

Flash Report on the Consolidated Financial Results [IFRS]

for the Fiscal Year Ended February 29, 2024

April 11, 2024

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.: +81-3-6635-3963

Scheduled date for the ordinary general meeting of shareholders: May 21, 2024

Scheduled date for submission of annual securities report: May 22, 2024

Scheduled date for payment of dividend: —

Supplementary materials for annual financial results: Yes

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

(Amounts less than one million yen are truncated)

1. Consolidated operating results for 2023 fiscal year (from March 1, 2023 to February 29, 2024)

(1) Consolidated operating results

Note: Percentages represent increases (decreases) compared with 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 fiscal year ended February 29, 2024 | 1,087,964 | 8.8 | 94,090 | 46.3 | 77,292 | 64.0 | 52,687 | 77.6 | 52,148 | 75.5 | 54,585 | 64.8 |
| February 28, 2023 | 1,000,385 | 6.1 | 64,311 | 22.6 | 47,134 | 42.4 | 29,673 | 30.8 | 29,708 | 31.3 | 33,124 | 36.0 |

| | Basic earnings per share | Diluted earnings per share | Return on equity attributable to owners of parent | Ratio of profit before tax to total assets | Ratio of core operating profit to gross operating revenue |
|---------------------------------------------|--------------------------|----------------------------|---------------------------------------------------|--------------------------------------------|-----------------------------------------------------------|
| For the fiscal year ended February 29, 2024 | Yen 521.08 | Yen 520.53 | % 19.5 | % 3.4 | % 8.6 |
| February 28, 2023 | 296.86 | 296.60 | 12.4 | 2.1 | 6.4 |

Reference: Share of profit of investments accounted for using equity method:

Fiscal year ended February 29, 2024 1,250 million yen

Fiscal year ended February 28, 2023 363 million yen

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 | Equity attributable to owners of parent per share |
|-------------------------|------------------------------|----------------------------|-----------------------------------------|------------------------------------------------------------------|---------------------------------------------------|
| As of February 29, 2024 | Millions of yen 2,297,498 | Millions of yen 289,300 | Millions of yen 284,752 | % 12.4 | Yen 2,845.30 |
| February 28, 2023 | 2,242,421 | 253,858 | 249,941 | 11.1 | 2,497.49 |

(3) Consolidated cash flows

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of period |
|---------------------------|-----------------------------------------------------------|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------|
| For the fiscal year ended | Millions of yen | Millions of yen | Millions of yen | Millions of yen |
| February 29, 2024 | 383,390 | (67,110) | (284,551) | 432,464 |
| February 28, 2023 | 309,699 | (51,725) | (252,548) | 399,523 |

2. Dividends

| | Annual dividends per share | | | | | Total dividends for the year | Payout ratio | Ratio of dividend to equity attributable to owners of parent (consolidated) |
|--------------------------------|----------------------------|--------|-----|----------|--------|------------------------------------|-----------------|-----------------------------------------------------------------------------------------------|
| | 1Q | 1H | 3Q | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Millions of yen | % | % |
| 2022 fiscal year | – | 75.00 | – | 75.00 | 150.00 | 15,011 | 50.5 | 6.2 |
| 2023 fiscal year | – | 117.50 | – | 0.00 | 117.50 | 11,759 | 22.5 | 4.4 |
| 2024 fiscal year (forecast) | – | – | – | – | – | | – | |

3. Forecast of consolidated operating results for 2024 fiscal year (from March 1, 2024 to February 28, 2025)

As publicly announced in the “Notice of Expression of Our Opinion in Favor of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates by KDDI Corporation and Notice of Capital and Business Alliance” dated February 6, 2024 and “Notice of Expression of Our Opinion in Favor of the Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates by KDDI Corporation” dated March 27, 2024, the Company’s shares will be delisted following a tender offer by the offeror (KDDI Corporation) and subsequent implementation of the prescribed procedures. Therefore, the financial forecasts for fiscal 2024 are not provided.

4. Notes

(1) Change in significant subsidiaries during the fiscal year (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 “3. Consolidated Financial Statements and Main Notes, (5) Notes to Consolidated Financial Statements (Material Accounting Policy Information)” on page 17.

(3) Number of shares outstanding (common stock)

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

As of February 29, 2024: 100,300,000 As of February 28, 2023: 100,300,000

2. Number of treasury shares at the end of year

As of February 29, 2024: 222,085 As of February 28, 2023: 222,962

3. Average number of shares during the year

As of February 29, 2024: 100,078,308 As of February 28, 2023: 100,076,025

Reference: Non-consolidated operating results for 2023 fiscal year (from March 1, 2023 to February 29, 2024)

Non-consolidated operating results (cumulative)

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

| | Gross operating revenue | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---------------------------|-------------------------|-----|------------------|------|-----------------|------|-----------------------------------------|------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| For the fiscal year ended | | | | | | | | |
| February 29, 2024 | 391,793 | 9.6 | 58,011 | 64.9 | 68,928 | 69.7 | 44,722 | 97.9 |
| February 28, 2023 | 357,571 | 0.7 | 35,188 | 36.0 | 40,618 | 18.5 | 22,595 | 67.7 |

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

As publicly announced in the “Notice of Expression of Our Opinion in Favor of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates by KDDI Corporation and Notice of Capital and Business Alliance” dated February 6, 2024 and “Notice of Expression of Our Opinion in Favor of the Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates by KDDI Corporation” dated March 27, 2024, the Company’s shares will be delisted following a tender offer by the offeror (KDDI Corporation) and subsequent implementation of the prescribed procedures. Therefore, the financial forecasts for fiscal 2024 are not provided.

