-looking Statements” on page 9.

## Contents

1. Qualitative Information Regarding Quarterly Financial Results .....	2
(1) Explanation Regarding Consolidated Operating Results .....	2
(2) Explanation Regarding Consolidated Financial Position .....	8
(3) Explanation Regarding Forward-looking Statements .....	9
2. Condensed Quarterly Consolidated Financial Statements and Main Notes .....	10
(1) Condensed Quarterly Consolidated Statement of Financial Position .....	10
(2) Condensed Quarterly Consolidated Statement of Profit and Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income .....	12
Condensed Quarterly Consolidated Statement of Profit and Loss .....	12
Condensed Quarterly Consolidated Statement of Comprehensive Income .....	13
(3) Condensed Quarterly Consolidated Statement of Changes in Equity .....	14
(4) Condensed Quarterly Consolidated Statement of Cash Flows .....	16
(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements .....	17
(Going Concern Assumption) .....	17
(Significant Accounting Policies) .....	17
(Segment Information) .....	17

# 1. Qualitative Information Regarding Quarterly Financial Results

## (1) Explanation Regarding Consolidated Operating Results

During the first half of fiscal 2023, from March 1 to August 31, 2023, we made concerted Group-wide efforts to realize the “Lawson Group Challenge 2025” medium-term management vision, while society shifted toward a post-COVID world driven primarily by the downgrade in the categorization of COVID-19 to Class 5, which includes seasonal flu. Specifically, we undertook various measures under our Lawson Group Sweeping Transformation Executive Committee, which was launched in September 2020, and the whole Lawson Group collectively endeavored to resolve medium- to long-term issues for sustainable growth, acquire new revenue opportunities, foster job satisfaction, and introduced a range of LGBTQ initiatives aimed at creating a workplace environment and system that maximizes the full potential of diverse human resources. Focusing on community, individual customers, and individual stores, we expanded a company system in eight areas across Japan and transferred authority and functions from the headquarters to the frontline stores with the aim of facilitating our organizational structure to more vigorously pursue the creation of customer value at stores where we are close beside our customers. We are undertaking various initiatives under this new structure.

As a result, during the first half of fiscal 2023 on a consolidated basis, gross operating revenue increased to 545,492 million yen (up 11.1% from previous fiscal year) and profit before tax increased to 47,909 million yen (up 52.4% from previous fiscal year). Profit attributable to owners of parent was 32,403 million yen (up 58.3% from previous fiscal year).

The Lawson Group has prepared its consolidated financial statements in compliance with IFRS from end of previous fiscal year, and the figures for the first half of the previous fiscal year have also been restated in accordance with IFRS for comparative analysis.

We also focused on improving our group-wide internal control system and addressing operating risks based on the 2023 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 first half under review, a general increasing trend was seen in the movement of people. Against this backdrop, each area company reinforced their sales floors with a particular focus on the scope of merchandise assortment and the quantity of inventory by building on the foundation established by the Lawson Group Sweeping Transformation Executive Committee, which has been proceeding with store renovations and expanding the merchandise assortment of frozen foods and other daily necessities. As of the end of August 2023, 12,484 stores have introduced MUJI products, which began full-scale introduction in the previous year. Also, as we work our way toward 2025, our 50th anniversary year, we continue to expand HAPPY LAWSON PROJECT! 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, and we are continuing with our environmentally friendly measures such as reducing food loss, plastic usage, and CO<sub>2</sub> 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 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 fast-food counter items, soft drinks and the rice range, products offered by the Machikado Chubo in-store kitchen service, and the cosmetics range driven by an increase in the movement of people. In the fast-food counter range, sales continued to surge in “Kara-age-kun” chicken nuggets of new flavors. In the rice range, sales continued to surge in rice bowls such as the renewed “Kinshari Onigiri Rice Ball” series. In the Machikado Chubo, we saw strong performance for regular items such as the Donburi rice bowls as well as box lunch items in which rice is packed separately. In the cosmetics range, new brand products jointly developed with a popular cosmetic brand enjoyed a growth in sales, as well as the MUJI product range, which is currently being introduced at more stores.

In food delivery service, the combined number of stores listed on 4 food delivery services such as Uber Eats, reached 4,178 in 47 prefectures as of August 31, 2023. In addition, Uber Eats delivers over-the-counter drugs sold at 99 LAWSON stores in 18 prefectures.

