



## Fiscal 2017 to fiscal 2020: Laying a new foundation

From fiscal 2017 to fiscal 2019, we made active IT investments in an effort to address labor shortages caused by the shrinking of the working age population and to further streamline store operations. In fiscal 2017, we introduced tablets for managing stores' work schedules in order to put in place an environment in which store crews could do their jobs in a consistent and uniform manner, and by fiscal 2019, we had introduced automatic change-dispensing POS registers so that foreign and newly hired store crew members could easily operate registers.

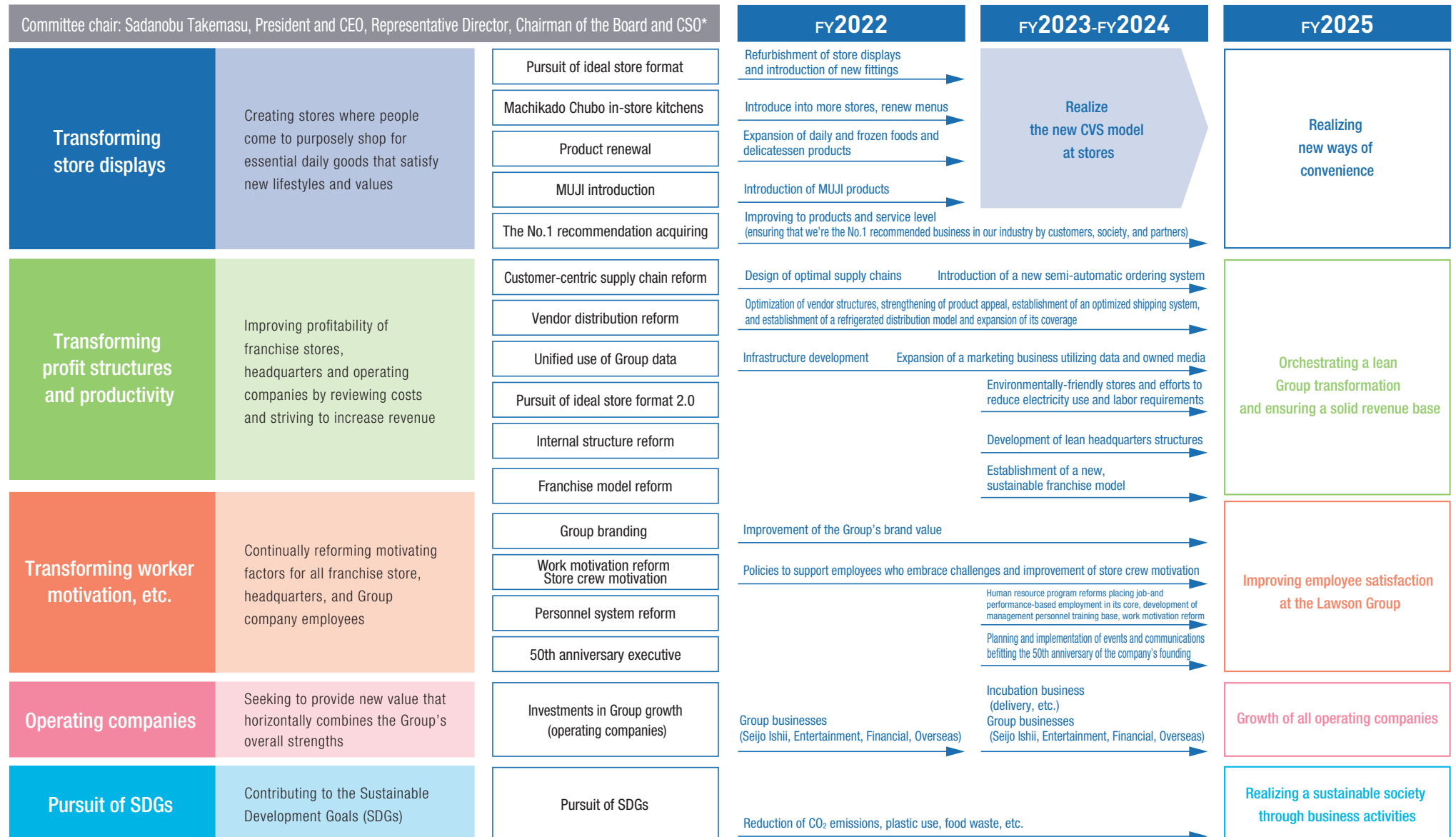
In fiscal 2020, when the business environment changed dramatically as a result of the pandemic and store sales were falling, we responded by embracing an approach to management that focuses on franchise store profit, moving quickly to implement a thorough slate of pandemic-related measures at stores while offering headquarters assistance to low-revenue stores. By focusing on ensuring an environment in which franchise stores could operate with peace of mind and on orchestrating a recovery in sales, we were able to maintain franchise store profit on par with the previous fiscal year. Furthermore, we launched the Lawson Group Sweeping Transformation Executive Committee in September with the goal of realizing growth in the new business environment and launched a series of initiatives to give shape to a Group-wide growth strategy.

## Fiscal 2021 onward: Implementing new ways of convenience and realizing new hubs of refreshment in every community

We formulated the Lawson Group Challenge 2025 in fiscal 2021 to prepare for 2025, the 50th anniversary of our founding. The initiative strives to put into practice our Group philosophy of "Creating Happiness and Harmony in Our Communities" by ensuring we're the No. 1 recommended business in our industry by customers, society, and partners (franchise stores, employees, and other stakeholders) alike and creating new hubs of refreshment in every community in the pursuit of new ways of convenience. To realize new ways of convenience, we launched the Lawson Group Sweeping Transformation Executive Committee, which is undertaking a variety of initiatives centering on the three promises of our business policy: "Superior taste," "Human kindness," and "Environmental (Machi) friendliness." The committee, which is chaired by the president to ensure it can function in an agile manner, is carefully managing progress by setting milestones for individual projects.

During fiscal 2021 and fiscal 2022, we achieved results by implementing initiatives to make daily sales improvements; for example, through the pursuit of ideal store format project and implementation of the Machikado Chubo in-store kitchens project. Since fiscal 2023, we've been steadily implementing a series of medium- and long-term initiatives, including adopting a next-generation order system and distribution system based on two daily deliveries, reducing food waste and CO<sub>2</sub> emissions by the pursuit ideal store format 2.0 project (for example, by installing doors on open cases), and undertaking human resources program reforms.

## Overview of the Lawson Group Sweeping Transformation Executive Committee



\*CSO: Chief Sustainability Officer

## Feature Machikado Chubo In-store Kitchens Project

We want customers and franchise stores to know that our products are specifically for them

General manager of daily foods and in-store kitchen dept., Merchandising division  
**Fumiki Mizushima**

As of the end of fiscal 2022, approximately 9,200 stores had introduced the Machikado Chubo in-store kitchens, which provide freshly prepared in-store bento (boxed meals) and sandwiches that are now among Lawson's signature products. What is the reason for their success? We asked Fumiki Mizushima, the general manager of Machikado Chubo.



### Focusing on the taste of store-cooked rice

Mizushima, a 20-year veteran of product development, has been in charge of the Machikado Chubo in-store kitchens since 2019 and was in the midst of trial-and-error efforts when the spread of COVID-19 cleared the streets of people.

"Sales of onigiri rice balls and bento (boxed meals), which had been stable every day, became unpredictable, and waste loss became a serious problem. This was a big problem for our franchise stores. But with Machikado Chubo in-store kitchens, which allow on-site cooking, managers can decide whether or not to make the food on a particular day. Since rice cooked in the store is served on the spot, it can be an



Chicken Kara-age  
(Fried Chicken) Bento

alternative to eating out. When franchise stores told us how helpful this was, we were convinced that this could turn crisis into opportunity.

"The first hit product of Machikado Chubo was the Thick Pork Cutlet Sandwich. It takes time and effort to make, but it is a dish that conveys the deliciousness of freshly fried pork cutlet straight to your taste buds. In 2021, we also collaborated with famous restaurants such as Maisen, which is renowned for its pork cutlets. In 2022, we added Chicken Kara-age Bento (boxed meals) and Thick Pork Cutlet Bento to the existing menu of rice bowls to make people understand how delicious in-store cooked rice can be."



## Feature Machikado Chubo In-store Kitchens Project

“We are particular about the taste of rice. We previously used one variety of rice nationwide, but now we have divided the country into six blocks, with each serving the rice that people in that region know and love.”

For example, Fukkurinko is used in Hokkaido, Akita-Komachi in Tohoku, and Koshihikari from Niigata in the Kanto area. Products made with locally-produced rice recorded significant growth in sales, especially in regions like Hokkaido, where they were introduced early on.

“Both customers and member of franchise stores saw the products as something customized for them. Convenience stores operate as a business in partnership with franchisees, so it is important that they feel an attachment to the products. Since they cook these products themselves in the store kitchen, they naturally feel a strong connection to them. The products become big sellers and the stores feel proud of them.”

Machikado Chubo products  
in a store



There is a noticeable difference in taste between rice that has been allowed to sit after cooking and rice that has been freshly cooked in the store. This distinction in taste is clearly apparent even with fried food. It is such added value that comes from in-store cooking that Mizushima is pursuing with Machikado Chubo in-store kitchens.

