

First Half Results for FY2022

(Six months ended August 31, 2022)

Lawson, Inc.
October 7, 2022

Financial Results for First Half for FY2022

Masayuki Itonaga
Executive Vice President
Chief Financial Officer

Lawson, Inc.

Consolidated Financial Results for FY2022 1H

Unit: Billions of yen

	FY2021 1H	FY2022 1H		
	Results	Results	YoY	v.plan
Operating income	26.7	28.9	+2.2	+1.4
Ordinary income	27.8	28.9	+1.1	+2.9
Profit	17.4	15.4	-1.9	+1.9

(Non-consolidated) excluding LAWSON STORE100 business

Existing-store sales (YoY)	101.6%	102.4%	+0.8%pt	+0.4%pt
Gross profit margin	30.7%	30.9%	+0.2%pt	±0.0%pt
Total no. of stores in Japan	14,651	14,655	+4	-

*Lawson group total

※Any differences v. plan in these documents are compared to the plan issued along with the announcement of FY2021 results in April 2022.

1. Operating profit: 28.9 billion yen

(1)YoY: Existing-store sales at the domestic convenience store business rose 2.4% YoY on store refurbishment effects and profit also increased as we controlled costs. While profit from our overseas business fell following lockdowns in China, our entertainment-related and financial services businesses proved firm and generated a higher profit, resulting in an expanded profit in consolidated terms.

(2)v. plan: YoY growth in existing-store sales at domestic convenience store business came in 0.4pp above plan, with operating income from the Lawson parent coming in 1.6 billion yen above plan. While our overseas business fell far short of plan on those Chinese lockdowns, our entertainment-related and financial services businesses exceeded plan. Results for the Group as a whole were roughly in line with plan. Consolidated results 1.4 billion yen above plan.

2. Profit : 15.4 billion yen

(1)YoY: Profit down in comparison with dividends on investments and profit on the sale of shareholdings in the previous year.

(2)v. plan: Achieved plan on higher-than-planned operating income.

FY2022 1H Initiatives Review

	FY2022 1H				
	Initial plan	Results	v.plan	YoY	
Consolidated operating income	27.5	28.9	+1.4	+2.2	
Various measures	Progress			v. plan	YoY
Charge fees from franchise stores, etc.	Sales of in-store kitchens Machikado Chubo food and frozen foods strong thanks to store refurbishments and enhanced product lines designed to better capture daily demand. Also, existing-store sales increased by 2.4% YoY and 0.4pp v. plan on our HAPPY LAWSON PROJECT and other marketing strategies and a recovery in people flows.			+1.0	+6.0
Sweeping Transformation Executive Committee measures, etc.	Facilities expenses and other costs increased as we refurbished 1,240 stores in 1H (5,545 total) in line with our pursuit of ideal store format project. However, the figures were in line with our plan.			±0.0	-2.0
Marketing measures and new measures, etc.	We developed marketing strategies such as TV commercials and app coupons based on the HAPPY LAWSON PROJECT, but we controlled any rise in costs by rationalizing and replacing existing marketing initiatives with the new ones. As a result, these costs came in lower than planned.			+0.5	±0.0
Electric utility expense, etc.	Increased on the back of the rise in electric power unit costs, but roughly in line with plan.			±0.0	-2.0
Subsidiaries	<p>Group companies performed roughly to plan overall.</p> <p><Seijo Ishii> Fell short of plan compared to strong COVID-induced stay-home demand in the previous year.</p> <p><Entertainment-related> Exceeded plan as marketed energized primarily during long holiday periods without any restrictions on movement.</p> <p><Financial services> Exceeded plan on higher ATM usage.</p> <p><Overseas> Below plan on drop in sales after lockdowns and other large-scale restrictions on movement in China.</p>			±0.0	±0.0
Total				+1.5	+2.0

Unit: Billions of yen

*Figures rounded to the nearest 0.5 billion for clarity

*Any differences v. plan in these documents are compared to the plan issued along with the announcement of FY2021 results in April 2022.

FY2022 1H Results & Full-Year Plan

Unit: Billions of yen

	FY2022		
	Full-year initial plan	1H Results	Full-year revised plan
Consolidated operating income	53.0	28.9	53.0
Subsidiaries, etc.			
Lawson	30.0	18.6	30.0
Seijo Ishii*1	13.6	5.6	11.6
Entertainment-related business*2	2.7	2.6	4.4
Financial service business*2	2.6	2.0	3.6
Overseas business (China)	2.6	-2.2	-0.3
Consolidated profit	22.0	15.4	22.0
Dividends per share	150yen	-	150yen

(Assumed conditions for the plan)

- YoY increase in existing-store sales*2 : 103.0% (+1.9%pt YoY)
- Gross profit margin*2 : 31.1% (+0.4%pt YoY)
- Store numbers: Opening 300 stores, closure 250 stores, net increase 50 stores

*1 Seijo Ishii Co., Ltd.