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

Fiscal year Product group	Previous fiscal year From March 1, 2022 to August 31, 2022		Current fiscal year From March 1, 2023 to August 31, 2023	
	Sales (Millions of yen)	Percentage of total (%)	Sales (Millions of yen)	Percentage of total (%)
Processed foods	619,342	53.7	649,632	53.3
Fast foods	256,698	22.3	275,676	22.6
Daily delivered foods	178,639	15.5	186,730	15.3
Nonfood products	98,670	8.5	107,102	8.8
Total	1,153,350	100.0	1,219,141	100.0

[Store Development]

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

During the first half of fiscal 2023, the total number of LAWSON, NATURAL LAWSON and LAWSON STORE100 stores opened in Japan stood at 130 stores. Meanwhile, we closed a total of 142. As of the end of August 2023, the total number of domestic stores was 14,619 \*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 over-the-counter drugs has reached 308 stores (includes 49 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of August 2023. Moreover, the number of stores with nursing care consultation desks for seniors has reached 19 as of the end of August 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 340 as of the end of August 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 consistently offer safe and high-quality 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 August 2023, we operate 131 NATURAL LAWSON stores and 649 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 the Total Number of Domestic Stores]

	Total stores as of February 28, 2023	Change during fiscal year	Total stores as of August 31, 2023
LAWSON	13,839	—	13,839
NATURAL LAWSON	131	—	131
LAWSON STORE100	661	(12)	649
Total	14,631	(12)	14,619

[Number of LAWSON stores by prefecture (As of August 31, 2023)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	687	Ibaraki	213	Kyoto	325	Ehime	218
Aomori	277	Tokyo	1,662	Shiga	153	Tokushima	135
Akita	177	Kanagawa	1,061	Nara	134	Kochi	138
Iwate	179	Shizuoka	273	Wakayama	153	Fukuoka	525
Miyagi	259	Yamanashi	134	Osaka	1,199	Saga	77
Yamagata	108	Nagano	167	Hyogo	699	Nagasaki	122
Fukushima	168	Aichi	715	Okayama	243	Oita	203
Niigata	223	Gifu	176	Hiroshima	299	Kumamoto	164
Tochigi	197	Mie	135	Yamaguchi	128	Miyazaki	111
Gunma	241	Ishikawa	102	Tottori	137	Kagoshima	200
Saitama	692	Toyama	175	Shimane	140	Okinawa	259
Chiba	598	Fukui	105	Kagawa	133	Total (domestic)	14,619

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

As a result, Domestic Convenience Store Business posted gross operating revenue of 377,235 million yen (up 8.9% from previous fiscal year) and segment profit of 39,940 million yen (up 38.7% 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 178 as of the end of August 2023. Sales at stores in office buildings recovered from the sluggish sales resulting from the COVID-19 pandemic and product-wise, daily delivered foods and dishes produced in-house at Seijo Ishii’s central kitchen recorded steady sales. 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 54,269 million yen (up 1.0% from previous fiscal year) and segment profit of 5,886 million yen (down 6.1% from previous fiscal year).

#### **(Entertainment-related Business)**

With respect to our ticketing business in our Entertainment-related Business undertaken by Lawson Entertainment, Inc., concerts, leisure, theater and other events enjoyed brisk demand. Furthermore, we focused

our efforts on securing an expanded lineup of events and strengthening sales in each genre, which resulted in a year-on-year increase in our ticket transaction value for the first half under review. Furthermore, sales for our product sales business at HMV music/video software stores and others grew as a result of an increase in the movement of people, nearing the pre-COVID level. Sales for our e-commerce business were driven by music artists' goods. We are continuing with our efforts to expand the scope of merchandise we handle, including cosmetics and other goods. The number of stores has reached 53 as of August 31, 2023, including HMV stores, HMV&BOOKS, which markets books, CDs and DVDs, and HMV record shop stores specializing in analog records.

During the first half year under review, United Cinemas Co., Ltd., an operator of cinema complexes, attracted more moviegoers and generated higher sales than in the same period of the previous fiscal year as a result of releasing much-talked-about and highly anticipated movies during the long holiday in May and summer holiday season, as well as offering live viewings of popular stage performances. As of August 31, 2023, 43 cinema complexes nationwide with 398 screens are operating.