Contents

| | |
|-----------------------------------------------------------------------------------------------------------|----|
| 1. Overview of Operating Results | 2 |
| (1) Overview of Operating Results for the Fiscal Year under Review..... | 2 |
| (2) Overview of Financial Position for the Fiscal Year under Review | 8 |
| (3) Future Outlook | 9 |
| 2. Basic Approach to Selection of Accounting Standards..... | 9 |
| 3. Consolidated Financial Statements and Main Notes..... | 10 |
| (1) Consolidated Statement of Financial Position..... | 10 |
| (2) Consolidated Statement of Profit and Loss and Consolidated Statement of Comprehensive Income | 12 |
| Consolidated Statement of Profit and Loss | 12 |
| Consolidated Statement of Comprehensive Income | 13 |
| (3) Consolidated Statement of Changes in Equity | 14 |
| (4) Consolidated Statement of Cash Flows..... | 16 |
| (5) Notes to Consolidated Financial Statements | 17 |
| (Going Concern Assumption)..... | 17 |
| (Material Accounting Policy Information) | 17 |
| (Segment Information) | 17 |
| (Per Share Information)..... | 21 |
| (Significant Subsequent Events)..... | 22 |

1. Overview of Operating Results

(1) Overview of Operating Results for the Fiscal Year under Review

During the fiscal year under review, or fiscal 2023 ended February 29, 2024, 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 and we received the Gold rating in the PRIDE Index 2023.*¹ 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 locations that are in close proximity to our customers. We have undertaken various initiatives under this new structure.

*¹ An assessment index established in 2016 by general incorporated association “work with Pride” with the aim of evaluating workplace initiatives to promote the inclusion of LGBTQ+ and other sexual minority employees.

As a result, for fiscal 2023 on a consolidated basis, gross operating revenue increased to 1,087,964 million yen (up 8.8% from previous fiscal year) and profit before tax increased to 77,292 million yen (up 64.0% from previous fiscal year). Profit attributable to owners of parent was 52,148 million yen (up 75.5% from previous fiscal year).

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 fiscal year 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 February 29, 2024, 12,712 stores have introduced MUJI products, which began full-scale introduction in 2022. In response to the 2024 logistics problem and reduction of CO₂ emissions, we have been progressively changing the number of shipments to stores of chilled and temperature-controlled products from three to two daily deliveries since December 2023. Also, as we work our way toward 2025, our 50th anniversary year, we continue to expand HAPPY LAWSON PROJECT! with the aim of creating “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 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 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, bakery, and the cosmetics range driven by an increase in the movement of people. In the fast-food counter range, a new Japanese fried chicken product, “L-kara,” and other products as well as regular items such as the “Kara-age-kun” chicken nuggets drove strong sales. 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 daily delivered food range, a new bakery product, “Melon-pan Bread with Salty Butter,” and regular bakery and ice cream items drove sales up, while in the non-food range, sales for MUJI products and cosmetics products under a new brand jointly developed with a popular cosmetics brand enjoyed growth.

In food delivery service, the combined number of stores listed on four food delivery services such as Uber Eats, reached 4,884 in 47 prefectures as of February 29, 2024. In addition, Uber Eats delivers over-the-counter drugs sold at 115 LAWSON stores in 22 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 February 28, 2023 | | Current fiscal year From March 1, 2023 to February 29, 2024 | |
|------------------------------|--------------------------------------------------------------------|----------------------------|-------------------------------------------------------------------|----------------------------|
| | Sales (Millions of yen) | Percentage of total (%) | Sales (Millions of yen) | Percentage of total (%) |
| Processed foods | 1,229,474 | 53.5 | 1,291,512 | 53.1 |
| Fast foods | 517,272 | 22.5 | 550,397 | 22.7 |
| Daily delivered foods | 352,081 | 15.3 | 372,842 | 15.3 |
| Nonfood products | 200,690 | 8.7 | 216,083 | 8.9 |
| Total | 2,299,518 | 100.0 | 2,430,835 | 100.0 |

[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 280 stores. Meanwhile, we closed a total of 268. As of February 29, 2024, the total number of domestic stores was 14,643*2.

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 309 stores (includes 45 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of February 29, 2024. Moreover, the number of stores with nursing care consultation desks for seniors has reached 19 as of February 29, 2024. 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 342 as of February 29, 2024. 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 February 29, 2024, we operate 130 NATURAL LAWSON stores and 648 LAWSON STORE100 stores.

*2 The numbers of store openings and closings and total number of stores in Japan include stores operated by Lawson, Inc., 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 February 29, 2024 |
|-----------------|-----------------------------------------|------------------------------|-----------------------------------------|
| LAWSON | 13,839 | 26 | 13,865 |
| NATURAL LAWSON | 131 | (1) | 130 |
| LAWSON STORE100 | 661 | (13) | 648 |
| Total | 14,631 | 12 | 14,643 |

[Number of LAWSON stores by prefecture (As of February 29, 2024)]

| Prefecture | Number of stores | Prefecture | Number of stores | Prefecture | Number of stores | Prefecture | Number of stores |
|------------|------------------|------------|------------------|------------|------------------|------------------|------------------|
| Hokkaido | 702 | Ibaraki | 217 | Kyoto | 326 | Ehime | 218 |
| Aomori | 279 | Tokyo | 1,651 | Shiga | 152 | Tokushima | 135 |
| Akita | 178 | Kanagawa | 1,060 | Nara | 134 | Kochi | 138 |
| Iwate | 178 | Shizuoka | 273 | Wakayama | 155 | Fukuoka | 525 |
| Miyagi | 259 | Yamanashi | 134 | Osaka | 1,195 | Saga | 78 |
| Yamagata | 108 | Nagano | 167 | Hyogo | 705 | Nagasaki | 123 |
| Fukushima | 169 | Aichi | 719 | Okayama | 245 | Oita | 200 |
| Niigata | 223 | Gifu | 177 | Hiroshima | 302 | Kumamoto | 167 |
| Tochigi | 198 | Mie | 136 | Yamaguchi | 129 | Miyazaki | 111 |
| Gunma | 240 | Ishikawa | 101 | Tottori | 136 | Kagoshima | 201 |
| Saitama | 688 | Toyama | 176 | Shimane | 140 | Okinawa | 262 |
| Chiba | 595 | Fukui | 106 | Kagawa | 132 | Total (domestic) | 14,643 |