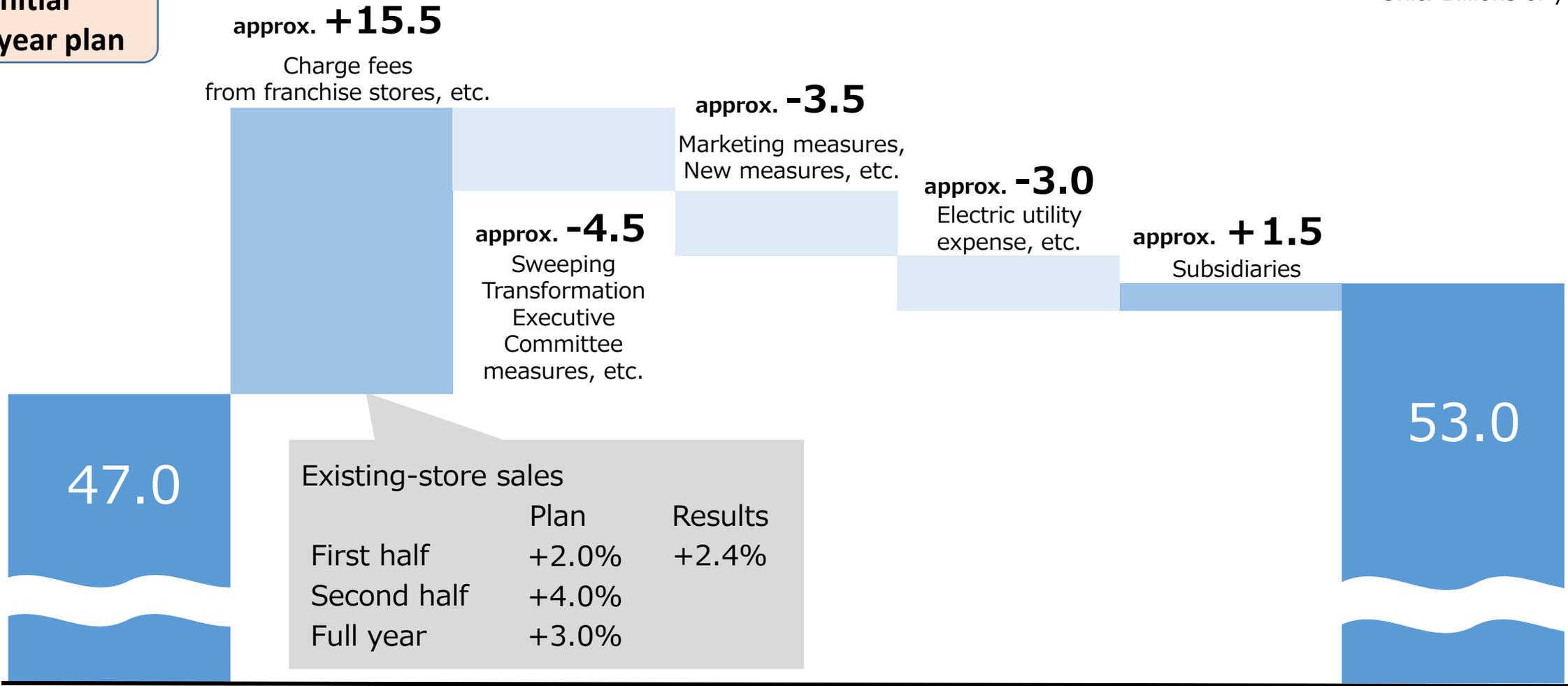
*2 segment profit

*3 excluding LAWSON STORE100 business *4 Lawson group total

Factors affecting FY2022 consolidated operating income

Unit: Billions of yen

Initial Full-year plan



Existing-store sales		
	Plan	Results
First half	+2.0%	+2.4%
Second half	+4.0%	
Full year	+3.0%	

FY2021 Consolidated operating income

FY2022 Consolidated operating income (plan)

※Figures rounded to the nearest 0.5 billion for clarity

FY2022 Initiatives

Sadanobu Takemasu
President and CEO
Representative Director
Chairman of the Board

Lawson, Inc.



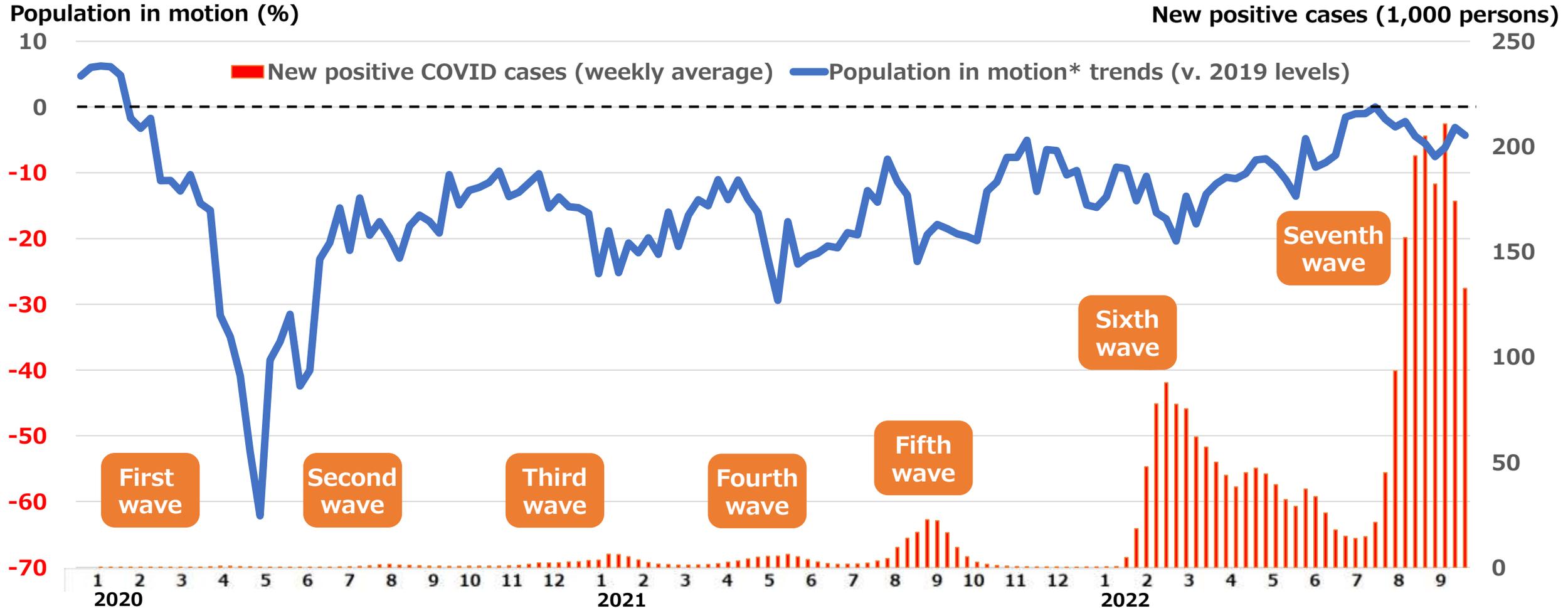
Community-based × individual customer and individual store-focused

**Deliver new conveniences for daily living in local communities
Create “New hubs of refreshment in every community”
that people will want to go to even if they are a little further away**

- **Improve store brand power by thoroughly pursuing value for every customer**
- **Clear differentiation strategies for products and services**
- **Superior marketing strategies that use customer mindshare**