“For instance, when it comes to onigiri (rice balls), factories excel in terms of productivity. We carefully evaluate the difference in taste and the quality of service between factory production and in-store cooking, and examine the unique value of each in depth. The value of Machikado Chubo in-store kitchens lies in the delicious, freshly cooked products made in-store. This serves as a differentiating factor from other chains and benefits our franchisees. Particularly crucial is cooking the rice in-store. We will not deviate from this fundamental principle.”

In response to Mizushima’s aspirations, many requests have been received from franchisees for specific improvements. The biggest difference in developing Machikado Chubo in-store kitchens and other products is the strong commitment from franchisees to improve products through their own efforts.

“For example, with the popular pork cutlet sandwich, it takes time for store crew to become skilled at making it. While looking for ways to offer it faster, a franchisee suggested that we use the giant pork sausages sold as counter fast food: if you fry the sausage, place it in the bun, and pull out the skewer, anyone can quickly make a hot dog. This is how products have started to emerge thanks to franchisee input.”

Multiple menu items can be created from a single ingredient, and kara-age can be used both as a side dish and in bento boxes. If we can achieve this flexibility to meet demand at any particular time, it not only improves revenue but also reduces the cost burden for franchisees, who face the challenge of labor shortages.

“As labor shortages resurge in the post-pandemic era, a product improvement like the aforementioned hot dog example is one way of streamlining the cooking process to improve efficiency. However, that alone is not sufficient. Currently, we are working on implementing systems such as multilingual manuals to ensure that even store crew who are not proficient in Japanese can create products for the Machikado Chubo in-store kitchens.”

## Environmentally friendly, reduces waste

Machikado Chubo in-store kitchens have already been implemented in approximately 9,200 stores. Installation of kitchen facilities is almost complete, except for those stores located in narrow buildings or in train stations where there is insufficient backroom space. Average sales per store has doubled compared to fiscal 2019, and we foresee it quadrupling in the future.

“The initial expansion scale should be about 10,000 stores. Going forward, we intend to focus on expanding the business area of individual stores by increasing delivery and mobile ordering (cooking after receiving the order).”

This will not only propel business but also contribute to improving the environment and society.

“The shorter time from food preparation to sale allows for the use of fewer additives and significantly reduces waste when compared to making food in factories. It may be a solution to the long-standing issue of wasted bento boxes. We believe that Machikado Chubo is friendly to both the community and the environment and benefits everyone concerned.”





## Vendor Distribution Reform Project

### Establishment of an optimized shipping model

#### Transition to two daily deliveries of chilled and temperature-controlled products

From December 2023 to March 2024, we will progressively change the number of shipments to stores of chilled and temperature-controlled products [including bento (boxed meals), noodle products, prepared foods, and sandwiches] in order to comply with the Act on the Arrangement of Related Acts to Promote Work Style Reform, which will affect delivery drivers when it takes effect in April 2024, while reducing CO<sub>2</sub> emissions and controlling costs. Although we switched from three to two daily deliveries in an area that accounts for about 30% of our stores from 2005 to 2018 in an effort to streamline product manufacturing and shipping work, the new approach will change the number of deliveries in the five largest metropolitan areas (Sapporo, Tokyo, Nagoya, Osaka, and Fukuoka), which account for about 70% of all stores, with the result that all stores will receive two deliveries per day. In addition, the measure is expected to reduce CO<sub>2</sub> emissions associated with store deliveries by about 8%.

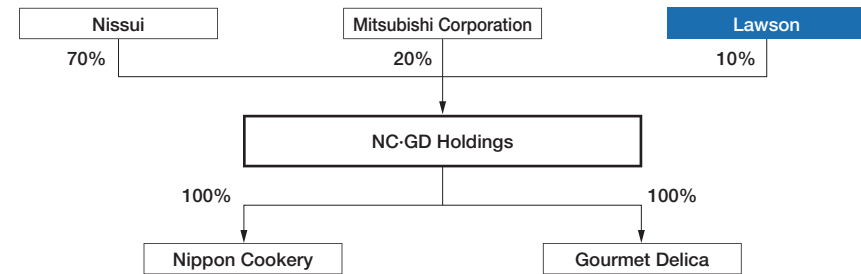


#### Using AI to optimize store delivery routes

We've been using AI to optimize delivery routes since 2020 in an effort to reduce CO<sub>2</sub> emissions. In October 2021, we introduced store delivery routes created using AI for deliveries to stores served by our room-temperature and frozen product distribution center in Gunma Prefecture (including about 400 locations), and simulations indicate that those changes have lowered the number of delivery trucks by about 8% and CO<sub>2</sub> emissions by about 7%. As of July 2023, the area covered by the initiative has been expanded to the Tohoku, Kanto, Chubu, Kinki, Chugoku, and Shikoku regions.

### Optimizing vendor structures and strengthening product appeal

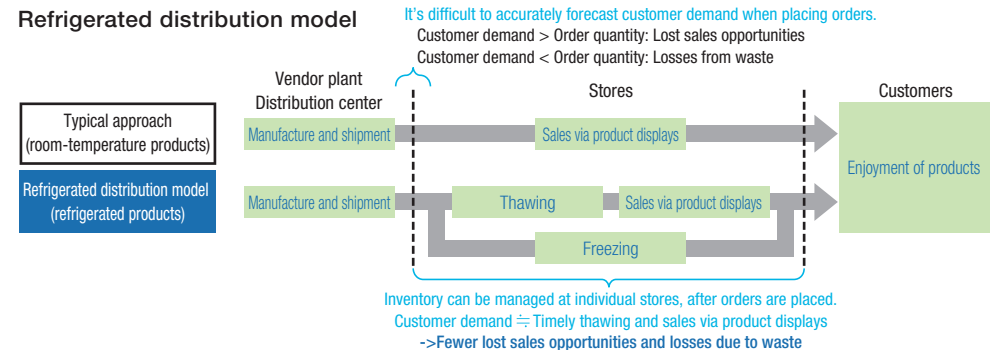
We're optimizing vendor structures in order to strengthen product appeal and maintain stable supply structures. In addition, we acquired a 10% stake in NC-GD Holdings Co., Ltd., which was established as the parent company of Gourmet Delica Co., Ltd., and Nippon Cookery Co., Ltd., both vendors that manufacture and sell products including rice balls, sushi, bento (boxed meals), and prepared foods to Lawson. The investment reflects an effort to provide better products to customers by enabling us to become even more deeply involved in product manufacturing and development.



### Establishing a refrigerated distribution model and expanding its coverage

We're working to develop product supply structures that draw on new refrigeration and thawing technologies so that we can offer a product mix that's tailored to customer demand while reducing lost sales opportunities and losses due to waste. A trial project has yielded a number of premium differentiated products made possible by refrigerated distribution, including trout sushi.

#### Refrigerated distribution model



## Customer-centric Supply Chain Reform Project

### Balancing supply chain optimization with measures to reduce food waste

Through a project centering on customer-centric supply chain reform, we are addressing food waste, one of Lawson's target social issues. We predict demand for each product based on individual store data such as weather and sales, then work to optimize the entire supply chain by making product ordering recommendations based on the predictions. We're also striving to maximize franchise store profit by improving daily sales and gross margin.

### Rolling out AICO, our next-generation ordering system, nationwide

We've worked to boost the precision with which stores place orders by relying on a semi-automatic ordering system (a system that uses AI to automatically calculate the optimal product mix and order quantities for individual stores based on their own data), which we introduced in 2015. We completed an advance verification of a next-generation ordering system that updated the older semi-automatic system for some stores in the Tohoku region\*1 in 2021 and for some stores in the Tohoku region and Tokyo\*2 from June through September 2022. Since that process yielded the envisioned benefits in terms of sales, gross margin, and waste volume in target categories\*3, we will begin deploying the approach to stores nationwide around March 2023 under the name AI Customized Order/AI Consultant (AICO). By augmenting the product mix and daily order quantity recommendations of the previous semi-automatic system with recommendations for discounts on streamlined system, AICO will help further reduce lost sales opportunities and food losses (due to waste).

### Vision for the new ordering mechanism

The AICO next-generation ordering system is designed to implement our individual customer and individual store-focused philosophy by reassessing how each franchise store's sales displays should be configured based on a focus on individual customers and providing AI assistance for ordering to realize that vision. Our vision is to support franchise stores through AI-generated recommendations while respecting local decisions and activities. This fundamental approach is reflected in the inclusion of the words "Customized" (emphasizing our commitment to tailoring advice to individual stores) and "Consultant" (evoking a relationship characterized by close partnership) in the system's name.



\*1 Approx. 60 stores

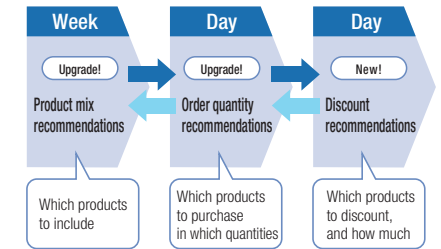
\*2 Approx. 180 stores

\*3 Target categories: Cooked rice products [bento (boxed meals), room-temperature sushi, rice balls, and chilled bento boxed meals], bread products, noodle products, prepared foods, desserts, bakery items, etc.