As a result, Entertainment-related Business posted gross operating revenue of 42,046 million yen (up 15.0% from previous fiscal year) and segment profit of 3,881 million yen (up 25.1% 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 August 2023, the number of ATMs installed nationwide reached 13,559, with each ATM used 55.6 times a day on average. The total number of our financial institution partners reached 389 nationwide. We now have 4 partners for the cash charging at ATMs, 7 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 11 for international money transfer cards. In addition to cash deposit and withdrawal services, charging to cashless payment services has also contributed to the increased use of ATMs, etc.

Regarding LAWSON Ponta Plus credit cards issued by Lawson Bank, Inc, we are continuing to work on expanding credit card membership and promoting card usage by drawing public attention to the benefits of using the card at LAWSON stores and other Ponta affiliated 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 17,892 million yen (up 2.7% from previous fiscal year) and segment profit of 1,671 million yen (down 18.7% from previous fiscal year).

#### **(Overseas Business)**

With regards to Overseas Business, the Group's operating companies have developed 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, exceeded 6,000 in August and reached



6,030 as of the end of August 2023, up 410 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. The spread of the COVID-19 pandemic peaked from the end of 2022 to early January of 2023 and daily sales increased due to the recovery in the movement of people, though there are regional differences in the degree of recovery. 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.

With regard to regions other than China, sales increased due to the recovery in the movement of people resulting from the elimination and easing of COVID-related restrictions in respective countries. We have been accelerating the pace of new store openings, and the number of stores in Thailand, Indonesia, the Philippines, and the United States (Hawaii) combined reached 847 as of August 31, 2023, up 307 stores from the end of the previous fiscal year, achieving a record high in these countries combined. We will continue to operate our stores to sustain the daily lives of our customers and strive to further expand our earnings.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2023)	Change during fiscal year	Number of stores (As of August 31, 2023)
China Shanghai and surrounding area (Shanghai, Zhejiang, Jiangsu)	2,483	91	2,574
China Chongqing and surrounding area (Chongqing, Sichuan)	798	59	857
China Liaoning (including Shenyang, Dalian)	586	90	676
China Beijing and surrounding area (Beijing, Tianjin, Hebei)	432	49	481
China Guangdong and Fujian (including Shenzhen, Xiamen)	174	100	274
China Hubei (including Wuhan)	617	17	634
China Anhui (including Hefei)	231	(15)	216
China Hunan (including Changsha)	160	3	163
China Hainan (including Haikou)	139	16	155
China Subtotal	5,620	410	6,030
Thailand	181	2	183
Indonesia	256	294	550
Philippines	101	11	112
United States of America (Hawaii)	2	—	2
Total	6,160	717	6,877

As a result, Overseas Business posted gross operating revenue of 59,463 million yen (up 44.5% from previous fiscal year) and segment profit of 1,689 million yen (segment loss was 3,880 million for the same period of the previous year).

## (2) Explanation Regarding Consolidated Financial Position

### ① Assets, Liabilities and Equity at the end of the current first half of fiscal 2023

Current assets increased by 57,671 million yen from the end of the previous fiscal year to 737,510 million yen, mainly reflecting increases of 33,918 million yen in cash and cash equivalents and 20,072 million yen in trade and other receivables. Non-current assets increased by 248 million yen from the end of the previous fiscal year to 1,562,830 million yen, mainly reflecting increases of 3,537 million yen in property and store equipment, 3,496 million yen in guarantee deposits, 2,724 million yen in intangible assets and a decrease of 9,431 million yen in rights-of-use assets. Consequently, total assets increased by 57,919 million yen from the end of the previous fiscal year to 2,300,341 million yen.

Current liabilities increased by 40,399 million yen from the end of the previous fiscal year to 945,679 million yen, mainly reflecting increases of 33,251 million yen in trade and other payables and 30,231 million yen in other financial liabilities and decreases of 11,572 million yen in deposits received and 11,313 million yen in borrowings. Non-current liabilities decreased by 9,703 million yen from the end of the previous fiscal year to 1,073,580 million yen, mainly reflecting a decrease of 10,432 million yen in lease liabilities. Consequently, total liabilities increased by 30,696 million yen from the end of the previous fiscal year to 2,019,260 million yen.

Equity increased by 27,222 million yen from the end of the previous fiscal year to 281,081 million yen, mainly reflecting increases of 24,897 million yen in retained earnings and 1,890 million yen in other components of equity. Consequently, shareholders' equity ratio was 12.0%, up from 11.1% as of the end of the previous fiscal year.