FY2022 1H Business environment

- First long holiday and Obon holiday without restrictions on movement in 3 years after priority measures were removed in March
- People flows on recovery track despite rising positive COVID cases caused by 7th wave



*Population in motion: Population whose assumed place of residence is outside the municipality

Source: Regional Economy and Society Analyzing System (RESAS), Japan Cabinet Office

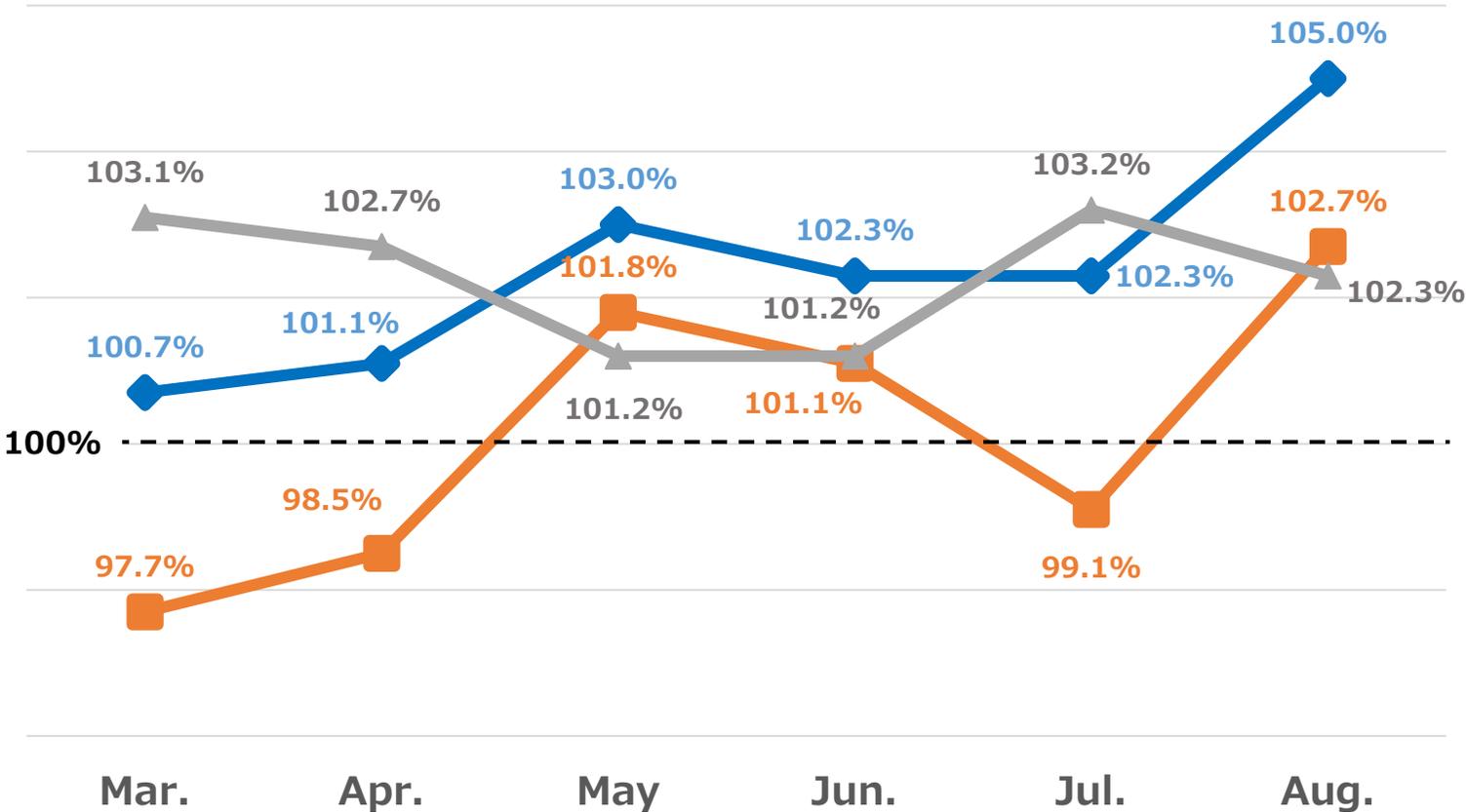
FY2022 1H Domestic convenience store business

-Daily sales at existing stores, number of customers, spending per customer-

■ Achieved 1H plan by implementing sales promotion measures focused primarily on ideal store refurbishments and HAPPY LAWSON PROJECT

【YoY】

◆ Daily sales ■ Number of customers ▲ Spending per customer



Daily sales

1H 102.4%
(1H Plan 102.0%)

Number of customers

1H 100.1%

Spending per customer

1H 102.3%

■ Ideal store refurbishment

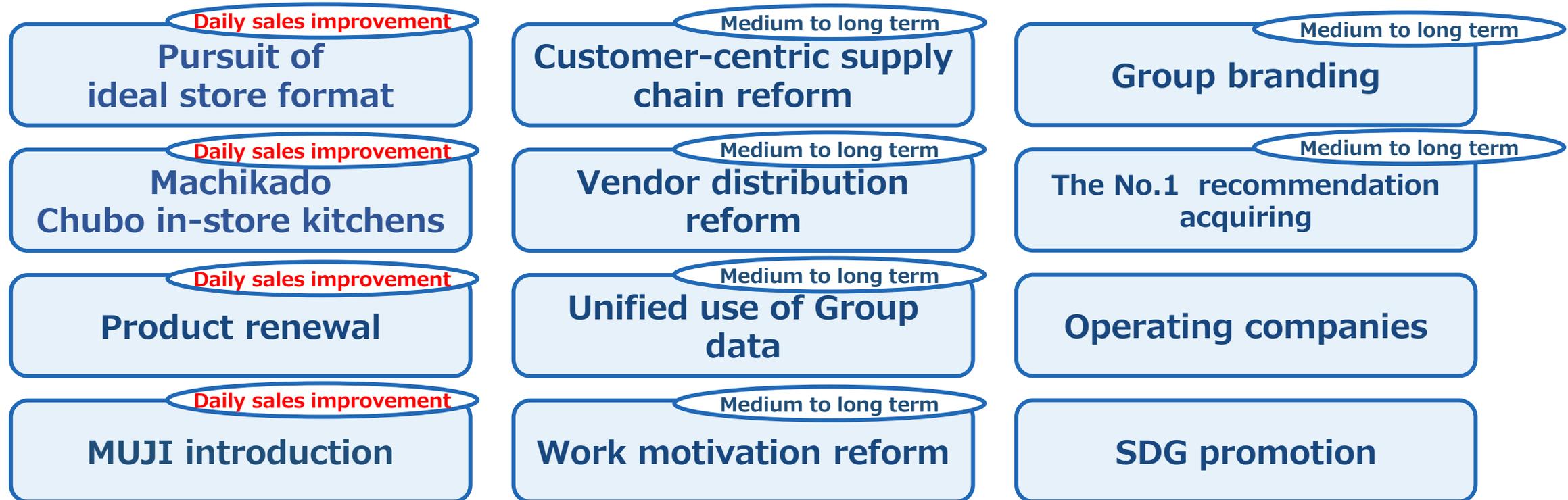
- ✓ 5,545 stores by end August. (FY2022 1H 1,240 stores)
- ✓ Introduced Machikado Chubo in-store kitchens, refined and expanded frozen foods and other products