### Features of the AICO next-generation ordering system

#### Product mix recommendations

The system will generate weekly product mix recommendations based on each store's customers' purchase history, geographic location, and sales display characteristics. The system will make possible a product mix that better reflects each store's characteristics compared to the current semi-automatic ordering system.



#### Order quantity recommendations

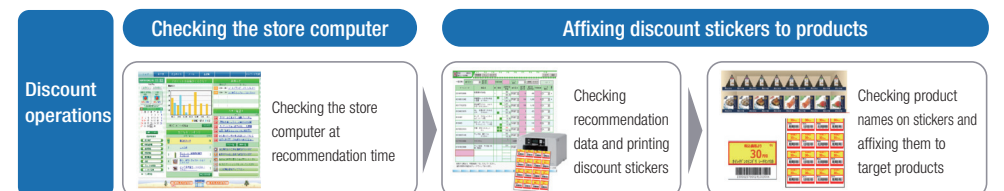
The system will provide more precise recommendations based on progress made in AI and computation technology since the introduction of the current semi-automatic ordering system. It will provide daily recommendations concerning the product order quantities that will maximize profit after forecasting sales based on a broader range of previous data gathered from "own store" and "other stores" (including weather, inventory status, sales results for individual products, and interconnectedness of sales across products).

#### Discount recommendations

The system will recommend discounts from the perspective of maximizing profit by utilizing the same sales forecasting logic as order recommendations. Although discounted sales of products whose expiration date is approaching traditionally has depended to a significant degree on each store's experience, the new system will make it possible to avoid unnecessary discounts while more effectively selling through inventory by using AI to recommend discount amounts and timings based on individual stores' daily inventory. In addition, by eliminating the need for experience, AICO will help boost the frequency of discounts, lower the workload on managers and veteran crew members, and streamline store operations.

### Boosting logic precision and establishing an optimal store guidance model

To prepare for the rollout of the new system, we will spend fiscal 2023 making additional improvements, developing structures that will allow owners and crew members to use it with confidence and peace of mind, and preparing for the deployment. As an example, relating to discount recommendations, we're planning to introduce a mechanism that will make it possible to easily print discount stickers after reviewing recommendations from headquarters as a way to reduce stores' operational workload. Through this and similar initiatives, we'll work to maximize franchise stores' profits while reducing lost sales opportunities and food losses (due to waste) by helping individual stores create the kind of sales displays they want from both digital (in the form of the next-generation ordering system) and analog (through store guidance from supervisors) perspectives.



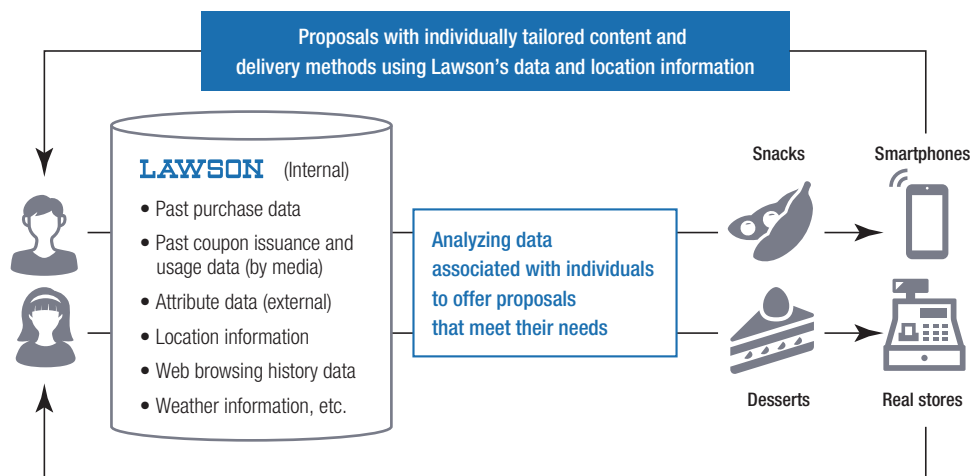
## Transforming Profit Structures and Productivity / Transforming Worker Motivation

### Transforming profit structures and productivity Unified Use of Group Data Project

#### Striving to expand our business using data and media

Our drive to realize unified use of Group data augments initiatives conceived to increase the sophistication of our domestic convenience store business, for example market analysis and product development, with an effort to expand the range of data subjected to analysis (data owned by Lawson Group companies, external data, etc.) and to enhance services that make use of data, with the goal of tapping new sources of revenue.

Principal initiatives include working to establish data-driven analytical techniques and efficient promotional models by improving operations through enhancement of the types of data we can collect, visualization of current conditions based on data, and resolution of outstanding issues. We've also started using techniques and models found to be effective to provide services to outside entities, rather than dedicating them to internal use only.



In addition to enhancing customer satisfaction by providing information that meets individual customers' needs, interests, and preferences in an appropriately timed and suitable manner, we're looking to boost headquarters earnings and secure new sources of revenue by utilizing the analytical techniques and promotional models we've developed.

### Transforming worker motivation Group Branding Project

#### Cultivating a sense of unity at the Lawson Group

The Group branding project represents a Group-wide effort to build a brand that resonates with customers.

When the project was launched in 2020, we defined the Lawson Group's core value as "a challenger that aspires to be useful to everyone" based on consumer research, employee workshops, and other input. This value aligns closely with how Lawson Group employees are working to realize the Group philosophy of "Creating Happiness and Harmony in Our Communities" in everyday life as in times of emergency.

In fiscal 2022, we opened an official Lawson Group account on the information-sharing website note.com, communicated information on the Group's information-sharing website, offered training, and held networking events in order to foster shared awareness of the core value while boosting loyalty. We also launched a Group branding page on the Lawson Group's official website in May 2023.

 Official Lawson Group note account (in Japanese)  
[https://note.com/lawsongroup\\_note/](https://note.com/lawsongroup_note/)

The Group branding project will continue to build Lawson's brand by communicating information inside and outside the Group about how the Group is embracing challenges on behalf of society and the communities it serves through the Lawson Group's official website and its official note account.

We will also continue to strive to realize the Group's philosophy while pursuing initiatives to foster a sense of unity, boost employee and crew motivation, and foster shared awareness in order to increase employee satisfaction.







## Business environment

In fiscal 2022, there was an overall upward trend in the flow of people despite repeated waves of COVID-19. Diversification in customers' lifestyles during the pandemic has led to increasing demand for daily-use products in convenience stores. In response to these changing needs, we have been undertaking store remodeling, with the total number of stores successfully remodeled between fiscal 2021 and the end of fiscal 2022 standing at 7,290.

In addition to increasing fixtures for frozen foods and daily foods, other features added via this store remodeling include offering Machikado Chubo in-store kitchens\*1 and the introduction of MUJI products\*1 in the hopes of attracting business for daily necessities through specific brand demand and as a result of browsing. We also undertook product innovation to make our frozen foods and daily foods more user-friendly. As a result of these efforts revolving around store remodeling, daily sales improved by 1.9% in fiscal 2022.

Also, we began the Happy Lawson Project\*2 in June 2022 in order to let customers know about the store remodeling, product innovations, and other sales floor and product changes. Thanks to the success of the store remodeling and the Happy Lawson Project and other marketing measures, despite the flow of people not being back to pre-pandemic levels, and excluding rice, noodles and soft drinks, which were greatly impacted by the reduced flow of people, sales in all other categories for fiscal 2022 were higher than pre-pandemic fiscal 2019 sales.

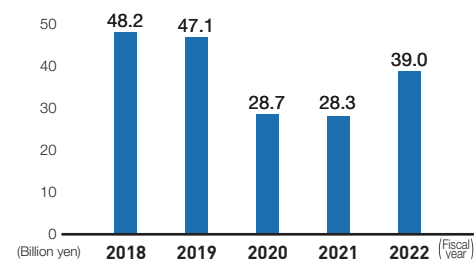


\*1 Machikado Chubo in-store kitchens: 9,191 stores in total; MUJI products introduced: 9,621 stores in total (as of the end of February 2023)

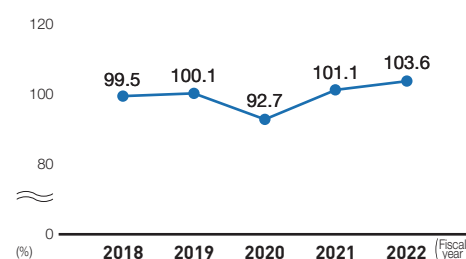
\*2 A long-term marketing project to be implemented until 2025, which is the 50th anniversary of Lawson's founding.

Will encompass a variety of initiatives, including a media strategy involving television commercials and other media promotion and product purchasing promotion efforts involving app coupons and other enticements.

Segment profit



Daily sales year-on-year



## Growth strategies

Using the following strategies, we are aiming for growth and development which is “community-based × individual customer and individual store-focused.”

### 1. Nationwide expansion of an area company system

In fiscal 2023, we introduced an area company system for our eight areas nationwide, transferring authority and functions from headquarters to area companies in order to strengthen our systemic, through pursuit of customer value creation at local stores, which are closer to the customer. The company presidents who are in charge of each company will oversee heightened strategy implementation.



### 2. Product strategy, sales strategy and store opening strategy

We will work to thoroughly ensure the deliciousness of our products.

For our staple products, we will endeavor to enhance product strength while optimizing product offerings for each area, such as by expanding availability of products which are locally produced for local consumption.