### ② Cash flows during the first half of fiscal 2023

Cash and cash equivalents as of August 31, 2023 increased by 33,918 million yen from the end of the previous fiscal year to 433,442 million yen.

Net cash provided by operating activities was 177,455 million yen, an increase of 12,369 million yen from the first half of fiscal 2022, mainly because of the movement in deposits received, call money for banking business, trade and other receivables, trade and other payables.

Net cash used in investing activities was (34,774) million yen, an increase of 14,436 million yen from the first half of fiscal 2022, mainly because of an increase in purchases of intangible assets, a decrease of proceeds from sales and redemption of investments and an increase of payments for guarantee deposits.

Net cash used in financing activities was (109,487) million yen, a decrease of 34,407 million yen from the first half of fiscal 2022 mainly because of increases in proceeds from borrowings and repayments of borrowings.

The Group's sources of capital and funding liquidity are used to fund new store openings, remodel existing stores, and develop new business, as well as to pay dividends.

Working capital and investment funds are basically allocated from operating cash flow, and funds are procured as needed.

### (3) Explanation Regarding Forward-looking Statements

Regarding the financial forecasts for the current fiscal year ending February 29, 2024, in light of recent performance trends and other factors, we have revised gross operating revenue, core operating profit, profit before tax, profit attributable to owners of parent and basic earnings per share.

	Gross operating revenue	Core operating profit	Profit before tax	Profit attributable to owners of parent	Basic earnings per share
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Previous forecast (A)	1,060,000	64,000	—	29,000	289.77
Revised forecast (B)	1,080,000	85,000	70,500	47,000	469.63
Change (B-A)	20,000	21,000	—	18,000	
Change (%)	1.9	32.8	—	62.1	
Reference: Results from previous fiscal year ended February 28,2023	1,000,385	64,311	47,134	29,708	296.86

The abovementioned forecasts are determined based on information currently available to the Company and include potential risks and uncertainties. For a variety of reasons, actual performance may differ substantially from these projections.

## 2. Condensed Quarterly Consolidated Financial Statements and Main Notes

### (1) Condensed Quarterly Consolidated Statement of Financial Position

	(Millions of yen)	
	Previous fiscal year As of February 28, 2023	Current 1st Half As of August 31, 2023
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	399,523	433,442
Trade and other receivables	223,648	243,721
Finance lease receivables	13,710	13,346
Other financial assets	3,595	3,394
Inventories	28,689	30,266
Other current assets	10,671	13,339
<b>Total current assets</b>	<b>679,839</b>	<b>737,510</b>
<b>Non-current assets</b>		
Property and store equipment	186,398	189,935
Right-of-use assets	1,069,233	1,059,802
Investment property	46,734	45,309
Goodwill	50,150	50,816
Intangible assets	51,416	54,141
Investments accounted for using equity method	6,532	6,958
Guarantee deposits	92,916	96,413
Other financial assets	5,742	8,000
Deferred tax assets	48,234	45,025
Other non-current assets	5,223	6,427
<b>Total non-current assets</b>	<b>1,562,582</b>	<b>1,562,830</b>
<b>Total assets</b>	<b>2,242,421</b>	<b>2,300,341</b>

	(Millions of yen)	
	Previous fiscal year As of February 28, 2023	Current 1st Half As of August 31, 2023
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Trade and other payables	231,925	265,176
Deposits received	274,224	262,651
Borrowings	92,877	81,563
Income taxes payable	10,800	11,369
Other financial liabilities	273,465	303,697
Provisions	2,480	62
Other current liabilities	19,505	21,158
<b>Total current liabilities</b>	<b>905,279</b>	<b>945,679</b>
<b>Non-current liabilities</b>		
Borrowings	80,000	80,086
Lease liabilities	923,588	913,156
Other financial liabilities	21,407	21,849
Retirement benefit liability	16,797	16,961
Deferred tax liabilities	430	396
Provisions	37,642	37,705
Other non-current liabilities	3,417	3,424
<b>Total non-current liabilities</b>	<b>1,083,284</b>	<b>1,073,580</b>
<b>Total liabilities</b>	<b>1,988,563</b>	<b>2,019,260</b>
<b>Equity</b>		
Share capital	58,506	58,506
Capital surplus	46,934	47,058
Treasury shares	(948)	(943)
Other components of equity	3,799	5,689
Retained earnings	141,650	166,547
Total equity attributable to owners of parent	249,941	276,859
Non-controlling interests	3,916	4,221
<b>Total equity</b>	<b>253,858</b>	<b>281,081</b>
<b>Total liabilities and equity</b>	<b>2,242,421</b>	<b>2,300,341</b>