■ HAPPY LAWSON PROJECT

- ✓ TVCM and WebCM run from June
- ✓ Implemented promotion measures, such as Lawson app coupons

■ Project updated at the beginning of FY2022 to accelerate transformation

Lawson Group Sweeping Transformation Executive Committee



■ Daily sales improved favorably thanks primarily to ideal store project

Impact of improved daily sales on all stores up 1.7%

Daily sales improvement

Pursuit of
ideal store format

Refurbished stores:
Total 5,545 1H +1,240

Daily sales improvement

Machikado
Chubo in-store kitchens

Sales of in-store Chubo: Approx. +30% YoY
Stores with kitchens: Total 8,853 1H +494

Daily sales improvement

Product renewal

Frozen foods: Rose by over+10% YoY
Daily foods: exceeded previous year's level

Daily sales improvement

MUJI introduction

Stores with MUJI products:
Total 3,780 1H+3,670

Pursuit of ideal store format

**FY
plan**

**Refurbished stores:
+3,500**

**1H
results**

**Refurbished stores:
Total 5,545 1H +1,240**

- ✓ Expanded shop floor displays of frozen foods, introduced Machikado Chubo in-store kitchens



**2H
Plan**

- ✓ Create refurbishment menu to suit each store

Machikado Chubo in-store kitchens

**FY
plan**

**Total Stores with
kitchens : Approx. 9,600**

**1H
results**

**Sales of in-store Chubo :
Approx. +30% YoY
Stores with kitchens:
Total 8,853**

- ✓ Improved by developing local menu to add to regular items



**2H
Plan**

- ✓ Thoroughly appeal the delicious taste of rice cooked in-store



Product renewal

**FY
plan**

Strengthen range and power of frozen and daily foods

**1H
results**

Frozen foods: Rose by over+10% YoY
Daily foods:
exceeded previous year's level

- ✓ Established the hardware to display wider product range generated by ideal store format
- ✓ Expanded side dishes in clear-top sealed packs



**2H
Plan**

- ✓ Develop and expand supply of innovative new frozen foods*

*Frozen desserts, lunchboxes, sashimi, and baked goods, etc.



MUJI introduction

**FY
plan**

Total stores with MUJI products: Approx. 10,000

**1H
results**

**Stores with MUJI products:
Total 3,780 1H+3,670**

- ✓ Expand to Kanto-Koshinetsu region
- ✓ Offer approx. 200 basic products* for daily life

*lotions, stationery, readymade curry packs, confectionery, etc.



**2H
Plan**

- ✓ Expand area (Hokkaido, Kinki, Shikoku, Kyushu, Okinawa)



- Exploiting our area company system to ensure swift re-openings and tailor unique measures to suit each area

Hokkaido Company



- Developed products using prized local ingredients through initiatives for meeting local needs
- Immediately implemented measures driven by company president to revitalize existing stores (relocation, hardware improvement)

Daily sales : 103.9%
Number of customers : 101.1%
Spending per customer : 102.7%

<YoY company average>
Daily sales : 102.4%
Number of customers : 100.1%
Spending per customer : 102.3%

Kinki Company



- Nationwide pre-sale of specialty store products
- Launched original products made with local rice
- Sales floor follow up by Kinki Company's own specialist teams