For our sales floors, we will ensure the breadth of our product lineup and volume of our inventory while ascertaining the differences in demand between regions and individual stores in order to reduce opportunity loss. Also, with the scheduled phased introduction of the AICO next-generation ordering system from fiscal 2024, we will strive to be even more adaptable to customer needs, avoid products being out of stock and reduce waste loss.

For store openings, we will look at area-specific demographic trends and, based on this, go about store openings with an emphasis on profitability. For convenience store business that can be profitable in areas with small commercial area populations, we will continue to utilize a diversity of store-opening formats, such as opening stores in new locations, like those areas without any other store, opening stores in hospitals or in conjunction with bookstores, or mobile sales.



## Multi-format store development



### NATURAL LAWSON

NATURAL LAWSON, which operates 131 stores nationwide (as of the end of May, 2023) as a nearby store supporting “beautiful, healthy and comfortable lifestyles,” is focused on “supporting health and beauty,” “seasonality” and “safety and reliability.” To realize these ideas, it offers a unique and carefully selected lineup of environmentally friendly detergents, cosmetics, and other daily products, as well as delicious and healthy food products, while also offering great value.

#### Growth strategies

##### Promotion of physical and mental well-being

By offering customers the excitement of discovering products they have never seen before and the happiness that comes from finding your own, personal favorite product, we support not only the physical but also mental health of customers.

(1) We will pursue a greater variety of health-related themes than ever before.

We will make an active effort to offer products suited to the diversifying dietary habits and health concerns of customers.

(2) We will build up our fresh-baked goods bakery.

We will deliver a menu of items which are deliciously baked in the in-store ovens found only at NATURAL LAWSON.

(3) We will carefully select an assortment of products from all over the world and Japan that have scarcity value.



## Healthcare-focused stores and stores selling over-the-counter pharmaceuticals

Through partnerships with dispensing pharmacies and drug store chains, as well as training registered sales personnel, we are expanding the number of stores that sell over-the-counter pharmaceuticals and prescription drugs. We also continue to open healthcare-focused stores offering a wider assortment of cosmetics and daily-use products than ordinary Lawson stores. At some stores equipped with drug-dispensing pharmacies, we are trialing online drug administration guidance, prescription pick-up, and other services. In addition, from February 2021, at some of our stores handling over-the-counter pharmaceuticals, we started the first deliveries of pharmaceutical products using Uber Eats in Japan. This service handles (as of the end of May, 2023) 63 types of Type-2 and Type-3 OTC drugs, including cold medicines, eye drops and stomach medicines. The service is tailored to the needs of customers who want to purchase medicine without having to go out.



### LAWSON STORE 100

In response to changing customer needs, we have revamped the store concept for LAWSON STORE 100 (659 stores throughout Japan as of the end of May, 2023) to being a “Menu-Support Convenience Store” well suited for daily use that meets the growing demand for eating at home. With these stores we actively work to enhance the product appeal of private brands in order to strengthen seasonal meal ideas that support the daily dining table of our customers, and we promote brand strategies to encourage purposeful purchases reminiscent of LAWSON STORE 100 and allow us to be a Menu-Support Convenience Store that fully capitalizes on the advantages of being small stores.

#### Growth strategies

##### Becoming a “Menu-Support Convenience Store” that offers daily meal ideas

As a convenience store which is responsive to customers’ lifestyles, particularly with regard to fresh foods and daily food items, we are focused on developing and improving our ability to support the daily lives of people through the “seasonal ideas,” “customer communication,” and “safety and security” we provide on the sales floor. While keeping abreast of macro consumption trends, such as population aging and the increase in single-person households, we will utilize customer segment data to help us accelerate individual store management together with franchisees, and thereby increase market share within commercial areas.



## Hospital LAWSON (in-hospital) convenience stores

Lawson has responded to hospital patients’ needs for convenience stores by opening Hospital LAWSON stores. We are now No. 1 in terms of number of convenience stores in hospitals. Besides our regular products and services, Hospital LAWSON stores feature a lineup of products designated by hospitals, and we also cooperate with individual institutions to develop customized stores and services, such as mobile sales wagons.

Recognizing the hospital as a community in its own right, we seek the daily happiness of all hospital patients by giving careful consideration to their detailed needs.



## Lawson health initiatives

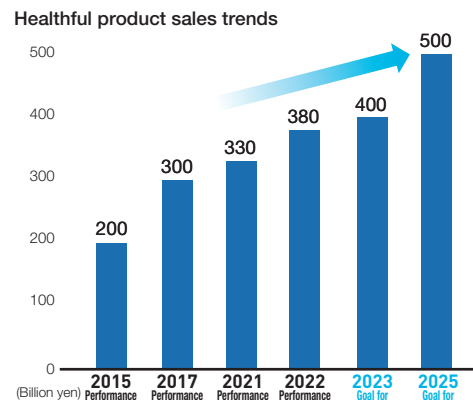
### Initiatives on healthful foods

The Lawson Group is developing a range of initiatives in response to increasing health awareness among customers. In 2001 we launched NATURAL LAWSON, which has served as a laboratory for developing health-conscious products that have been sold at Lawson stores nationwide.

Sales of these healthful products represented roughly 20% of our total food products in fiscal 2015, growing to around 26% of total food products in fiscal 2022, and we are working to provide a wide range of products that encompasses everything from onigiri rice balls, healthy and functional baked goods and salads to candy, chilled drinks, processed foods and more.

Lawson offers approximately 3,000 healthful products (including national brand products) in a wide range of categories, from dietary staples and famous KARAAGE-KUN Fried Chicken\* to confections and drinks. Our target for healthful product sales is to reach 500 billion yen in 2025, which is roughly 40% of the total SKU count.

\*The protein content of KARAAGE-KUN Fried Chicken (5 pieces) is approximately 14g.



### Product development targeting deliciousness and health

In product development, we have established 10 health themes based on our own standards and are creating products that enable the intake of essential nutrients, such as vegetables and protein, while controlling sugar and salt content. Ever since the COVID-19 infections, customers' awareness of health and food has changed, and there is a growing demand to not only cut calories and sugar for dieting but also to actively consume protein and dietary fiber to maintain health.

For fiscal 2023, our aim continues to be to offer tastier food under the theme of "stay healthy while eating what you like." We are strengthening our product focus in areas where customer need is particularly high, namely protein, dietary fiber, sugar and fat, and we are also pursuing easy-to-understand display methods on the sales floor, such as by displaying nutrient content on packaging through the use of color-coded markings.

#### LAWSON Farm

In order to ensure a stable supply of domestic farm produce to Lawson Group stores, we have established LAWSON Farm, a corporation eligible to own farmland, at 16 locations nationwide (as of May 2023). LAWSON Farm employs the Nakashima method of farming, which involves conducting soil diagnoses to develop ideal soil for growing crops before planting, and which supplies appropriate nutrition according to the growing conditions to produce healthy, delicious vegetables and fruits.



### Reinforcement of 4 themes

Stay healthy while eating what you like

#### More protein

Tasty products providing an easy source of protein



#### More fiber

Products providing an easy source of dietary fiber, which people often lack



#### Low carbs

Use of bran (grain husks) to control carbohydrate intake











#### Low fat

Products providing oils which are good for the body



### History of initiatives for healthful food

From 2012		From 2015	From 2018	From 2020	From 2021	From 2022	
Low-carb	Dietary fiber	Vegetables	Vegetables	Low-salt	Low-carb	Protein	Dietary fiber
Bran bread	Onigiri rice balls with sticky barley	Smoothie series*1	Motto! Yasai ("more vegetables") series	Curry that brings out the umami flavor of its ingredients	Expand to dietary staples	Greater protein	Greater dietary fiber
							

\*1 Packaging was changed in fiscal 2022.



## Supporting franchise store management and reinforcing trust

Lawson's closest, most strategic partners are the franchise store owners and store crews who serve customers on the forefront in communities throughout Japan. Strengthening the trust between franchise stores and Lawson while striving to develop stores that serve as essential "hubs of refreshment in every community" for customers and their local areas, is crucial to realizing the Group's Corporate Philosophy: "Creating Happiness and Harmony in Our Communities."

Lawson is using digital technology to reduce the need for staff and labor in store operations, while headquarters contributes by supporting franchise store recruitment activities and optimizing their benefit packages, as well as by strengthening various initiatives and systems to encourage sound store management through clear, open communication.

Also, in order to improve franchise store profitability, we offer various means of support, including support for day-to-day sales floor development by supervisors, partial assumption by headquarters of disposal costs in order to facilitate product lineup strengthening, active introduction of energy-saving equipment, and improvement and simplification of store operations.



## Recommending and supporting multiple store operations

Lawson recommends that its franchise store owners operate more than one store. This enables them to spread the risk posed by the emergence of new competing stores so that they can maintain more stable management than when operating a single store, while expanding their business easily. A key aspect of multiple store operations is the development of store managers who can be relied upon to manage store operations in place of the owner.

In fiscal 2020, Lawson started providing support for store manager training, in which Lawson trainers visit individual stores to provide on-the-job training (OJT) to develop the skills of franchise store managers. Furthermore, in fiscal 2023, Lawson is launching digital technology-driven, content distribution-based, on-demand training and online store manager training which can be participated in from anywhere in the country. As of the end of February 2023, the multiple store operation ratio stood at 77.9%\*, while the multiple store ownership ratio was 47.4%\*.

