

<b>Q&amp;As at the Financial Results Briefing for FY 2020 of Lawson, Inc.</b>	
Date of holding	April 9, 2021 (Friday), 13:00–14:30
Attendees	Sadanobu Takemasu, President and CEO, Representative Director, Chairman of the Board Satoshi Nakaniwa, Member of the Board, Executive Managing Officer, Chief Financial Officer Tomoki Takanishi, Senior Vice President, Division Director of Financial Administration Division Kino Arai, General Manager, Investor Relations Dept.

Q: The company faces a continuing downward trend in the profits of headquarters. What measures will the company implement to increase profits?

A: We will test the renovation of 500 stores in response to changes in the needs of customers at the Pursuit of ideal store format project initiated by the Sweeping Transformation Executive Committee from May. Given the results of the review of the test, we will increase the number of stores renovated from the second half in order to increase daily sales. In opening stores, we intend to focus on quality by establishing no goals for the number of stores opened.

Q: EPS of 500 yen or higher in the Challenge 2025 medium-term business vision requires operating income of about 90 billion yen. How will the company achieve that amount?

A: We expect that we will generate 60% of the said amount on a single-entity basis, and subsidiaries will generate the remaining 40%.

Q: I understand that the company and subsidiaries are expected to generate 60% and 40% of the operating income expected from the Challenge 2025, respectively. What amount of profits does the company expect the Chinese business to generate?

A: We expect that Chinese business will generate profits of about several billions of yen to several tens of billions of yen.

Q: The company uses EPS and ROE as a performance indicator. Does the company plan to buy back shares?

A: As of now, we have no plans to buy back shares.

Q: I think that there are variations in the product lineup between stores. Will the company implement measures to eliminate variations during the transformation project?

A: We think it is possible to physically renovate 5,000 stores within the fiscal year. We will promote

improvement of hardware, which is expected to be conducted by franchisees, to the extent possible to eliminate variations in the product lineup between stores.

Q: The company will spend 3 billion yen in measures under the Sweeping Transformation Executive Committee in FY 2021. How much will be spent on these measures in the next five years?

A: We make no determination how much to spend on these measures in the next five years. We will make and review a small-size test before making the investment.

Q: Is there a possibility that measures by the Sweeping Transformation Executive Committee will be a negative factor of 3 billion yen or higher for the fiscal year?

A: We will spend 3 billion yen in expenses for the fiscal year, but we expect these expenses to generate revenue. We do not think that these expenses are just a negative factor. We intend to spend on the measures expected to generate revenue.

Q: Does the company have a policy to open stores by location?

A: We established no policy to open stores by location. We will make the determination whether to open a store on a case-by-case basis.

Q: The company budgets 6.5 billion yen as operating measures for the fiscal year. What contents do the measures include?

A: We will continue to strengthen the product lineup for the rice deli, prepared foods, and in-store kitchens. We intend to focus, in particular, on the product lineup for the in-store kitchens unique to Lawson.

Q: Mitsubishi Corporation's organization in charge of Lawson has changed. What is the effect of this change on the company?

A: There is no effect on us as a whole.

Q: I think net income for FY 2021 was low. Is there any strategic expense expected to be incurred?

A: We forecast a loss from the impairment of stores equivalent to that for FY 2020, assuming that stores with profitability lowered by COVID-19 will incur a loss from the impairment.

Q: Does Mitsubishi Corporation play any role in the Challenge 2025 medium-term business vision?

A: Mitsubishi Corporation provides, for example, support for using DX at the Vendor distribution project and for human resources and local support for overseas operations.

Q: What changes will be made in stores as a result of the renovation from the viewpoint of customers? Will the 500-store renovation test be conducted only in a specific area?

A: The renovation includes that of refrigerated display tables and glass door reach-in refrigerators, as well as the introduction of in-store kitchens unique to Lawson and self-service fixtures for counter fast foods. We are also examining sales of daily necessities and miscellaneous goods in collaboration with RYOHIN KEIKAKU CO.,LTD. The 500-store renovation test will be conducted on a nationwide basis.

Q: Innovation advances at a faster pace in China. Please describe the strategic visions concerning competition with Chinese major platformers and others.

A: We would not like to compete with platformers but to collaborate with them.

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