Daily sales : 103.7%
Number of customers : 101.4%
Spending per customer : 102.2%

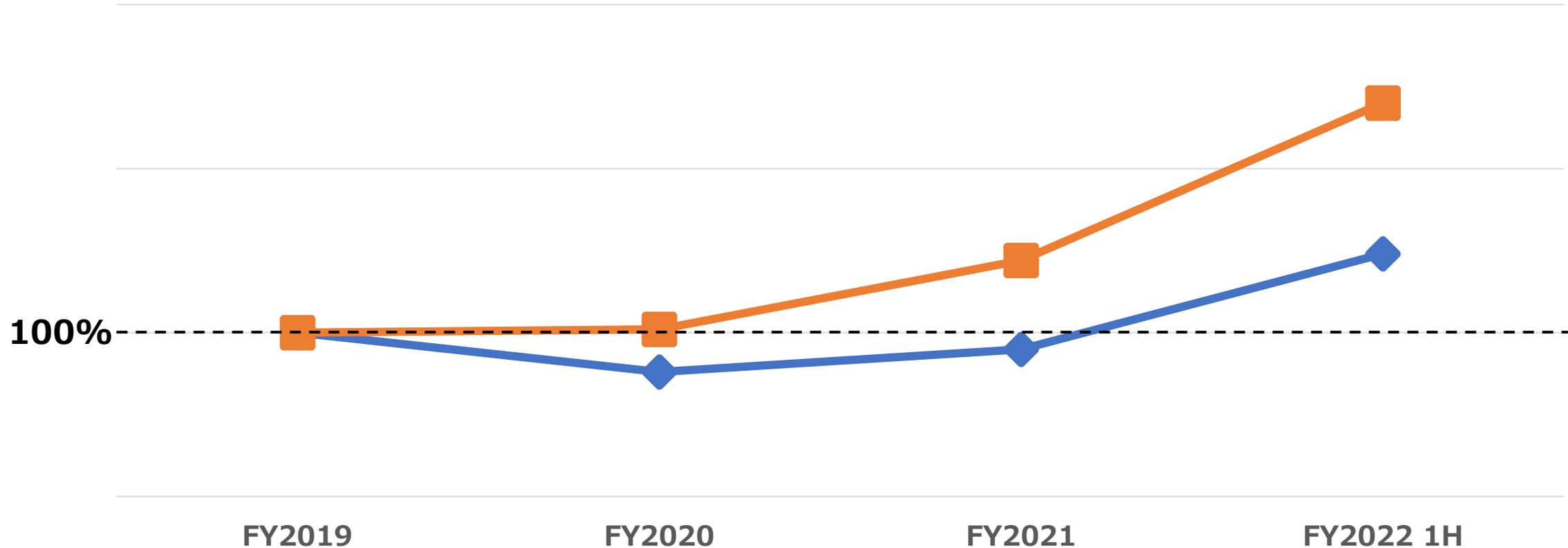
Domestic convenience store business

-Franchise Store Profits-

■ Despite rising energy costs, franchise store profits rose YoY thanks to stronger product ranges and more effective sales promotion measures

[V.2019 levels]

◆ Per store ■ Per Franchise Owner



SUPERMARKET
成城石井

Seijo Ishii

Operating income*

5.6billion yen

-0.1billion yen YoY

*Seijo Ishii Co., Ltd.

- ✓ While stay-home demand weakened YoY, sales of original in-house deli items remained strong

- ✓ Launched Yamato No. 3 central kitchen in July

Strengthened production capacity from 200 stores to approx. 400 stores

- ✓ Continue 95th anniversary campaign “Shiki (four seasons) project” started in 1H



Entertainment-related

Operating income*

2.6billion yen

+1.7billion yen YoY

*segment profit

LAWSON
ENTERTAINMENT

Lawson Entertainment

- ✓ Sales rose on the more energetic holding of large-scale concerts and live events
- ✓ Continue to tap into rebound in entertainment consumption started in 1H

UNITED
CINEMAS

United Cinemas

- ✓ Hit products drawing in cinemagoers. Showing of movies using experience-based movie systems (4DX) and IMAX helped boost sales
- ✓ Continue 1H efforts to strengthen sales of digital ads like theater media, etc.

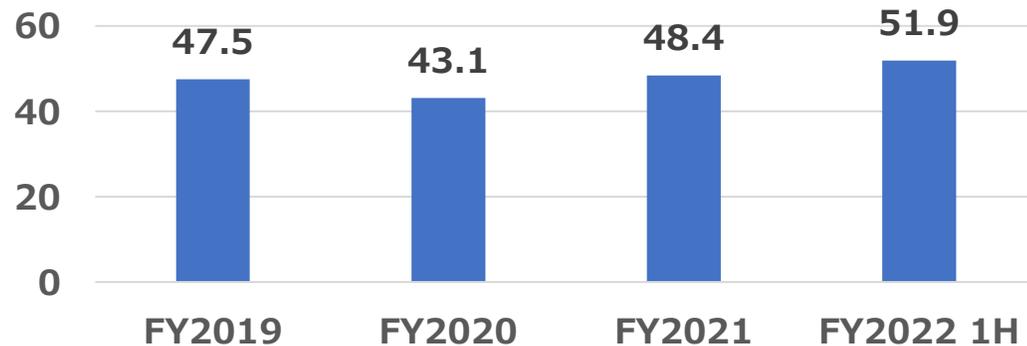


Financial services

Operating income*

2.0billion yen
+0.6billion yen YoY
*segment profit

Number of ATMs used
(per machine per day)



- ✓ Increased daily use of individual ATM machines by expanding services that charge cashless payment apps that utilize the ATM network
- ✓ Expanding financial institutions affiliated with ATM business and expand services (Financial affiliates increased by 4 from end Feb. to 382)

Overseas

Operating income*

-2.2billion yen
-2.8billion yen YoY *China

China



- ✓ Large-scale restrictions on movement across China rising COVID-19 cases fueled COVID restrictions
- ✓ Continued to open new stores (Reached 5,000 stores in July)

Target: 6,000 stores

SE Asia & Hawaii



- ✓ Recovery of people flow thanks to easing of prolonged, large-scale restrictions
- ✓ Strengthened counter fast food and in-store food menu to satisfy local market needs

Target: 400 stores

- Tough environment across China with large-scale restrictions on movement April-May
- Sales recovered as restrictions were eased from July, but sporadic restrictions continue

1H situation (Jan-June)

- ✓ Some stores had to close temporarily and vendor factories stop operations as rising COVID-19 cases fueled COVID restrictions

Operation area	Main restrictions on movement	Main initiatives
Shanghai	• Lockdown across Shanghai region (3/28-5/31) As many as half of our stores (approx. 1,200 stores) were temporarily closed in April	<ul style="list-style-type: none"> • Strengthen delivery • Expand online sales bookings • Online SV tours • Develop private brand products
Chongqing	• Restrictions on movement from outside the province (April to June)	
Dalian	• School attendance suspended (March to April)	
Beijing	• Restrictions on going out in Beijing (May to June)	

2H outlook (Jul-Dec)

- ✓ Sales on recovery trends thanks to easing of prolonged, large-scale restrictions on movement
- ✓ Some sporadic restrictions could continue in individual regions (temporary lockdowns occurred at end August in Chengdu, Shenyang, Dalian, and Shenzhen)

<Main initiatives to help expand profits>

- ✓ Continue to open new stores
- ✓ Use digital means (strengthen delivery, expand online sales bookings)
- ✓ Continue to develop Japanese quality products