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

As a result, Domestic Convenience Store Business posted gross operating revenue of 755,397 million yen (up 8.2% from previous fiscal year) and segment profit of 69,734 million yen (up 46.5% 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 181 as of February 29, 2024. Sales at stores in office buildings recovered from the sluggish sales resulting from the COVID-19 pandemic. Product-wise, daily delivered foods and dishes produced in-house at Seijo Ishii’s central kitchen recorded steady sales, while sales also grew for fresh food including fruits and vegetables, meat, and fish, primarily at street-level stores. In November 2023, the first store, Seijo Store, was completely renovated as a new flagship store. 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 112,544 million yen (up 2.2% from previous fiscal year) and segment profit of 12,247 million yen (down 4.3% 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, and other events enjoyed brisk demand. In addition, 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. Furthermore, sales for our product sales business at HMV music/video software stores and others grew as a result of a rise in the number of concerts and events held, which drove up sales for related products, as well as an increase in the movement of people. In our e-commerce business, we are making efforts to expand the scope of merchandise we handle, including band and artist merchandise, cosmetics and other items. The number of stores has reached 49 as of February 29, 2024, 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, attracted more moviegoers and generated higher sales than in the previous fiscal year as a result of the release of much-talked-about and highly anticipated movies, such as during the long holiday in spring and the summer holiday season, as well as the strong performance of high ticket-price films screened using 4D movie screening systems. As of February 29, 2024, 43 cinema complexes nationwide with 398 screens are operating. United Cinema Co., Ltd. will have changed its name to Lawson United Cinemas, Inc. effective March 1, 2024.

As a result, Entertainment-related Business posted gross operating revenue of 80,884 million yen (up 12.1% from previous fiscal year) and segment profit of 6,593 million yen (up 35.7% 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 February 29, 2024, the number of ATMs installed nationwide reached 13,591, with each ATM used 55.9 times a day on average. The total number of our financial institution partners reached 401 nationwide. We now have 15 partners for the cash charging at ATMs, 8 for the "Smartphone ATM (QR code deposit/withdrawal)"^{*3} service, 25 for the "Immediate Account Settlement Service"^{*4} (19 financial institutions and 6 other service operators), and 12 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. Furthermore, new-model ATMs have been installed gradually from January 2024 to support new banknotes (scheduled to enter circulation in July 2024) and incorporate universal design perspectives.

Regarding LAWSON Ponta Plus credit cards issued by Lawson Bank, Inc, we are continuing to work on promoting card usage by drawing public attention to the benefits of using the card at LAWSON stores and other Ponta affiliated stores.

*3 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.

*4 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 35,682 million yen (up 3.5% from previous fiscal year) and segment profit of 2,960 million yen (down 23.1% 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, the Philippines, the United States of America (Hawaii) and Indonesia.

The number of LAWSON stores in the People's Republic of China, exceeded 6,000 in August 2023 and reached 6,288 as of February 29, 2024, up 668 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 passed its peak 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, with the total number of stores in Thailand, the Philippines, the United States (Hawaii) and Indonesia exceeded 1,000 in January 2024 and reached 1,056 as of February 29, 2024, up 516 stores from the end of the previous fiscal year. Having achieved a record-high number of stores 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 February 29, 2024) |
|----------------------------------------------------------------------|--------------------------------------------------|---------------------------------|--------------------------------------------------|
| China Shanghai and surrounding area (Shanghai, Zhejiang, Jiangsu) | 2,483 | 191 | 2,674 |
| China Chongqing and surrounding area (Chongqing, Sichuan) | 798 | 66 | 864 |
| China Liaoning (including Shenyang, Dalian) | 586 | 138 | 724 |
| China Beijing and surrounding area (Beijing, Tianjin, Hebei) | 432 | 78 | 510 |
| China Guangdong and Fujian (including Shenzhen, Xiamen) | 174 | 147 | 321 |
| China Hubei and Henan (including Wuhan, Xinyang) | 617 | 34 | 651 |
| China Anhui (including Hefei) | 231 | (3) | 228 |
| China Hainan (including Haikou) | 139 | 34 | 173 |
| China Hunan (including Changsha) | 160 | (17) | 143 |
| China Subtotal | 5,620 | 668 | 6,288 |
| Thailand | 181 | 7 | 188 |
| Philippines | 101 | 43 | 144 |
| United States of America (Hawaii) | 2 | – | 2 |
| Indonesia | 256 | 466 | 722 |
| Total | 6,160 | 1,184 | 7,344 |

As a result, Overseas Business posted gross operating revenue of 114,686 million yen (up 20.8% from previous fiscal year) and segment profit of 2,501 million yen (segment loss was 4,999 million yen for the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

① Assets, liabilities and equity at the end of fiscal 2023

Current assets increased by 36,029 million yen from the end of the previous fiscal year to 715,868 million yen, mainly reflecting increases of 32,941 million yen in cash and cash equivalents and 10,647 million yen in trade and other receivables, and decreases of 6,003 million yen in finance lease receivables and 2,715 million yen in other financial assets. Non-current assets increased by 19,047 million yen from the end of the previous fiscal year to 1,581,630 million yen, mainly reflecting increases of 12,586 million yen in intangible assets, 6,872 million yen in property and store equipment, 4,585 million yen in guarantee deposits and 2,656 million yen in other financial assets, and a decrease of 11,164 million yen in right-of-use assets. Consequently, total assets increased by 55,076 million yen from the end of the previous fiscal year to 2,297,498 million yen.

Current liabilities increased by 105,912 million yen from the end of the previous fiscal year to 1,011,192 million yen, mainly reflecting increases of 145,309 million yen in other financial liabilities, 24,485 million yen in trade and other payables, and a decrease of 71,270 million yen in deposits received. Non-current liabilities decreased by 86,278 million yen from the end of the previous fiscal year to 997,005 million yen, mainly reflecting decreases of 79,900 million yen in borrowings and 7,482 million yen in lease liabilities. Consequently, total liabilities increased by 19,634 million yen from the end of the previous fiscal year to 2,008,197 million yen.