**(2) Condensed Quarterly Consolidated Statement of Profit and Loss and Condensed Quarterly Consolidated Statement of Comprehensive Income**  
**Condensed Quarterly Consolidated Statement of Profit and Loss**

(Millions of yen)

	Previous 1st Half From March 1, 2022 to August 31, 2022	Current 1st Half From March 1, 2023 to August 31, 2023
<b>Gross operating revenue</b>	490,936	545,492
Cost of sales	(231,885)	(254,182)
<b>Operating gross profit</b>	259,050	291,310
Selling, general and administrative expenses	(222,640)	(238,240)
Other income	1,370	1,012
Other expenses	(2,393)	(3,151)
Finance income	676	938
Finance costs	(4,958)	(4,788)
Share of profit of investments accounted for using equity method	322	827
<b>Profit before tax</b>	31,427	47,909
Income taxes	(11,064)	(15,290)
<b>Profit</b>	20,363	32,618
<b>Profit (loss) attributable to</b>		
Owners of parent	20,467	32,403
Non-controlling interests	(104)	215
	20,363	32,618
<b>Earnings per share</b>		
Basic earnings per share (Yen)	204.52	323.78
Diluted earnings per share (Yen)	204.33	323.44

## Condensed Quarterly Consolidated Statement of Comprehensive Income

(Millions of yen)

	Previous 1st Half From March 1, 2022 to August 31, 2022	Current 1st Half From March 1, 2023 to August 31, 2023
<b>Profit</b>	20,363	32,618
<b>Items that will not be reclassified to profit or loss</b>		
Financial assets measured at fair value through other comprehensive income	73	125
Share of other comprehensive income of investments accounted for using equity method	10	–
Total of items that will not be reclassified to profit or loss	84	125
<b>Items that may be reclassified to profit or loss</b>		
Exchange differences on translation of foreign operations	4,481	1,838
Share of other comprehensive income of investments accounted for using equity method	47	18
Total of items that may be reclassified to profit or loss	4,528	1,857
<b>Other comprehensive income (net of tax)</b>	4,612	1,982
<b>Comprehensive income</b>	24,975	34,601
Comprehensive income attributable to		
Owners of parent	24,881	34,294
Non-controlling interests	93	307

### (3) Condensed Quarterly Consolidated Statement of Changes in Equity

Previous 1st Half (From March 1, 2022 to August 31, 2022)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		Total
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	
Balance as of March 1, 2022	58,506	46,899	(973)	(1,409)	2,997	1,588
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	84	4,329	4,414
Total comprehensive income	—	—	—	84	4,329	4,414
Dividends	—	—	—	—	—	—
Exercise of share acquisition rights (issuance of treasury shares)	—	(24)	24	—	—	—
Share-based payment	—	59	—	—	—	—
Total transactions with owners	—	34	24	—	—	—
Balance as of August 31, 2022	58,506	46,934	(949)	(1,325)	7,327	6,002

	Equity attributable to owners of parent			
	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of March 1, 2022	125,832	231,853	3,839	235,693
Profit	20,467	20,467	(104)	20,363
Other comprehensive income	—	4,414	198	4,612
Total comprehensive income	20,467	24,881	93	24,975
Dividends	(7,505)	(7,505)	(2)	(7,507)
Exercise of share acquisition rights (issuance of treasury shares)	—	0	—	0
Share-based payment	—	59	—	59
Total transactions with owners	(7,505)	(7,446)	(2)	(7,448)
Balance as of August 31, 2022	138,795	249,289	3,930	253,220



Current 1st Half (From March 1, 2023 to August 31, 2023)

(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		Total
				Financial assets measured at fair value through other comprehensive income	Exchange differences on translation of foreign operations	
Balance as of March 1, 2023	58,506	46,934	(948)	(1,278)	5,077	3,799
Profit	—	—	—	—	—	—
Other comprehensive income	—	—	—	125	1,765	1,890
Total comprehensive income	—	—	—	125	1,765	1,890
Purchase of treasury shares	—	—	(0)	—	—	—
Dividends	—	—	—	—	—	—
Exercise of share acquisition rights (issuance of treasury shares)	—	(5)	5	—	—	—
Share-based payment	—	130	—	—	—	—
Total transactions with owners	—	124	5	—	—	—
Balance as of August 31, 2023	58,506	47,058	(943)	(1,153)	6,843	5,689