\*Excluding LAWSON STORE 100

## Management Owner (MO) system

Lawson has established the Management Owner (MO) system to strongly support franchise store owners operating multiple stores through a reinforced partnership with the Company. The MO has made a substantial contribution to the progress of the Lawson chain as a whole, not only by enhancing the brand image of the Lawson chain through development of model stores and sales floors, but also by exchanging opinions or proposing improved work procedures to headquarters management personnel as representatives of the franchise stores in their region. As of the end of February 2023, there were approximately 200 MOs operating stores in various regions of Japan.

## Considerations when entering a franchise contract

As for franchise contracts, in matching new aspiring franchisees with franchise properties, we generally take care to present them with existing properties which have visible status of current sales and profitability, so that they can feel reassured in concluding franchise contracts and getting involved in store operations. Meanwhile, upon confirming their intention to undertake management, we proceed with contract signing and opening of the new property. Furthermore, in fiscal 2020, we created a new 5-year contract package as an option for those who feel less confident about signing up for the existing 10-year franchise contract.



**Feature Management Owner**

## Making the convenience store into a desirable profession

CEO Active Co., Ltd.  
**Naomi Ishizuka**

Naomi Ishizuka currently operates 25 Lawson stores within Shizuoka. When the Management Owner (MO) system launched in 2010, she was one of the inaugural MOs. Despite overseeing approximately 450 employees, she is very fastidious about her stores and continues to make in-store visits to help with operations. What is the appeal of being an MO and of working for Lawson? We talked with Ishizuka to find out what she thinks.

### I want to show how I work to my employees

“The difference, I feel, after becoming an MO is that I have a larger perspective from which to see the store network and Lawson itself. When I was an individual store owner, my perspective was limited to just my store and its environs, but, after becoming an MO, I work together with headquarters in coming up with strategy for my entire area,” says Ishizuka. Before she was an MO, Ishizuka ran three stores, and, before that, she was a beautician.

“I became an owner for the first time in 1994. Before becoming an owner, I was the manager of a beauty salon. I started running a Lawson store in order to put to use some land that my mother owned, but, when I put others in charge of running it, things didn’t go well. So, I quickly quit the beauty salon and took over running the Lawson myself.”



Feature

## Management Owner

When Ishizuka quit, the salon owner told her to make sure to work the hardest of everyone around her. If she didn't, the owner said, people wouldn't follow her. "I took those words to heart and started at the store without ever having worked a cash register. Even now, I still do the cash register, stock the shelves, place orders and all the other tasks. I say the same thing to every new Lawson franchise store owner who comes to my store for training. My feeling has always been, and will always be, that I want to show how I work to my employees."

It was in 2008, when Ishizuka was running three stores, that she was invited by Lawson Headquarters to apply to be an MO.

"Because things weren't going how I was hoping at the three stores, I lacked confidence and declined the offer; however, during owner training, we were told by Lawson Headquarters that 'labor shortages will become increasingly serious in an era of population decline. That is why we need to build an MO system that will serve as a strong management foundation.' I couldn't sleep that night. I was thinking about how, once the crew members who had supported us ever since our founding got older, they would need some place to work as well as in the store. So, I returned to the stores, talked with the crew leaders about the extra responsibilities that would fall to them if I try the new role, and they said they understood it. So I became an MO and started opening multiple new stores."



## Products found seemingly everywhere, presented in displays seen nowhere else

Store management is carried out strictly by the book. "Ideally, I would tailor the entirety of my sales floors and products to suit each store, but that's a luxury I just don't have yet. This means, then, that the first thing to do is to arrange each store according to a recognizably set pattern. Every detail, like what numbered hole to affix the product shelf plate to, is meticulously predetermined."

She does things this way because of the bad experiences she's had with employees quitting one after another when the responsibility for such decisions was left up to others.

"Running a convenience store is hard. You cannot expect a young person to suddenly be good at it when he or she has no experience. They get scolded when there is a lot of waste loss because of poor ordering, or when there isn't a crew member to fill a hole in a shift. This sort of thing makes them lose confidence and they quit. I finally realized this after talking with employees who had quit. That is why, now, I have people start with a set model and build up success using it. And once they learn a model, they can break it. It was by having people learn the model before they start making their own adjustments that allowed them to grow."

When asked what was of central importance to running a convenience store, Ishizuka answered, "How to generate profit as efficiently as possible in a store with limited floor space; the key is to use the product sales share as a barometer of customer needs."

In the past, the number of display shelves exceeded the sales share for daily-use products, before she found the actual share was just a few percent, according to her. "With the introduction by the Sweeping Transformation Executive Committee of new refrigerators and other equipment, we had a foundation of equipment with which to pursue store development which is matched to sales share. We monitor the daily sales share and look for how to increase daily sales by even just 1,000 or 2,000 yen. I believe that headquarters thinks the same and is helping by changing the composition of the sales floor. The area company system has also been started, which I think will further accelerate the speed of decision-making and make it easier

for owners to provide their input and feedback.

"We must make customers happy by providing them with products found seemingly everywhere but presented in displays seen nowhere else. This is where a convenience store manager shows his or her skill. When ordering, you decide what you think will sell and how much it will sell, lock it in for that week and then think about how to sell it, how to do the POP display, etc. This is what makes this business interesting.

"With the changes made to the sales floor as a result of the Sweeping Transformation Executive Committee's measures, I am thinking hard about how to leverage them for business to produce quantifiable results. President Takemasu says that 'it is the actual store that is everything,' and that is absolutely true. I want to create a good sales floor and do a job worthy of that blue Lawson sign."

In the summer of 2022, Ishizuka began trialing something new. "I am moving to 'cross-functional' operations, where ordering, sales floor development, human resources development, and other duties traditionally handled by store managers are made the full-time responsibility of others who are good at them. There is no precedent for this; I am completely feeling my way as I go. Everyone has strengths and weaknesses, so isn't it better to have a system which lets people make the most of their talents and passions? If I can get all of the roughly 450 employees that I am responsible for to make the most of their different strengths, the result will be truly powerful."

So, what is Ishizuka aiming to achieve in the future? "Making the convenience store into a desirable profession," she replies.

"I want the owners and crew members to feel pride in their work. In the past, the job of a beautician used to be considered undesirable as well, but, with the emergence of charismatic beauticians, it has been transformed into a popular profession. Image is important. That is why I have always cared about crew members' appearance. Of course, this is a business, so it is important to make money. I make good money and drive a nice car, and the money my business makes I want to use to provide a work environment where employees feel motivated, which includes pay and benefits, and where the recently growing number of crew members from overseas feel that they can achieve the Japanese Dream."





Seijo Ishii

## Business model and strengths

### [Business model]

Seijo Ishii utilizes its own unique business model of “vertical integration of food,” in which all of its processes, from importing, logistics, and manufacturing to wholesaling, retail sales, and restaurant operations, are carried out in-house. By performing the product planning, manufacturing, procurement and sales functions itself, Seijo Ishii is able to dynamically adapt to customer needs and trends and the raw materials procurement environment.



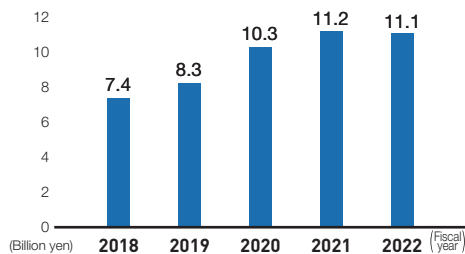
### [Strengths]

- Good brand strength backed by high-quality products and services
- Varied store formats adapted for train station buildings, street-level stores, and shopping centers
- Unique product category composition with a high proportion of products from the company's central kitchen and original products

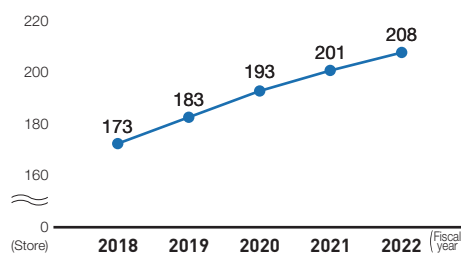
## Business environment

With the increase in shut-in demand caused by fewer people going out and more people working from home during the pandemic, sales of fresh food, groceries, and confectionery, centered on large street-level stores, increased significantly for fiscal 2020 to 2021. In fiscal 2022, despite some degree of rebound from the shut-in demand, sales continued to grow as a result of the strong performance in sales stemming from new store openings and dishes prepared in the company's central kitchens.

### Segment profit



### Number of stores



\*Total for direct management stores, franchise stores and Le Bar à Vin52

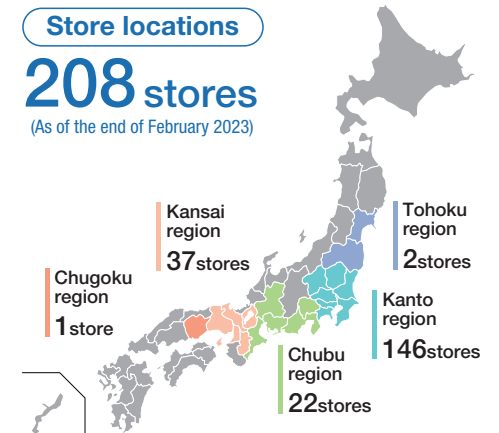
## Growth strategies

### Accelerate store openings and explore new store opening formats

With an eye toward future expansion of the store network and developing new mainstay products, the new, integrated central kitchen, the Yamato No. 3 central kitchen, went into operation in July 2022, doubling the existing manufacturing capacity (equivalent to 400 stores). The company will continue to open stores in the Kanto region, while also strengthening its expansion into western Japan. In addition, it is tackling the challenge of opening stores with new formats, such as the Seijo Ishii BAKERY specialty store opened in Osaka City in April 2023.