Equity increased by 35,442 million yen from the end of the previous fiscal year to 289,300 million yen, mainly reflecting increases of 32,779 million yen in retained earnings and 1,906 million yen in other components of equity. Consequently, ratio of equity attributable to owners of parent to total assets was 12.4%, up from 11.1% as of the end of the previous fiscal year.

② Cash flows during fiscal 2023

Cash and cash equivalents as of February 29, 2024 increased by 32,941 million yen from the end of the previous fiscal year to 432,464 million yen.

Net cash provided by operating activities was 383,390 million yen, an increase of 73,690 million yen from the previous fiscal year, mainly because of the movement in call money for banking business, deposits received, trade and other receivables and income taxes paid.

Net cash used in investing activities was (67,110) million yen, an increase of 15,385 million yen from the previous fiscal year, mainly because of an increase in purchase of intangible assets and a decrease of proceeds from sale and redemption of investments.

Net cash used in financing activities was (284,551) million yen, an increase of 32,003 million yen from the previous fiscal year, mainly because of increases in repayments of borrowings and proceeds from 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) Future Outlook

As publicly announced in the “Notice of Expression of Our Opinion in Favor of the Planned Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates by KDDI Corporation and Notice of Capital and Business Alliance” dated February 6, 2024 and “Notice of Expression of Our Opinion in Favor of the Commencement of and Recommendation to Tender in the Tender Offer for Company’s Share Certificates by KDDI Corporation” dated March 27, 2024, the Company’s shares will be delisted following a tender offer by the offeror (KDDI Corporation) and subsequent implementation of the prescribed procedures. Therefore, the financial forecasts for fiscal 2024 are not provided.

2. Basic Approach to Selection of Accounting Standards

The Group has adopted International Financial Reporting Standards (IFRS) with an aim of improving the international comparability and accessibility of its financial information.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Statement of Financial Position

| | (Millions of yen) | |
|-----------------------------------------------|----------------------------------------------------|---------------------------------------------------|
| | Previous fiscal year As of February 28, 2023 | Current fiscal year As of February 29, 2024 |
| Assets | | |
| Current assets | | |
| Cash and cash equivalents | 399,523 | 432,464 |
| Trade and other receivables | 223,648 | 234,295 |
| Finance lease receivables | 13,710 | 7,707 |
| Other financial assets | 3,595 | 879 |
| Inventories | 28,689 | 29,176 |
| Other current assets | 10,671 | 11,345 |
| Total current assets | 679,839 | 715,868 |
| Non-current assets | | |
| Property and store equipment | 186,398 | 193,270 |
| Right-of-use assets | 1,069,233 | 1,058,069 |
| Investment property | 46,734 | 47,841 |
| Goodwill | 50,150 | 52,258 |
| Intangible assets | 51,416 | 64,003 |
| Investments accounted for using equity method | 6,532 | 6,665 |
| Guarantee deposits | 92,916 | 97,502 |
| Other financial assets | 5,742 | 8,399 |
| Deferred tax assets | 48,234 | 47,543 |
| Other non-current assets | 5,223 | 6,077 |
| Total non-current assets | 1,562,582 | 1,581,630 |
| Total assets | 2,242,421 | 2,297,498 |

| | (Millions of yen) | |
|-----------------------------------------------|----------------------------------------------------|---------------------------------------------------|
| | Previous fiscal year As of February 28, 2023 | Current fiscal year As of February 29, 2024 |
| Liabilities and equity | | |
| Current liabilities | | |
| Trade and other payables | 231,925 | 256,411 |
| Deposits received | 274,224 | 202,954 |
| Borrowings | 92,877 | 90,850 |
| Income taxes payable | 10,800 | 16,012 |
| Other financial liabilities | 273,465 | 418,774 |
| Provisions | 2,480 | 2,490 |
| Other current liabilities | 19,505 | 23,699 |
| Total current liabilities | 905,279 | 1,011,192 |
| Non-current liabilities | | |
| Borrowings | 80,000 | 99 |
| Lease liabilities | 923,588 | 916,105 |
| Other financial liabilities | 21,407 | 21,585 |
| Retirement benefit liability | 16,797 | 17,280 |
| Deferred tax liabilities | 430 | 386 |
| Provisions | 37,642 | 37,840 |
| Other non-current liabilities | 3,417 | 3,706 |
| Total non-current liabilities | 1,083,284 | 997,005 |
| Total liabilities | 1,988,563 | 2,008,197 |
| Equity | | |
| Share capital | 58,506 | 58,506 |
| Capital surplus | 46,934 | 47,058 |
| Treasury shares | (948) | (947) |
| Other components of equity | 3,799 | 5,705 |
| Retained earnings | 141,650 | 174,429 |
| Total equity attributable to owners of parent | 249,941 | 284,752 |
| Non-controlling interests | 3,916 | 4,548 |
| Total equity | 253,858 | 289,300 |
| Total liabilities and equity | 2,242,421 | 2,297,498 |

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

(Millions of yen)

| | Previous fiscal year From March 1, 2022 to February 28, 2023 | Current fiscal year From March 1, 2023 to February 29, 2024 |
|---------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| Gross operating revenues | 1,000,385 | 1,087,964 |
| Cost of sales | 473,074 | 507,648 |
| Operating gross profit | 527,310 | 580,315 |
| Selling, general and administrative expenses | 462,998 | 486,225 |
| Other income | 3,133 | 2,778 |
| Other expenses | 12,985 | 13,442 |
| Finance income | 1,468 | 2,104 |
| Finance costs | 9,158 | 9,488 |
| Share of profit of investments accounted for using equity method | 363 | 1,250 |
| Profit before tax | 47,134 | 77,292 |
| Income taxes | 17,461 | 24,604 |
| Profit | 29,673 | 52,687 |
| Profit (loss) attributable to | | |
| Owners of parent | 29,708 | 52,148 |
| Non-controlling interests | (34) | 538 |
| | 29,673 | 52,687 |
| Earnings per share | | |
| Basic earnings per share (Yen) | 296.86 | 521.08 |
| Diluted earnings per share (Yen) | 296.60 | 520.53 |