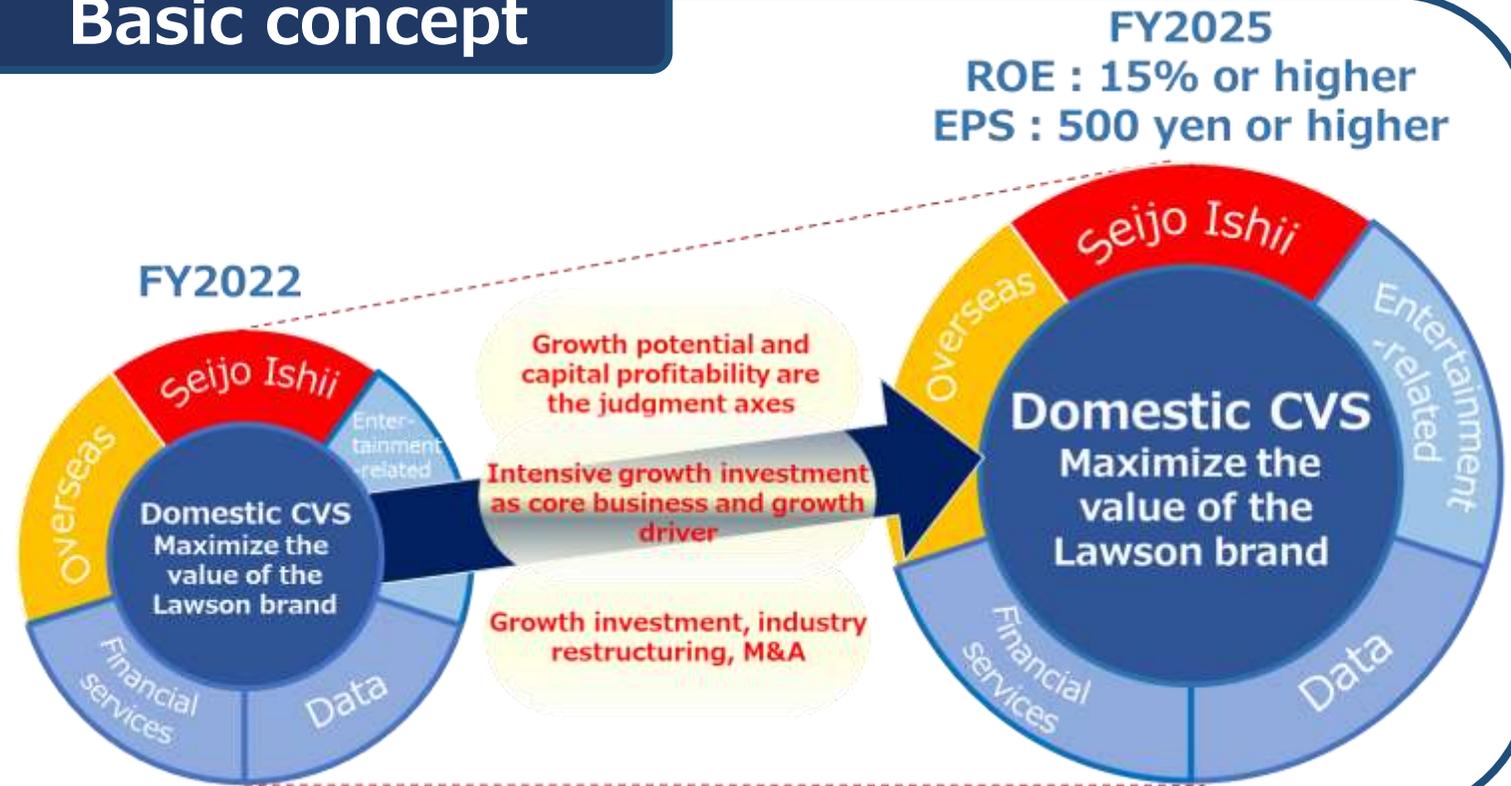


Develop Japanese quality products, such as Mochi Puyo series

■ Seijo Ishii Co., Ltd. filed a listing application with the Tokyo Stock Exchange

Basic concept

- **Improve corporate value**
⇒ Intensive investment in our core domestic CVS business
- **Balance growth investment and shareholder returns**
⇒ Pursue the optimum funding strategy
- **Ensure growth for individual Group companies and the overall Group**
⇒ Explore Group restructuring and optimum funding strategy to help improve Group company profits



【Progress in business portfolio strategy】

- Seijo Ishii Co., Ltd. filed a listing application with the Tokyo Stock Exchange on September 9, 2022
- We take every possibility into consideration in other segments based on the basic concept of the business portfolio strategy

Unit : Billions of yen

	FY2021 (Results)		FY2022	
	1 H	Full year	1 H (Results)	Full year (Plan)
Operating Income	26.7	47.0	28.9	53.0
Ordinary Income	27.8	47.5	28.9	48.5
Profit	17.4	17.9	15.4	22.0

■ **FY2022 1 H Domestic convenience store business**

Existing-stores sales*1 102.4%

Opening 129 / Closure 130 / Total number of store*2 14,655

*1 excluding LAWSON STORE100 business *2 Lawson group total

For sustainable growth in addition to challenge indicators strategically select investment targets from the three perspectives of environment, society, and corporate governance

FY2025 Performance indicators

ROE : 15% or higher
EPS : 500 yen or higher

ESG-focused
management

Environment

- Reduce CO2 emissions
- Reduce food waste
- Eliminate plastics

Social

- Diversity
- Contribute to local communities
- Supply chain management

Governance

- Ensure transparent, equitable management
- At least 1/3 outside Board directors
- Set up a Nomination and Remuneration Committee comprising only independent officers