Yamato No. 3 central kitchen



\*Total for direct management stores, franchise stores and Le Bar à Vin52

## Strengthen e-commerce business

Efforts continue to strengthen e-commerce and promote last-mile business initiatives which use delivery services such as Uber Eats. In March 2022, we jointly developed and opened the Seijo Ishii net supermarket on Amazon.co.jp; in January 2023, a store was opened in the ANA Mall; and in May 2023, a store was opened in the JAL Mall.

\*Amazon and Amazon.co.jp are trademarks of Amazon.com, Inc. and its affiliates.



Lawson Entertainment



UNITED CINEMAS

## Business model and strengths

### [Business model]

**Lawson Entertainment:** Develop Lawson Ticket and Lawson Travel, etc., ticket business and HMV store and e-commerce, etc., merchandise sales business. Acquire content through a variety of business, plan Lawson store campaigns and other marketing, and develop, manufacture, and wholesale original products.

**UNITED CINEMAS:** Develop cinema complex business, and peripheral business, such as advertising sales using theater media.

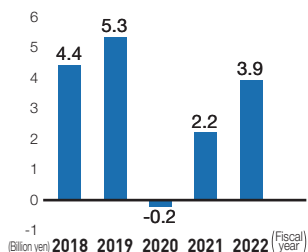
### [Strengths]

- Top-class sales strength in terms of ticket agency share
- Able to leverage the Lawson Group's comprehensive strength to procure content
- Planning and sales strength with regard to products and services which fuse “reality and the Internet” and “goods consumption and experience consumption”
- Highly competitive thanks to active efforts to provide added value, such as with a 4D movie screening system

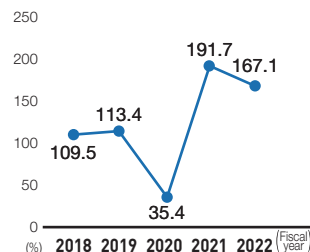
## Business environment

Amidst an accelerating trend towards digitalization caused by changing consumer habits during the pandemic, we took full advantage of the Lawson Group's strength to expand our ticket business and cinema complex business by utilizing both real stores and the Internet. As a result, Lawson Entertainment's ticket business in fiscal 2022 was higher than it was for fiscal 2019. In e-commerce business, we expanded our merchandise and saw significant growth in sales compared with fiscal 2019. Also, in the UNITED CINEMAS cinema complex business, the transaction amount per customer increased due to differentiated theater management offering 4DX® (experiential viewing), IMAX®.

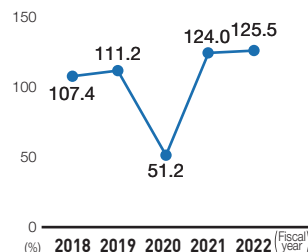
Segment profit



Lawson Entertainment Ticket Sales (YoY)



UNITED CINEMAS Customer Attendance (YoY)



## Growth strategies

### 1. Develop services which seamlessly provide both entertainment and travel tickets

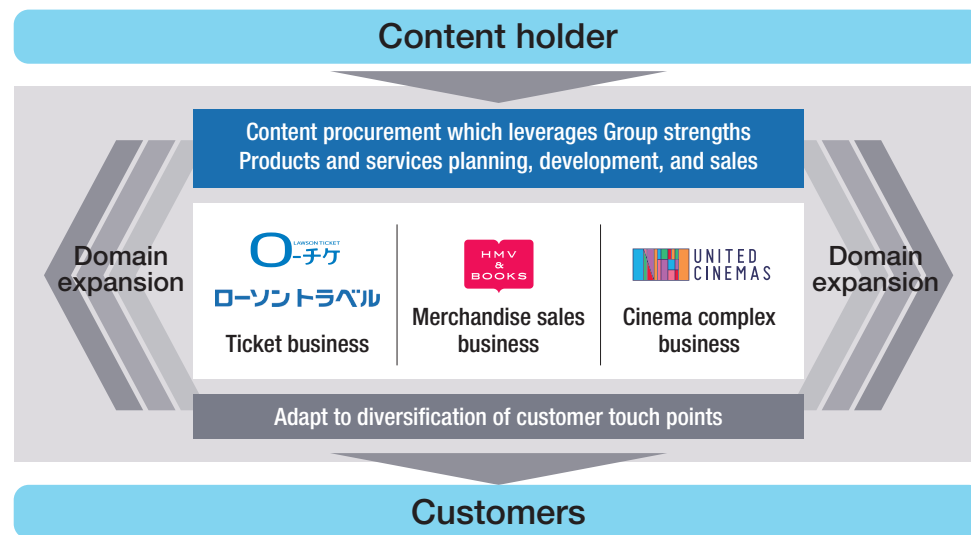
For ticket business, we will put in place a platform through which both entertainment and travel tickets can be purchased and will develop it into a ‘one-stop shop’ where a person can, for example, organize his or her concert tickets, means of transportation (plane, train, etc.), and accommodation.

### 2. Pursue development of entertainment-related products for new domains responding to market changes

In merchandise sales business, we will further build up the planning and development strengths which the Lawson Group has cultivated and will expand the products and services domains handled by stores and e-commerce to new domains, such as cosmetics and sports-related domains.

### 3. Develop entertainment complex business

In cinema complex business, we will provide value-added services using theater facilities, such as acoustic sensory premium seating, to increase theater attendance numbers. In addition, we will broaden the customer base by screening content other than movies. Also, we will strengthen merchandise sales, marketing, sales promotion, and other business, using theaters as a touch point with media and customers.





Lawson Bank

## Business model and strengths

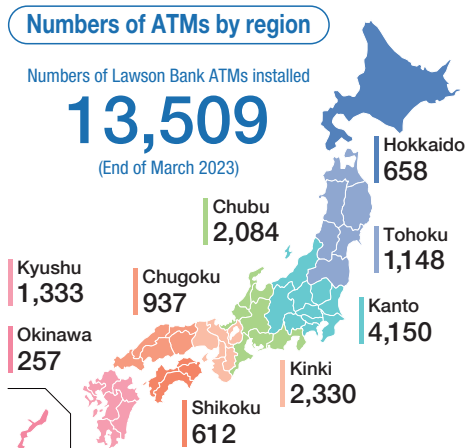
### [Business model]

- Develop ATM business which has as its foundation the Lawson Bank ATMs installed in Lawson stores and other locations in all 47 prefectures, as well as develop deposit, credit card, etc., retail business.
- Utilize the ATM network to provide services which connect ATM users with partner financial institutions and cashless operating companies.

### [Strengths]

- Network encompassing 385\* partner financial institutions and others
- 13,509\* ATMs installed in all 47 prefectures in primarily Lawson stores, which are used by more than 3.6 billion people annually
- Systems and structures in place which enable ATM access 24 hours a day, 365 days a year
- Offers Lawson Ponta Plus credit card service in partnership with Ponta Card, which has a membership base of over 100 million members

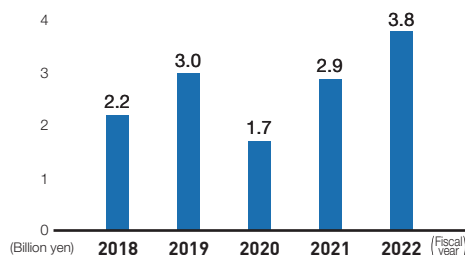
\*As of the end of March 2023



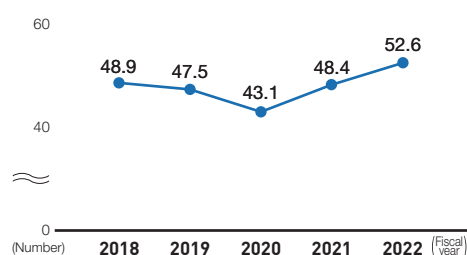
## Business environment

Because of the strict restrictions on people's activities during the pandemic, customer numbers for Lawson stores declined, which resulted in a drop in ATM usage. However, in fiscal 2022, the rebound in the flow of people and the demand for going out helped to increase customer numbers in Lawson stores, which in turn increased the average number of ATM transactions per day per machine to 52.6, an increase of 5.1 compared to fiscal 2019 before the pandemic. Also, with the growing adoption of cashless payment, there is increased use of Lawson Bank ATMs to charge up payment applications using cash.