Consolidated Statement of Comprehensive Income

(Millions of yen)

| | Previous fiscal year From March 1, 2022 to February 28, 2023 | Current fiscal year From March 1, 2023 to February 29, 2024 |
|------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| Profit | 29,673 | 52,687 |
| Items that will not be reclassified to profit or loss | | |
| Net change in fair value of equity instruments designated as measured at fair value through other comprehensive income | 120 | 268 |
| Remeasurements of defined benefit plans | 1,125 | (105) |
| 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 | 1,256 | 163 |
| Items that may be reclassified to profit or loss | | |
| Exchange differences on translation of foreign operations | 2,175 | 1,715 |
| Share of other comprehensive income of investments accounted for using equity method | 18 | 18 |
| Total of items that may be reclassified to profit or loss | 2,194 | 1,734 |
| Other comprehensive income (net of tax) | 3,450 | 1,897 |
| Comprehensive income | 33,124 | 54,585 |
| Comprehensive income attributable to | | |
| Owners of parent | 33,045 | 53,949 |
| Non-controlling interests | 79 | 635 |

(3) Consolidated Statement of Changes in Equity

Previous fiscal year (From March 1, 2022 to February 28, 2023)

(Millions of yen)

| | Equity attributable to owners of parent | | | | | | |
|--------------------------------------------------------------------|-----------------------------------------|-----------------|-----------------|-----------------------------------------|----------------------------------------------------------------------------|-----------------------------------------------------------|---------|
| | Share capital | Capital surplus | Treasury shares | Other components of equity | | | Total |
| | | | | Remeasurements of defined benefit plans | 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 | | | | 1,125 | 130 | 2,079 | 3,336 |
| Total comprehensive income | | | | 1,125 | 130 | 2,079 | 3,336 |
| Purchase of treasury shares | | | (0) | | | | – |
| Disposal of treasury shares | | | 0 | | | | – |
| Dividends of surplus | | | | | | | – |
| Exercise of share acquisition rights (issuance of treasury shares) | | (24) | 24 | | | | – |
| Share-based payment transactions | | 59 | | | | | – |
| Transfer to retained earnings | | | | (1,125) | | | (1,125) |
| Other | | | | | | | – |
| Total transactions with owners | – | 34 | 24 | (1,125) | – | – | (1,125) |
| Balance as of February 28, 2023 | 58,506 | 46,934 | (948) | – | (1,278) | 5,077 | 3,799 |

| | 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 | 29,708 | 29,708 | (34) | 29,673 |
| Other comprehensive income | | 3,336 | 114 | 3,450 |
| Total comprehensive income | 29,708 | 33,045 | 79 | 33,124 |
| Purchase of treasury shares | | (0) | | (0) |
| Disposal of treasury shares | | 0 | | 0 |
| Dividends of surplus | (15,011) | (15,011) | (2) | (15,013) |
| Exercise of share acquisition rights (issuance of treasury shares) | | (0) | | (0) |
| Share-based payment transactions | | 59 | | 59 |
| Transfer to retained earnings | 1,125 | – | | – |
| Other | (5) | (5) | | (5) |
| Total transactions with owners | (13,890) | (14,957) | (2) | (14,960) |
| Balance as of February 28, 2023 | 141,650 | 249,941 | 3,916 | 253,858 |

Current fiscal year (From March 1, 2023 to February 29, 2024)

(Millions of yen)

| | Equity attributable to owners of parent | | | | | | |
|-----------------------------------------------------------------------|-----------------------------------------|-----------------|-----------------|-----------------------------------------------|-------------------------------------------------------------------------------------------|-----------------------------------------------------------------------|-------|
| | Share capital | Capital surplus | Treasury shares | Remeasurements of defined benefit plans | 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 | | | | (105) | 268 | 1,637 | 1,800 |
| Total comprehensive income | | | | (105) | 268 | 1,637 | 1,800 |
| Purchase of treasury shares | | | (4) | | | | – |
| Dividends of surplus | | | | | | | – |
| Exercise of share acquisition rights (issuance of treasury shares) | | (5) | 5 | | | | – |
| Share-based payment transactions | | 130 | | | | | – |
| Transfer to retained earnings | | | | 105 | | | 105 |
| Total transactions with owners | – | 124 | 1 | 105 | – | – | 105 |
| Balance as of February 29, 2024 | 58,506 | 47,058 | (947) | – | (1,009) | 6,715 | 5,705 |

| | 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 | 52,148 | 52,148 | 538 | 52,687 |
| Other comprehensive income | | 1,800 | 97 | 1,897 |
| Total comprehensive income | 52,148 | 53,949 | 635 | 54,585 |
| Purchase of treasury shares | | (4) | | (4) |
| Dividends of surplus | (19,264) | (19,264) | (2) | (19,267) |
| Exercise of share acquisition rights (issuance of treasury shares) | | 0 | | 0 |
| Share-based payment transactions | | 130 | | 130 |
| Transfer to retained earnings | (104) | 1 | (1) | (0) |
| Total transactions with owners | (19,369) | (19,138) | (3) | (19,142) |
| Balance as of February 29, 2024 | 174,429 | 284,752 | 4,548 | 289,300 |