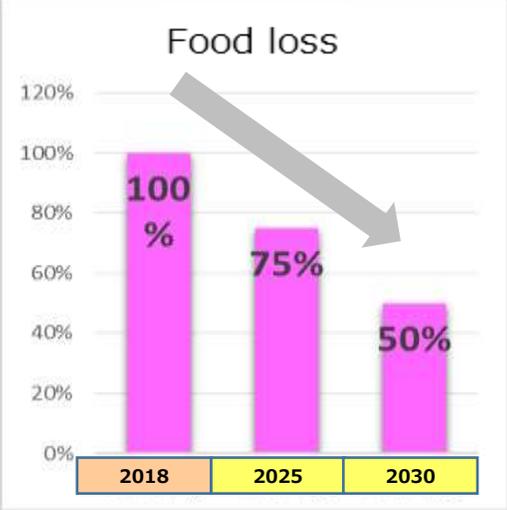
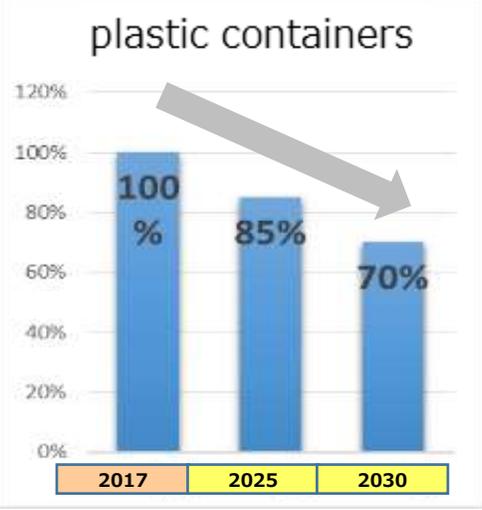
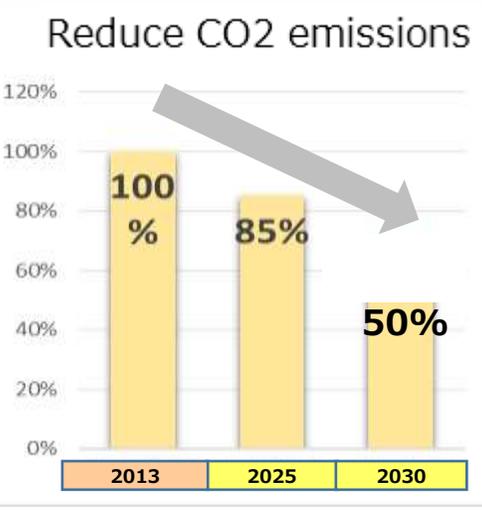
Initiatives for ESG

Form environmental vision, set long-term goals, take on challenges to achieve a Carbon-free Society in 2050.

Environmental Initiatives



Environmental Initiatives (1) FY2021 results

2030 target	V. 2018 levels Reduction of 50%	V. 2017 levels Reduction of 30%	CO2 emissions per store V. 2013 levels Reduction of 50%																								
2021 results	Reduction of 24.7%	Reduction of 19.3%	Reduction of 30.5%																								
KPI	 <p>Food loss</p> <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2018</td><td>100%</td></tr> <tr><td>2025</td><td>75%</td></tr> <tr><td>2030</td><td>50%</td></tr> </table>	Year	Percentage	2018	100%	2025	75%	2030	50%	 <p>plastic containers</p> <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2017</td><td>100%</td></tr> <tr><td>2025</td><td>85%</td></tr> <tr><td>2030</td><td>70%</td></tr> </table>	Year	Percentage	2017	100%	2025	85%	2030	70%	 <p>Reduce CO2 emissions</p> <table border="1"> <tr><th>Year</th><th>Percentage</th></tr> <tr><td>2013</td><td>100%</td></tr> <tr><td>2025</td><td>85%</td></tr> <tr><td>2030</td><td>50%</td></tr> </table>	Year	Percentage	2013	100%	2025	85%	2030	50%
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Initiatives	<ul style="list-style-type: none"> • Improve order accuracy • Thoroughly promote the complete sale of all stock. • Expand boxed lunches' expiration date by keeping them fresher for longer 	<ul style="list-style-type: none"> • Reduce by changing or simplifying containers and packaging • Reduce by changing to environment-conscious materials (paper lunch boxes containers, etc.) • Expand number of products sold by weight at Natural Lawson stores and expand number of stores which have them 	<ul style="list-style-type: none"> • Introduce energy-saving equipment and switch to solar-powered devices. • Promote our 10 energy-saving actions 																								

■ Realize the “three promise” based on our Group philosophy, promote SDGs, and strive for sustainable growth

Reduce volume of plastic use



Gradually introduce cutlery with shorter handles and holes in the handle, as well as wooden spoons

Reduce plastic use by approx. 67 tons/year

Reduce food loss



Donate center stock and event products via foodbanks, etc.
Promote full sell-down operations in stores

Reduce CO2 emissions



省エネ10か条	
①	換気機や空調機のフィルター清掃
②	エアコン設定温度 夏-27℃、冬+18℃、中休憩：OFF
③	商品輸入仕入れマニピュレーター、業務用冷蔵庫冷凍庫の扉の開閉時間を削減
④	冷凍機庫・冷凍機庫の扉の開閉回数を削減
⑤	扉を閉めさせておける商品庫は冷蔵保管してから補充
⑥	ホリド飲料は常備や保管している商品を補充
⑦	業務用冷蔵庫冷凍庫への商品の詰め込みなどに注意
⑧	不要時のパワースタンド・電源の断絶・エアコンは子
⑨	オープンケースのエアークリーナーを有効活用
⑩	業務用冷蔵庫冷凍庫の扉の開閉回数を削減

Gradually introduce energy-saving equipment

Already installed at 4,600 stores *End FY2021

Continue 10 energy-saving principles



耳が聴こえにくい方は
お気軽にお知らせください。

Support for disabilities

Create stores that are friendly to people with hearing impairments

Placing seals displaying an ear logo (from August 30)

■ Promote ESG-centered management, become a leading company on SDGs initiatives

GREEN LAWSON (Ideal future store format)