	Equity attributable to owners of parent			
	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of March 1, 2023	141,650	249,941	3,916	253,858
Profit	32,403	32,403	215	32,618
Other comprehensive income	—	1,890	92	1,982
Total comprehensive income	32,403	34,294	307	34,601
Purchase of treasury shares	—	(0)	—	(0)
Dividends	(7,505)	(7,505)	(2)	(7,508)
Exercise of share acquisition rights (issuance of treasury shares)	—	0	—	0
Share-based payment	—	130	—	130
Total transactions with owners	(7,505)	(7,376)	(2)	(7,378)
Balance as of August 31, 2023	166,547	276,859	4,221	281,081

**(4) Condensed Quarterly Consolidated Statement of Cash Flows**

(Millions of yen)

	Previous 1st Half From March 1, 2022 to August 31, 2022	Current 1st Half From March 1, 2023 to August 31, 2023
Cash flows from operating activities:		
Profit before tax	31,427	47,909
Depreciation and amortization	105,488	105,276
Impairment loss	1,260	1,374
Interest income	(598)	(644)
Interest expenses	4,424	4,787
Loss on retirement of non-current assets	602	910
Decrease (increase) in trade and other receivables	(32,116)	(19,690)
Increase (decrease) in trade and other payables	36,333	32,625
Increase (decrease) in deposits received	31,365	(11,626)
Increase (decrease) in net defined benefit liability	364	160
Net increase (decrease) in call money for banking business	(7,000)	30,000
Other	1,913	607
Subtotal	173,467	191,691
Interest and dividends received	943	759
Interest paid	(2,034)	(3,348)
Income taxes paid	(7,290)	(11,647)
Net cash provided by (used in) operating activities	165,085	177,455
Cash flows from investing activities:		
Purchases of property and store equipment, right-of-use assets and investment property	(19,900)	(17,900)
Purchase of intangible assets	(5,711)	(9,859)
Purchase of investments	(1,362)	(1,756)
Proceeds from sales and redemption of investments	6,089	2,088
Payments for guarantee deposits	(4,916)	(8,528)
Proceeds from collection of guarantee deposits	7,053	4,432
Purchase of long-term prepaid expenses	(156)	(2,778)
Other	(1,433)	(471)
Net cash provided by (used in) investing activities	(20,338)	(34,774)
Cash flows from financing activities:		
Proceeds from borrowings	129,646	878,842
Repayments of borrowings	(175,155)	(890,136)
Repayments of lease liabilities	(90,902)	(90,689)
Dividends paid	(7,505)	(7,505)
Other	21	1
Net cash provided by (used in) financing activities	(143,895)	(109,487)
Effect of exchange rate changes on cash and cash equivalents	2,043	726
Net increase (decrease) in cash and cash equivalents	2,895	33,918
Cash and cash equivalents at beginning of period	392,996	399,523
Cash and cash equivalents at end of period	395,892	433,442

**(5) Notes Concerning Condensed Quarterly Consolidated Financial Statements  
(Going Concern Assumption)**

Not Applicable.

**(Significant Accounting Policies)**

The significant accounting policies adopted for the Condensed Quarterly Consolidated Financial Statements are the same as those for the Consolidated Financial Statements for the fiscal year ended February 28, 2023, except for the following standards, which have been newly adopted.

In addition, income taxes for the first half ended August 31, 2023 are calculated based upon an estimated average annual effective tax rate. The Company and certain subsidiaries have transitioned from a consolidated taxation system to the group tax sharing system from the first quarter of the fiscal year.

The standard that the Group has adopted from the first quarter ended May 31, 2023 is as follows:

Standard	Standard name	Outline
IAS 12	Income Taxes	<ul style="list-style-type: none"><li>• Clarification of accounting treatment for deferred taxes related to assets and liabilities arising from a single transaction</li><li>• Accounting and disclosure of income tax by tax laws enacted or substantively enacted to implement Pillar Two model rules published by the Organization for Economic Co-operation and Development</li></ul>

Furthermore, there was no material impact on the Condensed Quarterly Consolidated Financial Statements for the first half resulting from the application of the above standard.

A temporary exception has been provided from the recognition and disclosure requirements about deferred tax assets and deferred tax liabilities related to Pillar Two model rules, which the Group has retrospectively applied.