### Segment profit



### Average number of ATMs used (per machine per day)



## Growth strategies

### 1. Strengthen ATM business

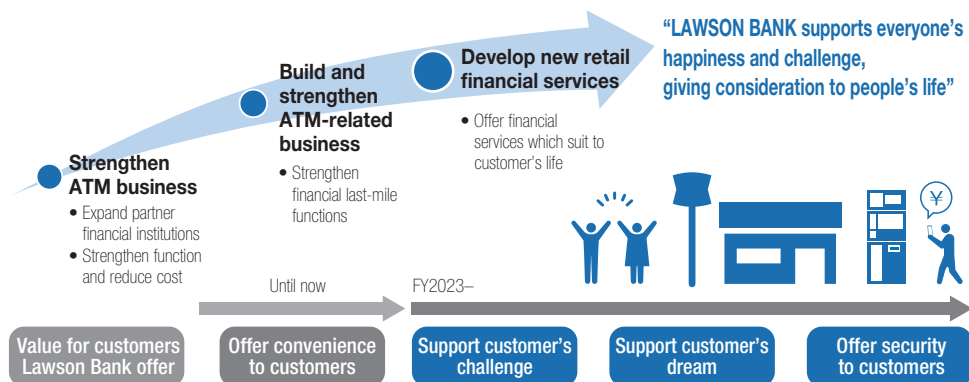
We will work to increase the number of ATM users by expanding our partner financial institutions, as well as expand the number of ATMs installed in locations other than Lawson stores. We will also implement measures aimed at expanding usage of existing services, such as ATM-based payment application recharging, overseas remittance card handling, and ATM-based sales deposit services. In addition, we will work to add new and expanded functions and services that will keep people using ATMs.

We are considering linking our ATM Stamp Cards, which we have been implementing since September 2021, with Ponta Card, and, by using Group data and with the agreement of ATM users, we will develop measures that can be used on an ongoing basis.



### 2. Develop new retail financial services

We will work to deliver new retail financial services tailored to customers' daily lives and aimed at "providing needed services when they are needed" in order to make Lawson Bank the "bank closest to customers" and to build up these retail financial services as the "second pillar of profitability" after ATM business.





## Business model and strengths

### [Business model]

As a franchise chain of Japanese-style convenience stores, we provide franchised store support and products and services that incorporate Japanese know-how, develop and sell original products tailored to each region, and oversee the supply chain.

### [Strengths]

- Know-how that has been accumulating since 1996, when we opened our first Japanese-style convenience store in China
- High brand strength, with 20 out of 24 areas where Lawson stores have been opened in China recognizing it as the “No.1 CVS that people want to use”

\*Based on consumer survey for the second half of 2022



Lawson store exterior in China

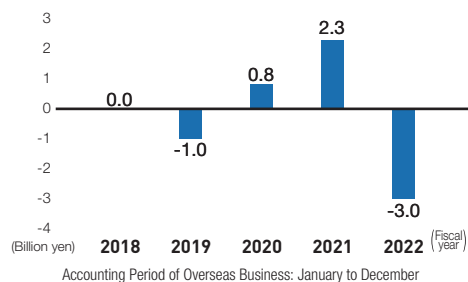
Area	When first store opened
China	July 1996
Indonesia	July 2011
Hawaii (U.S.)	July 2012
Thailand	March 2013
Philippines	March 2015

## Business environment

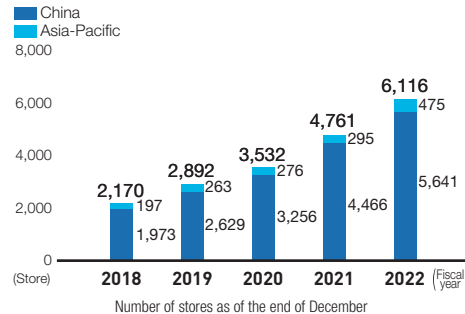
In China, from fiscal 2020 to 2021, despite sporadic restrictions on activities due to the pandemic, we came up with stronger delivery, live commerce, etc., services that provided sales growth. In fiscal 2022, the business environment was severe throughout the year as a result of large-scale restrictions on activities across all of China, such as the total lockdown of Shanghai; however, the flow of people recovered, as did sales, as cities one by one passed their peak infection point, and, in March 2023, sales at existing stores had surpassed those of the previous year.

In regions other than China, since fiscal 2020, we have suspended business at stores, shortened store hours, and taken other measures in response to the impact of the pandemic; however, the flow of people, as well as sales, have been recovering as restrictions on activities are eased and abolished.

### Segment profit



### Number of stores



## Growth strategies (China)

### 1. Accelerate store openings

We will train management personnel and utilize our base of know-how accumulated to this point to expand store openings into other areas, with the aim of having 10,000 stores by fiscal 2025. In China, due to differences in culture and economic level in different regions, we will use subsidiaries operating in each cultural area as the starting points from which to open stores, and we will use area licenses, M&A, and other means to expand our business.

### 2. Enhance product strength and pursue DX

We will pursue insourcing of PB products and development of products which promote health. Also, in addition to working on the sustained acquisition of out-of-store income, such as delivery services for which sales are expanding, we will pursue digital transformation (DX), such as the development of group chat and SNS live-stream-driven marketing.



## Growth strategies (Asia Pacific)

### 1. Accelerate store openings

Our goal is to open 3,000 stores by fiscal 2025. In order to further accelerate store opening, we will collaborate with local leading companies, as well as pursue full-scale franchise expansion in the Philippines, expand store openings to major cities outside of Jakarta in Indonesia, and undertake other forms of business promotion.

### 2. Enhance product strength

We will expand our range of competitive, high value-added original products, focusing primarily on counter fast foods and chilled products. Also, while continuing to incorporate products which are popular in Japan and China, we will strengthen development of products which are tailored to each region; e.g., to its food culture.

We aim to **disclose information** to meets market needs so that we can be properly evaluated

Member of the Board  
Executive Managing Officer,  
Chief Financial Officer  
**Masayuki Itonaga**



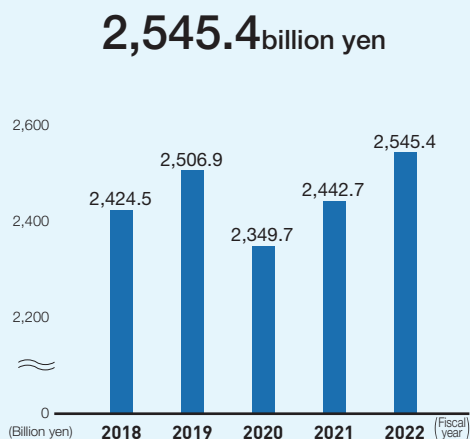
## Restore pre-pandemic profitability levels as soon as possible

My primary mission is to return the company to pre-pandemic profitability levels at the earliest possible date.

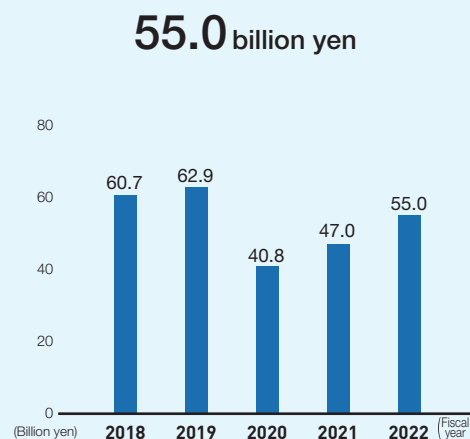
We launched the Lawson Group Sweeping Transformation Executive Committee in September 2020 and customers were able to experience the changed sales areas through attractively remodeled stores and new products. The Happy Lawson Project (nickname: Happy-Law ! ) was launched with the aim of encouraging customers to visit Lawson stores more often. In addition to the success of these initiatives in the past three years, the post-pandemic recovery of customer traffic at stores helped us to exceed our projected operating income, ordinary income, and profit attributable to owners of the parent in fiscal 2022. We believe that being able to respond to changes in the post-pandemic business climate through effective measures and achieving these better-than-expected results in fiscal 2022 has paved the way to achieving the performance indicators of the Lawson Group Challenge 2025 initiative.

However, we have not yet achieved the level of market recognition we are aiming for, and we feel that we need to proactively approach all stakeholders to accurately identify their needs and disclose information to them. Through a commitment to information disclosure, our goal is to improve the market's recognition of Lawson, its growth strategy, and its prospects.

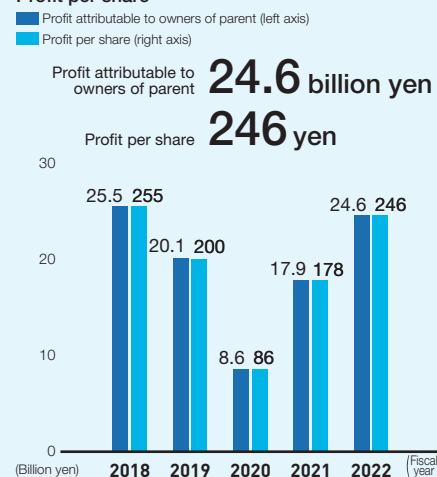
Net sales of all convenience stores (Consolidated)



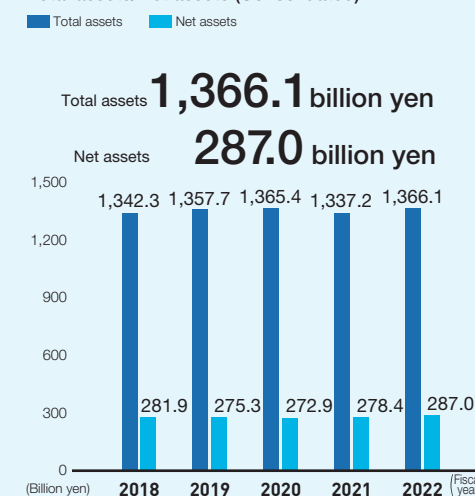
Operating income (Consolidated)



Profit attributable to owners of parent/  
Profit per share



Total assets/Net assets (Consolidated)



## Challenge 2025 performance indicators for fiscal 2025 Achieve ROE of 15% or higher and EPS of 500 yen or higher

We believe that we must achieve ROE of 15% or higher and EPS of 500 yen or higher, which are the indicators of Lawson Group Challenge 2025. To achieve this, it is important that we steadily implement the Action Plan for Lawson Group Challenge 2025, which we explained at the fiscal 2022 financial results briefing.