『GREEN LAWSON concept』

Express our three promises for the future in our stores



Human kindness

Offers services tailored to individual customers

Use avatars to provide remote customer service



Superior taste

Make active use of in-store Chubu kitchens

Approach to make order items



Environmental (Machi) friendliness

Reduce food loss

Reduce CO2 emissions



Lawson avatar operators

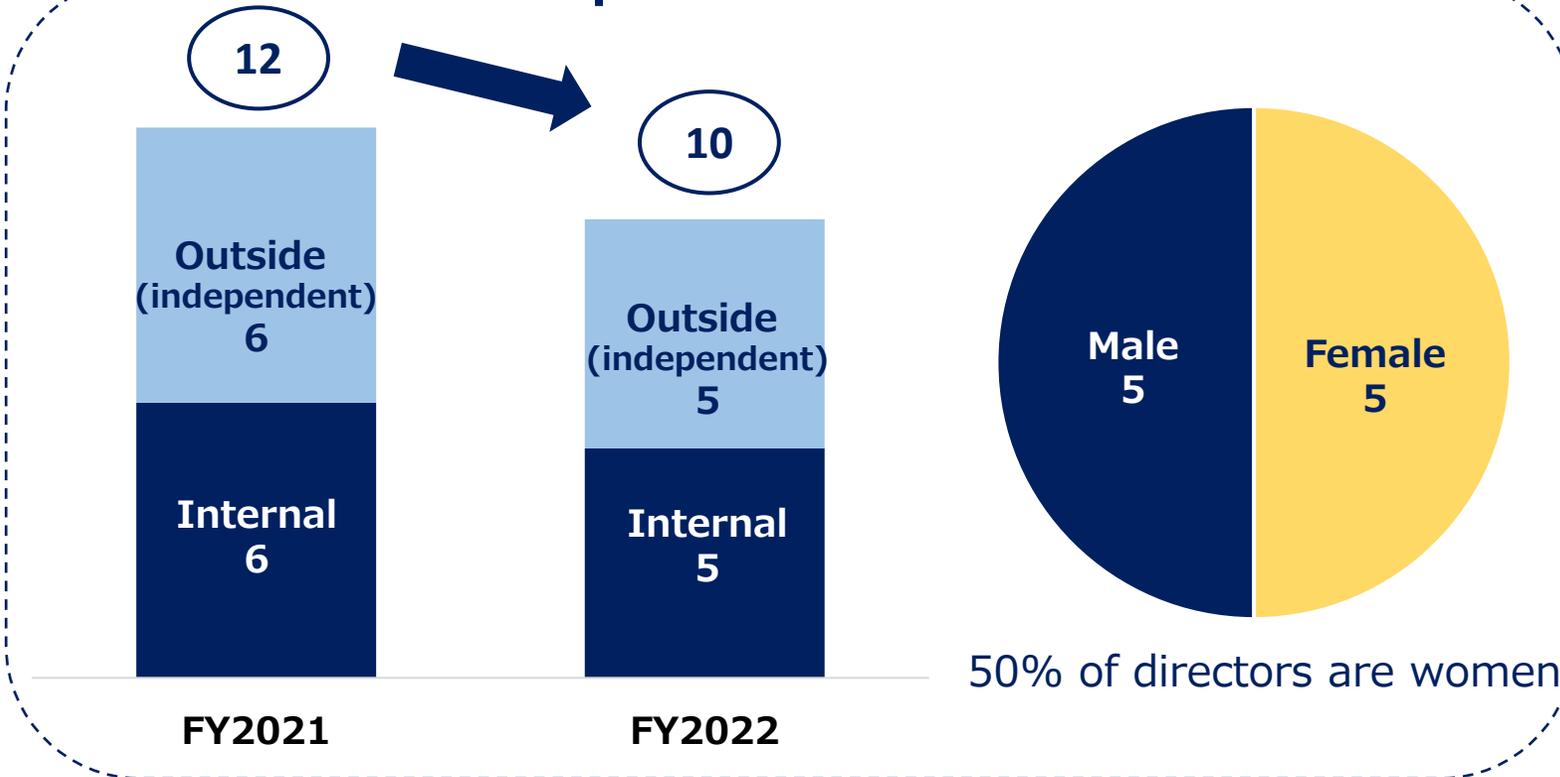
Aim to realize new communication by supporting to customers having trouble using avatars, explaining new products, and offering entertainment together with VTubers



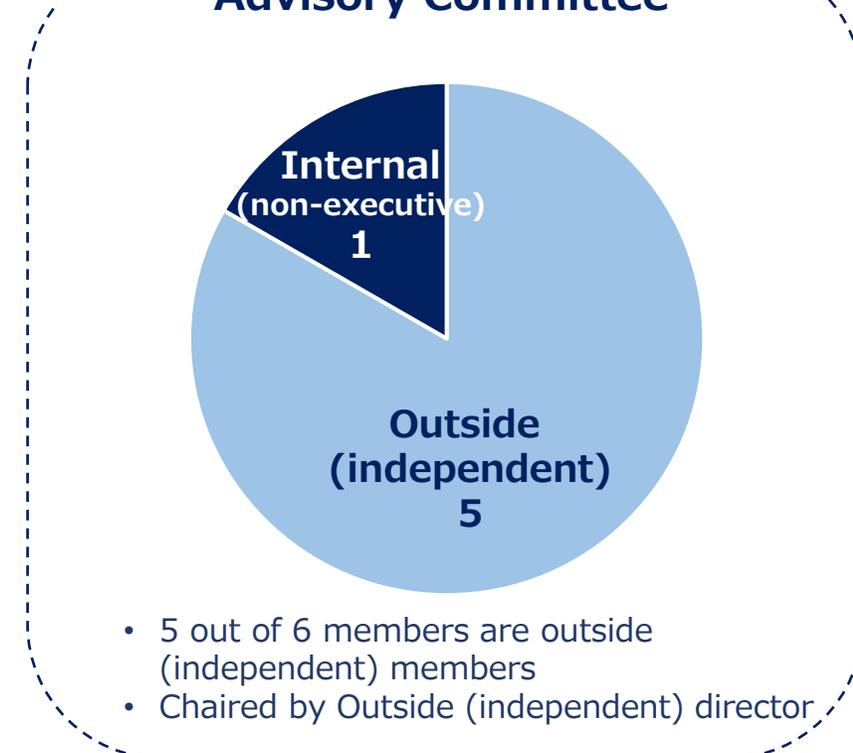
Avatar which will be used at Green Lawson

- High level of ethics and conduct based on our Group philosophy, Lawson Corporate Conduct Charter, and Lawson Code of Ethics
- We seek to improve management soundness and transparency and enhance governance by disclosing information according to our Basic Principles Concerning Information Disclosure
- We established a voluntary Nomination and Compensation Advisory Committee and seek to ensure the objectivity, appropriateness, and transparency of procedures in consultation with the Board of Directors

Composition of Directors



Nomination and Compensation Advisory Committee



Reference Materials

■ Dividend policy

Our basic dividend policy involves securing the necessary internal reserves for developing future business and pursuing sustainable growth for the Lawson Group, while paying a minimum stable dividend of 150 yen per share on an annual basis and aiming to achieve a consolidated dividend payout ratio of 50%.

**Consolidated dividend
payout ratio target of 50%**

**Minimum dividend of
150 yen per share**