Consequently, the Group does not recognize deferred tax assets and deferred tax liabilities related to Pillar Two model rules.

**(Segment Information)**

**1. Outline of reportable segments**

The Company's reportable segments are separate components for which discrete financial information is available and which are subject to regular review by the board of directors in order to determine the allocation of managerial resources and evaluate financial performance.

The Group is primarily engaged in the domestic convenience store business, Seijo Ishii business, entertainment-related business, financial services business and overseas business while incorporating related businesses and managed as a group.

Therefore, the Group aggregates its main reportable segments considering the nature of the services provided and economic characteristics as follows: Domestic Convenience Store Business, Seijo Ishii Business, Entertainment-related Business, Financial Services Business and Overseas Business.

Regarding Domestic Convenience Store Business, Lawson, Inc. operates a franchise system as well as undertaking the direct management of stores in Japan as the parent company of LAWSON, NATURAL LAWSON, and LAWSON STORE100. Lawson urbanworks, Inc. undertakes the direct management of LAWSON stores mainly in Tokyo and Chiba prefectures. Lawson Store100, Inc. undertakes the direct management of LAWSON STORE100 stores and provide management support for franchised stores. SCI, Inc. is a functional subsidiary that comprehensively manages the business process from procurement to sales, improving the efficiency of the entire process.

Regarding Seijo Ishii Business, SEIJO ISHII CO., LTD. operates SEIJO ISHII supermarkets.

Regarding Entertainment-related Business, Lawson Entertainment, Inc. conducts the management and sales of concert tickets at LAWSON stores and others, music and video software products at HMV stores and others. In addition, United Cinemas Co., Ltd. operates multiplex movie theatres.

Regarding Financial Services Business, Lawson Bank, Inc. operates a banking business.

Regarding Overseas Business, the operating company in each region develops LAWSON stores in the People's Republic of China, Thailand, the Philippines, and the United States of America (Hawaii).

## 2. Information on reportable segments

Methods of accounting for reportable segments are described in note "Significant Accounting Policies" and are consistent with the accounting policies of the Group.

The Group's reportable segments are as follows. Segment profit represents operating gross profit less selling, general and administrative expenses. Intersegment revenues and transactions are based on market prices.

Previous 1st Half (From March 1, 2022 to August 31, 2022)

(Millions of yen)

	Reportable segment					Others (Note)	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment- related Business	Financial Services Business	Overseas Business				
Revenue from contracts with customers									
Income from franchised stores	126,502	432	—	—	687	—	127,621	—	127,621
Net sales from Company-operated stores	37,960	53,258	29,581	—	31,501	—	152,302	—	152,302
Other	165,543	37	5,950	15,991	8,785	1,096	197,403	—	197,403
Other revenue	13,417	17	—	—	173	—	13,608	—	13,608
Revenue from external customers									
1. Revenue from external customers	343,423	53,745	35,531	15,991	41,148	1,096	490,936	—	490,936
2. Intersegment revenue or transfer	3,111	—	1,042	1,431	—	357	5,942	(5,942)	—
Total	346,535	53,745	36,573	17,422	41,148	1,453	496,878	(5,942)	490,936
Segment profit (loss)	28,791	6,269	3,102	2,055	(3,880)	71	36,409	—	36,409

(Note) The business segments within the "Others" category that do not fall under the main reportable segments include the Consulting Business, etc.

Current 1st Half (From March 1, 2023 to August 31, 2023)

(Millions of yen)

	Reportable segment					Others (Note)	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment- related Business	Financial Services Business	Overseas Business				
Revenue from contracts with customers									
Income from franchised stores	137,085	428	—	—	1,615	—	139,129	—	139,129
Net sales from Company-operated stores	43,976	53,801	33,730	—	43,184	—	174,693	—	174,693
Other	176,501	26	6,924	16,305	14,318	831	214,908	—	214,908
Other revenue	16,402	13	—	—	345	—	16,761	—	16,761
Revenue from external customers									
1. Revenue from external customers	373,965	54,269	40,655	16,305	59,463	831	545,492	—	545,492
2. Intersegment revenue or transfer	3,269	—	1,390	1,587	—	367	6,614	(6,614)	—
Total	377,235	54,269	42,046	17,892	59,463	1,199	552,106	(6,614)	545,492
Segment profit	39,940	5,886	3,881	1,671	1,689	0	53,069	—	53,069

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