(4) Consolidated Statement of Cash Flows

(Millions of yen)

| | Previous fiscal year From March 1, 2022 to February 28, 2023 | Current fiscal year From March 1, 2023 to February 29, 2024 |
|---------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| Cash flows from operating activities: | | |
| Profit before tax | 47,134 | 77,292 |
| Depreciation and amortization | 211,745 | 213,287 |
| Impairment losses | 9,623 | 9,446 |
| Interest income | (1,280) | (1,272) |
| Interest expenses | 8,298 | 9,487 |
| Loss on retirement of fixed assets | 1,438 | 2,279 |
| Decrease (increase) in trade and other receivables | (28,693) | (9,766) |
| Increase (decrease) in trade and other payables | 16,801 | 17,123 |
| Increase (decrease) in deposits received | 29,971 | (71,129) |
| Increase (decrease) in retirement benefit liability | (923) | 443 |
| Net increase (decrease) in call money for banking business | 15,000 | 145,000 |
| Other | 14,731 | 13,111 |
| Subtotal | 323,849 | 405,303 |
| Interest and dividends received | 1,354 | 1,330 |
| Interest paid | (4,002) | (4,495) |
| Income taxes paid | (11,502) | (18,747) |
| Net cash provided by (used in) operating activities | 309,699 | 383,390 |
| Cash flows from investing activities: | | |
| Purchase of property and store equipment, right-of-use assets and investment property | (42,239) | (38,404) |
| Purchase of intangible assets | (12,427) | (20,127) |
| Purchase of investments | (4,461) | (1,874) |
| Proceeds from sale and redemption of investments | 8,140 | 3,119 |
| Payments for guarantee deposits | (11,261) | (13,949) |
| Proceeds from collection of guarantee deposits | 11,880 | 8,275 |
| Purchase of long-term prepaid expenses | (210) | (2,898) |
| Other | (1,146) | (1,252) |
| Net cash provided by (used in) investing activities | (51,725) | (67,110) |
| Cash flows from financing activities: | | |
| Proceeds from borrowings | 196,195 | 1,820,095 |
| Repayments of borrowings | (250,836) | (1,902,829) |
| Repayments of lease liabilities | (182,918) | (182,680) |
| Dividends paid | (15,011) | (19,264) |
| Other | 21 | 126 |
| Net cash provided by (used in) financing activities | (252,548) | (284,551) |
| Effect of exchange rate changes on cash and cash equivalents | 1,100 | 1,213 |
| Net increase (decrease) in cash and cash equivalents | 6,526 | 32,941 |
| Cash and cash equivalents at beginning of period | 392,996 | 399,523 |
| Cash and cash equivalents at end of period | 399,523 | 432,464 |

(5) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not Applicable.

(Material Accounting Policy Information)

The material accounting policies adopted for the Consolidated Financial Statements for the fiscal year under review 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, the Company and its wholly-owned domestic subsidiaries have transitioned to the group tax sharing system.

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">• Clarification of accounting treatment for deferred taxes related to assets and liabilities arising from a single transaction• 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 |

Furthermore, there was no material impact on the Consolidated Financial Statements 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.

Lawson Minamikyushu, Inc. undertakes the direct management of LAWSON stores mainly in Kagoshima prefecture. 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. United Cinema Co., Ltd. will have changed its name to Lawson United Cinemas, Inc. effective March 1, 2024.

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 "Material Accounting Policy Information" 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 fiscal year (From March 1, 2022 to February 28, 2023)

(Millions of yen)

| | Reportable segment | | | | | Others (Note 1) | Total | Adjustments (Note 2) | Total |
|-----------------------------------------|-------------------------------------------|-------------------------|---------------------------------------|-----------------------------------|----------------------|--------------------|-----------|-------------------------|-----------|
| | Domestic Convenience Store Business | Seijo Ishii Business | Entertainmen t-related Business | Financial Services Business | Overseas Business | | | | |
| Revenue from contracts with customers | | | | | | | | | |
| Income from franchised stores | 250,292 | 860 | – | – | 1,862 | – | 253,016 | – | 253,016 |
| Net sales from Company-operated stores | 77,237 | 109,134 | 58,016 | – | 72,918 | – | 317,307 | – | 317,307 |
| Other | 337,907 | 123 | 12,001 | 31,367 | 19,554 | 1,952 | 402,906 | – | 402,906 |
| Other revenue | 26,504 | 27 | – | – | 622 | – | 27,154 | – | 27,154 |
| Revenue from external customers | | | | | | | | | |
| 1. Revenue from external customers | 691,941 | 110,146 | 70,017 | 31,367 | 94,959 | 1,952 | 1,000,385 | – | 1,000,385 |
| 2. Intersegment revenue or transfer | 5,939 | – | 2,149 | 3,118 | – | 813 | 12,021 | (12,021) | – |
| Total | 697,881 | 110,146 | 72,167 | 34,486 | 94,959 | 2,765 | 1,012,406 | (12,021) | 1,000,385 |
| Segment profit (loss) | 47,611 | 12,798 | 4,858 | 3,848 | (4,999) | 195 | 64,311 | – | 64,311 |
| Segment assets | 1,685,636 | 78,564 | 101,509 | 413,733 | 95,729 | 4,493 | 2,379,666 | (137,244) | 2,242,421 |
| Other | | | | | | | | | |
| Depreciation and amortization | 174,287 | 6,780 | 4,881 | 7,184 | 16,093 | 72 | 209,298 | – | 209,298 |
| Impairment losses | 9,133 | 3 | 92 | – | 393 | – | 9,623 | – | 9,623 |
| Investments in equity method associates | 5,245 | – | – | – | 382 | 904 | 6,532 | – | 6,532 |
| Capital expenditure | 33,907 | 4,556 | 1,774 | 4,060 | 10,323 | 46 | 54,667 | – | 54,667 |

(Notes)

1. The business segments within the “Others” category that do not fall under the main reportable segments include the Consulting Business, etc.
2. Adjustments to segment assets are due to the elimination of intersegment transactions.