The core operating profit target for fiscal 2025 is 100 billion yen or more (IFRS), which will not be easy to achieve considering the core operating profit was 64.3 billion in fiscal 2022. However, the domestic convenience store business achieved 3.6% year-on-year sales growth in 2022 despite the pandemic preventing a recovery in customer traffic.

During the three years through fiscal 2022, we invested mainly in store remodeling and other projects through the Lawson Group Sweeping Transformation Executive Committee, as well as in spreading awareness of the Happy Lawson Project! (Happy-Law!), which was launched in June 2022. From fiscal 2023 onwards, we seek to increase the effectiveness of these investments. For fiscal 2023, we plan to achieve year-on-year sales increases of 6% in the first half, 2% in the second half, and 4% for the full year. We believe that we can achieve our core operating profit target of 100 billion yen or more in fiscal 2025 by reaping the benefits of our investments and steadily executing our action plans with a full-fledged recovery of customer traffic.

## Capital expenditures and cost control

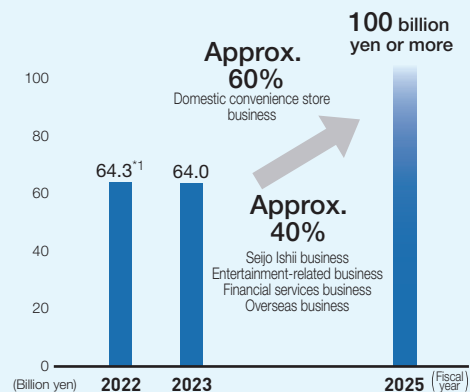
Capital expenditures were 88.0 billion yen in fiscal 2022 and are projected to increase to 117.0 billion yen in fiscal 2023. While store investment in fiscal 2022 was mainly through remodeling of existing Lawson stores on a non-consolidated basis, store investment in fiscal 2023 will mainly consist of opening new stores overseas. In addition, Lawson will continue to remodel existing stores on a stand-alone basis. The company has been installing frozen food fixtures to expand its lineup of daily use products, and renovations in target stores were completed in fiscal 2022. From fiscal 2023, we will remodel our stores in a more environmentally friendly manner. We will replace aging refrigeration systems with equipment that reduces CO<sub>2</sub> emissions and install solar power generation equipment to reduce utility costs.

Lawson plans to increase marketing expenses by 10 billion yen in fiscal 2023 compared with the previous fiscal year. In addition to our Happy-Law ! media strategy, these expenses are aimed at reducing missed sales opportunities through expanded product lineups and realizing synergy by being rooted in "community-based x individual customer and individual store-focused operations." This will achieve the goals of the Lawson Group Challenge 2025.

We will significantly expand our product lineup and the volume of inventory so that we live up to customer expectations all over Japan.

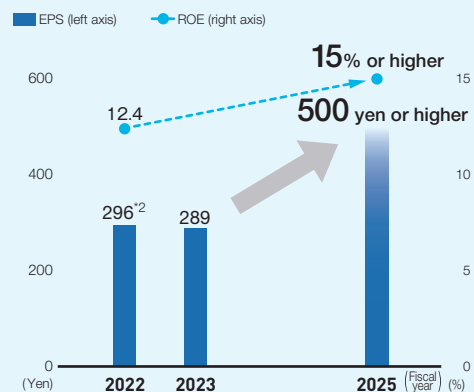
### Challenge 2025 performance indicators for fiscal 2025 ROE 15% or higher EPS 500 yen or higher

#### Core operating profit



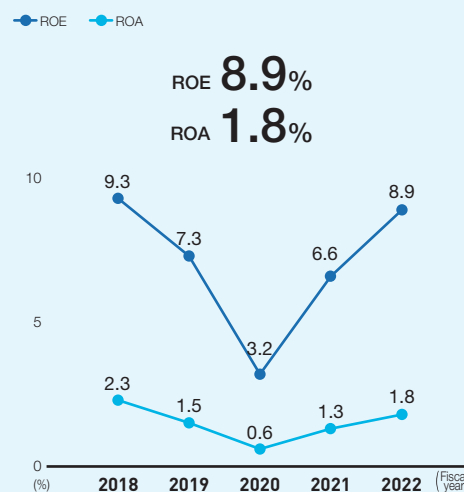
<sup>1</sup> Operating income (Japan GAAP): 55.0 billion yen

#### Basic earnings per share (EPS)/ Return on equity attributable to owners of parent (ROE)

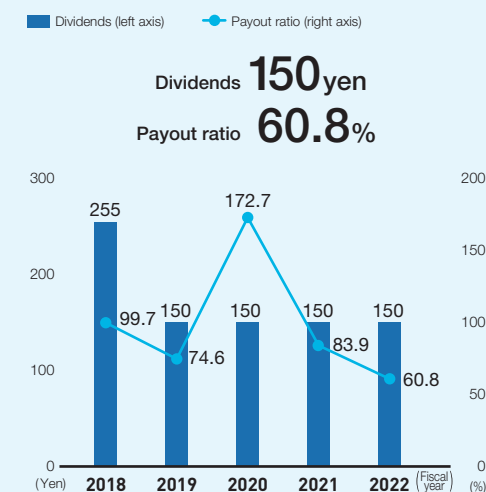


<sup>2</sup> EPS (Japan GAAP): 246 yen

#### Return on equity (ROE)/Return on assets (ROA)



#### Dividends/Payout ratio





## Choose capital policies conducive to growth

Growth and capital profitability are the criteria for judgment of our capital policies. We make concentrated growth investments in our core domestic convenience store business and at the same time consider appropriate capital policies that will be considered with a view toward industry reorganization and M&A. While always striving to balance capital policy and shareholder returns, we aim to achieve the performance indicators of the Lawson Group Challenge 2025 by boosting the growth and corporate value of the Lawson Group as a whole.

Seijo Ishii's application for listing was also part of our capital policy for the growth of our group companies. In light of the market environment, we withdrew the application for listing in December 2022. However, we will continue to support that company's growth while studying capital policies conducive to growth.

## Increase shareholder returns

We have decided to change our shareholder return policy from fiscal 2023. Our former policy, which began in fiscal 2019, was to pay dividends with a target consolidated payout ratio of 50% in addition to the minimum annual dividend of 150 yen per share. We will boost shareholder returns toward fiscal 2025. Specifically, the minimum annual dividend per share has been set at 200 yen for fiscal 2023, 225 yen for fiscal 2024, and 250 yen for fiscal 2025, and actual dividend paid each year will be either this amount or a consolidated payout ratio of 50%, whichever is higher. In addition, we will consider additional returns, with a target total return ratio of 70% for the cumulative period from fiscal 2023 to fiscal 2025.

The background for strengthening shareholder returns is the improved profitability of the headquarters and franchise stores. We reduced the dividend in fiscal 2019 due to the need to strengthen support for franchise stores suffering from higher labor costs caused by labor shortages. Since then, as a result of efforts to improve the profits of our franchisees under our franchise store profit-focused management policy, despite the negative effects of the pandemic in fiscal 2020, we were able in fiscal 2021 and 2022 to maintain franchisee profit per owner at a higher level than it had been before the pandemic. The measures we have taken over the past several years, including launching the Lawson Group Sweeping Transformation Executive Committee, have been successful and the profitability of the headquarters and franchise stores has improved. This led us to decide that the time has come to strengthen returns to shareholders and increase dividends.

## The value of dialogue with stakeholders

In early May, We went to Europe on our first overseas IR trip in three and a half years. We visited 10 companies in three days and were able to see firsthand what investors want, and I believe that we were able to conduct extremely fruitful discussions. We will continue to actively seek opportunities to meet directly with investors in Europe, North America, and Asia.

In the convenience stores business, everyone involved is a customer. This includes investors, business partners, franchise stores, and myself. Therefore, my style is to talk to all stakeholders face-to-face as much as possible.

Lawson has voluntarily adopted International Financial Reporting Standards (IFRS) for its consolidated financial statements for the fiscal year ended February 28, 2023, replacing the previously adopted Japanese GAAP. The main reason for this is that we believe that disclosing financial information in accordance with IFRS—the global standard for accounting—will enable overseas investors, who account for about half of our shareholders (excluding stable shareholders), to make more accurate judgments.

### IR Activities (Fiscal Year Ended February 28, 2023)

Financial results briefing, financial results conference call	6 times
Dialogue with investors	Approx. 200 times
IR seminar (investor briefing)	2 times