Current fiscal year (From March 1, 2023 to February 29, 2024)

(Millions of yen)

| | Reportable segment | | | | | Others (Note 1) | Total | Adjustments (Note 2) | Total |
|-----------------------------------------|-------------------------------------------|-------------------------|---------------------------------------|-----------------------------------|----------------------|--------------------|-----------|-------------------------|-----------|
| | Domestic Convenience Store Business | Seijo Ishii Business | Entertainmen t-related Business | Financial Services Business | Overseas Business | | | | |
| Revenue from contracts with customers | | | | | | | | | |
| Income from franchised stores | 273,005 | 877 | – | – | 3,681 | – | 277,563 | – | 277,563 |
| Net sales from Company-operated stores | 86,348 | 111,542 | 64,923 | – | 86,060 | – | 348,875 | – | 348,875 |
| Other | 356,396 | 105 | 14,382 | 32,576 | 24,182 | 1,806 | 429,449 | – | 429,449 |
| Other revenue | 31,258 | 18 | 36 | – | 762 | – | 32,076 | – | 32,076 |
| Revenue from external customers | | | | | | | | | |
| 1. Revenue from external customers | 747,008 | 112,544 | 79,342 | 32,576 | 114,686 | 1,806 | 1,087,964 | – | 1,087,964 |
| 2. Intersegment revenue or transfer | 8,388 | – | 1,542 | 3,106 | – | 752 | 13,789 | (13,789) | – |
| Total | 755,397 | 112,544 | 80,884 | 35,682 | 114,686 | 2,559 | 1,101,754 | (13,789) | 1,087,964 |
| Segment profit | 69,734 | 12,247 | 6,593 | 2,960 | 2,501 | 52 | 94,090 | – | 94,090 |
| Segment assets | 1,708,379 | 79,695 | 102,933 | 452,649 | 96,272 | 4,443 | 2,444,374 | (146,875) | 2,297,498 |
| Other | | | | | | | | | |
| Depreciation and amortization | 175,882 | 7,180 | 5,055 | 6,422 | 16,288 | 72 | 210,902 | – | 210,902 |
| Impairment losses | 8,698 | 9 | 141 | – | 598 | – | 9,446 | – | 9,446 |
| Investments in equity method associates | 5,218 | – | – | – | 476 | 970 | 6,665 | – | 6,665 |
| Capital expenditure | 38,947 | 1,612 | 1,519 | 5,236 | 8,491 | (1) | 55,806 | – | 55,806 |

(Notes)

1. The business segments within the “Others” category that do not fall under the main reportable segments include the Consulting Business, etc.
2. Adjustments to segment assets are due to the elimination of intersegment transactions.

3. Information on products and services

A description is omitted because the products and services are the same as those of the reportable segments.

4. Information by geographical area

(1) Revenue from external customers

(Millions of yen)

| | Previous fiscal year From March 1, 2022 to February 28, 2023 | Current fiscal year From March 1, 2023 to February 29, 2024 |
|-----------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| Japan | 905,425 | 973,278 |
| Overseas* | 94,959 | 114,686 |
| Total | 1,000,385 | 1,087,964 |

* Overseas mainly includes China.

(2) Non-current assets (excluding financial assets, deferred tax assets, and retirement benefits)

(Millions of yen)

| | Previous fiscal year As of February 28, 2023 | Current fiscal year As of February 29, 2024 |
|-----------|-------------------------------------------------|------------------------------------------------|
| Japan | 1,353,582 | 1,368,468 |
| Overseas* | 62,106 | 59,716 |
| Total | 1,415,689 | 1,428,185 |

*Overseas mainly includes China.

5. Information about major customers

There are no external customers that account for 10% or more of the Group's operating revenues.

(Per Share Information)

1. Basis for the calculation of basic earnings per share

Basic earnings per share and the basis for calculating basic earnings per share were as follows:

| | Previous fiscal year From March 1, 2022 to February 28, 2023 | Current fiscal year From March 1, 2023 to February 29, 2024 |
|----------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| Profit attributable to owners of parent (Millions of yen) | 29,708 | 52,148 |
| Profit not attributable to common shareholders of parent (Millions of yen) | – | – |
| Profit used for calculating basic earnings per share (Millions of yen) | 29,708 | 52,148 |
| Weighted-average number of shares of common stock (Thousands of shares) | 100,076 | 100,078 |
| Basic earnings per share (Yen) | 296.86 | 521.08 |

2. Basis for the calculation of diluted earnings per share

Diluted earnings per share and the basis for calculating diluted earnings per share were as follows:

| | Previous fiscal year From March 1, 2022 to February 28, 2023 | Current fiscal year From March 1, 2023 to February 29, 2024 |
|--------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------|-------------------------------------------------------------------|
| Profit used for calculating basic earnings per share (Millions of yen) | 29,708 | 52,148 |
| Profit adjustments (Millions of yen) | – | – |
| Profit used for calculating diluted earnings per share (Millions of yen) | 29,708 | 52,148 |
| Weighted-average number of shares of common stock (Thousands of shares) | 100,076 | 100,078 |
| Effect of dilutive securities for share-based compensation (Thousands of shares) | 86 | 106 |
| Weighted-average number of shares of common stock after dilution (Thousands of shares) | 100,162 | 100,184 |
| Diluted earnings per share (Yen) | 296.60 | 520.53 |
| Potential shares not included in calculation of diluted earnings per share due to anti-dilutive effect | – | – |

(Significant Subsequent Events)

At the meeting on February 6, 2024, the Board of Directors approved a resolution in favor of the tender offer (the “Tender Offer”) that KDDI Corporation (the “Offeror”) has decided to launch for the Company Shares, Share options and American Depositary Receipts of the Company. The Company’s opinion as of the same date was to express its opinion in favor of the Tender Offer if the Tender Offer is commenced, and recommend that the shareholders of the Company tender their shares in the Tender Offer, and that the Company recommend that the holders of the American Depositary Receipts surrender their American Depositary Receipts to the depositary bank in advance and accept the Tender Offer after receiving delivery of the Company shares represented by the American Depositary Receipts, and to leave it to the discretion of the holders of the Stock Acquisition Rights whether or not to accept the Tender Offer.

According to the “Notice Regarding Commencement of Tender Offer for Shares of Lawson, Inc. (Securities Code: 2651)” released by the Offeror on March 27, 2024, the Offeror has decided to commence the Tender Offer on March 28, 2024. In response, the Company once again expresses its opinion in favor of the Tender Offer and recommends that all shareholders of the Company tender their shares in the Tender Offer and that all holders of the American Depositary Receipts surrender their American Depositary Receipts to the Depositary Bank in advance and receive delivery of the Company shares represented by such American Depositary Receipts, and to leave it to the discretion of the holders of the Share options as to whether or not to accept the Tender Offer.

The above resolutions of the Board of Directors’ meeting held on February 6, 2024 and the Board of Directors’ meeting held on March 27, 2024 were passed on the assumption that, through a series of procedures scheduled after the Tender Offer, the Company’s shareholders will be only the Offeror and Mitsubishi Corporation (“MC”, the Offeror and MC collectively, the “Tender Offeror Parties”) and that the Company’s shares are scheduled to be delisted.

1. Summary of the Offeror

| | | |
|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|--------|
| (1) Name | KDDI Corporation | |
| (2) Address | 2-3-2 Nishishinjuku, Shinjuku-ku, Tokyo | |
| (3) Title /Name of representative | Makoto Takahashi, President, Representative Director and CEO | |
| (4) Details of business | Telecommunications business | |
| (5) Stated capital | 141,852 million yen (as of December 31, 2023) | |
| (6) Date of establishment | June 1, 1984 | |
| (7) Major shareholders and shareholding ratio (as of September 30, 2023) (Note 1) | The Master Trust Bank of Japan, Ltd. (trust account) | 16.37% |
| | Kyocera Corporation | 16.00% |
| | Toyota Motor Corporation | 12.08% |
| | Custody Bank of Japan, Ltd. (trust account) | 6.96% |
| | STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 1.55% |
| | JP Morgan Securities Japan Co., Ltd. | 1.19% |

| | | |
|------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited, Tokyo Branch) | 1.05% |
| | JP MORGAN CHASE BANK 385781 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 1.05% |
| | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. | 0.93% |
| | STATE STREET BANK AND TRUST COMPANY 505103 (Standing Proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) | 0.88% |
| (8) Relationship between the Company and the Offeror | | |
| | Capital relationship | As of March 27, 2024, the Offeror owns 2,110,000 Company Shares (Shareholding Ratio (Note 2): 2.11%). |
| | Personnel relationship | Not applicable. |
| | Business relationship | The Offeror has executed the capital and business alliance agreement with the Company. In addition, the Offeror has executed a business alliance agreement with the Company, MC, and menu, Inc. |
| | Applicable status of related parties | Not applicable. |

(Note 1) The description of shareholding ratio in “Major shareholders and shareholding ratio (as of September 30, 2023)” sets out the ratio of the number of shares held to the total number of the issued shares of the Offeror (excluding treasury shares) as of September 30, 2023 (round down to the second decimal place).

(Note 2) “Shareholding Ratio” refers to the ratio (rounded to the second decimal place) of the number of Company Shares to the number of shares (100,183,915 shares) which is the total number of issued shares as of January 12, 2024 described in the Third Quarterly Report for the 49th fiscal year (the “Company’s Third Quarterly Report”) submitted by the Company on January 12, 2024 of 100,300,000 shares, plus 106,000 Company Shares, to be issued upon exercise of 1,060 Share Options reported by the Company as remaining as of February 29, 2024, minus the number of treasury shares held by the Company as of February 29, 2024 as reported by the Company (222,085 shares).

2. Purchase price

(1) 10,360 yen per Company Shares

(2) Share options

1 yen per each of the share options listed below:

(I) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on March 25, 2015 (the “14th Series of Share Options”) (the exercise period is from April 10, 2015 to March 24, 2035)

(II) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on April 13, 2016 (the “16th Series of Share Options”) (the exercise period is from May 2, 2016 to April 13, 2036)

- (III) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on April 12, 2017 (the “17th Series of Share Options”) (the exercise period is from May 1, 2017 to April 11, 2037)
- (IV) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on July 5, 2017 (the “18th Series of Share Options”) (the exercise period is from July 21, 2017 to July 4, 2037)
- (V) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on May 22, 2018 (the “19th Series of Share Options”) (the exercise period is from June 8, 2018 to May 21, 2038)
- (VI) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on May 21, 2019 (the “20th Series of Share Options”) (the exercise period is from June 7, 2019 to May 20, 2039)
- (VII) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on May 27, 2020 (the “21st Series of Share Options”) (the exercise period is from June 12, 2020 to May 26, 2040)
- (VIII) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on May 25, 2021 (the “22nd Series of Share Options”) (the exercise period is from June 11, 2021 to May 24, 2041)
- (IX) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on May 25, 2022 (the “23rd Series of Share Options”) (the exercise period is from June 10, 2022 to May 24, 2042)
- (X) Share option issued pursuant to the resolution of the Company’s board of directors meeting held on May 24, 2023 (the “24th Series of Share Options”) (the exercise period is from June 9, 2023 to May 23, 2043)

(3) Depositary receipts for share certificates

10,360 yen per share of the Company Shares related to the American depositary shares deposited with Citibank, N.A. and Deutsche Bank Trust Company Americas and represented by the American depositary receipts related to the Company Shares issued by the Depositary Banks in the United States.

3. Number of share certificates to be purchased

| Number of shares to be purchased | Minimum number of shares to be purchased | Maximum number of shares to be purchased |
|----------------------------------|------------------------------------------|------------------------------------------|
| 47,923,815 shares | 14,458,500 shares | — shares |

Since the Offeror intends to make only the Tender Offeror Parties the shareholders of the Company, if the Offeror is unable to acquire all of the shares subject to the Tender Offer in the Tender Offer, the Offeror plans to implement a series of procedures (reverse stock split) to make only the Tender Offeror Parties the shareholders of the Company.

4. Period of Purchase, etc.

From March 28, 2024 (Thursday) to April 25, 2024 (Thursday) (21 business days).