

Summary of Results for FY2023

Lawson, Inc.
April 11, 2024

Financial Results for FY2023

Masayuki Itonaga
Executive Managing Officer
Chief Financial Officer

Lawson, Inc.

Consolidated financial results for FY2023

LAWSON

Unit: Billions of yen

	FY2022	FY2023		
	Results	Results	YoY	v.plan ^{*1}
Core operating profit	64.3	94.0	+29.7	+6.0
Profit	29.7	52.1	+22.4	+2.1

(Non-consolidated) excluding LAWSON STORE100 business

Existing-store sales (YoY) ^{*2}	103.6%	104.6%	+1.0%pt	+0.1%pt
Gross profit margin ^{*2}	31.0%	31.5%	+0.5%pt	- 0.1%pt
Total no. of stores in Japan ^{*3}	14,631	14,643	+12	+2

*1 Any differences v. plan in these documents are compared to the plan issued along with the announcement of 3Q of FY2023 results in January 2024.

*2 These figures are sums of total LAWSON and NATURAL LAWSON operated by Lawson, Inc. Existing-store sales do not include the impact of tickets, etc.

*3 The number of stores is a total number of stores operated by the Lawson group.

1. Core operating profit : 94.0 billion yen

(1)YoY: In the Domestic convenience store (CVS) business, segment profit increased after existing-store sales rose 4.6% YoY on successful HAPPY LAWSON PROJECT marketing measures, the refurbishment of our ideal store format, and the recovery in people flows, in addition to progressed cost controls measures. We also generated a consolidated profit of 29.7 billion yen as our Overseas Business moved from a loss during COVID-19 lockdowns in China back into the black and reported a large rise in profits, and our Entertainment business generated higher profits on a firmer performance as more concerts and other events were held.

(2)v.plan: In the Domestic CVS business, non-consolidated operating income came in 6.0 billion yen above plan. While gross profit margin came in 0.1%pt below plan, existing-store sales exceeded plan by 0.1%pt and progressed cost controls measures. Core operating profit also came in 6.0 billion yen above plan.

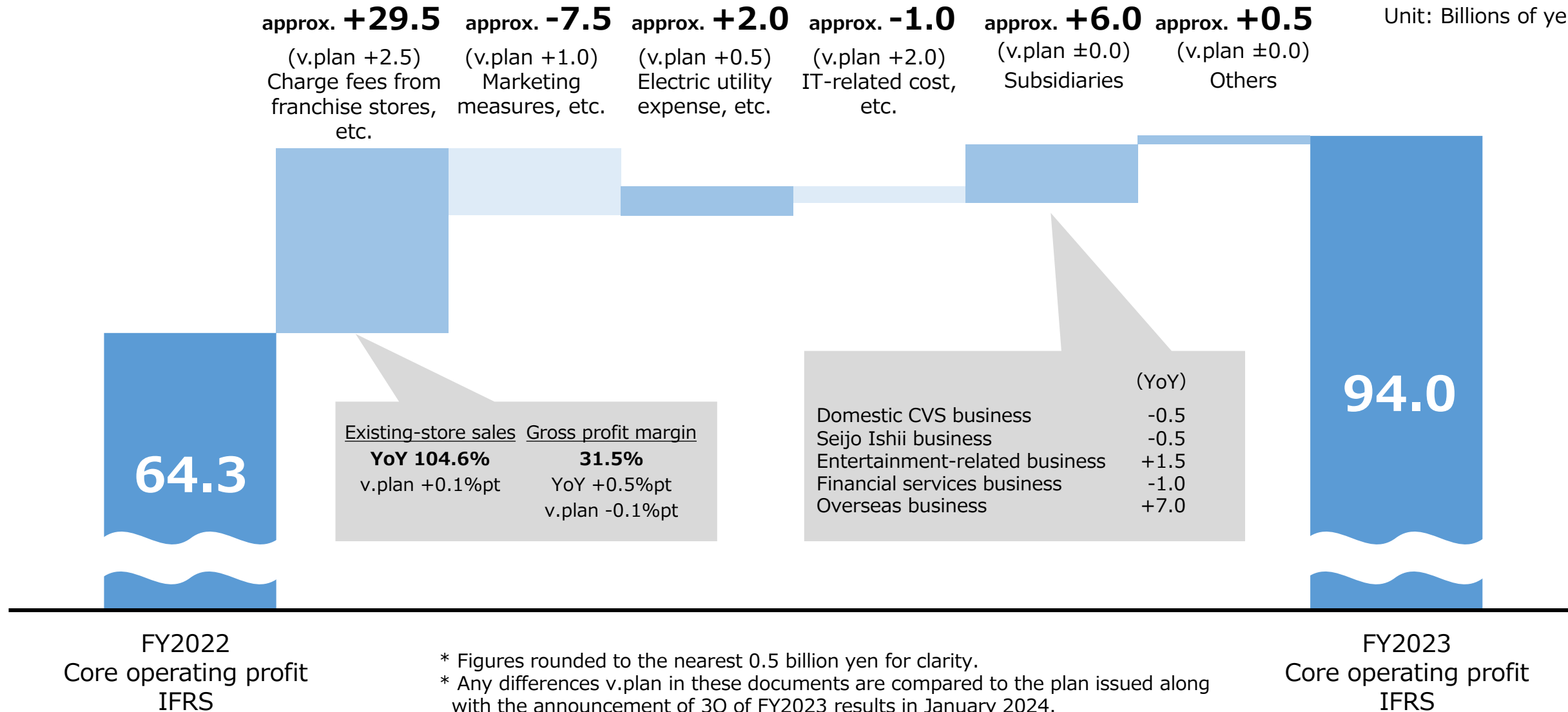
2. Profit : 52.1 billion yen

(1)YoY: Increased by 22.4 billion yen due to increase in core operating profit.

(2)v.plan: Exceeded plan by 2.1 billion yen on higher-than-planned core operating profit.

Factors affecting FY2023 core operating profit (1) LAWSON

Unit: Billions of yen



FY2022
Core operating profit
IFRS

* Figures rounded to the nearest 0.5 billion yen for clarity.
* Any differences v.plan in these documents are compared to the plan issued along with the announcement of 3Q of FY2023 results in January 2024.

FY2023
Core operating profit
IFRS

Factors affecting FY2023 core operating profit (2) LAWSON

Unit: Billions of yen

	FY2023			
	Plan	Results	YoY	v.plan
Core operating profit	88.0	94.0	+29.7	+6.0
Various measures, etc	Results		YoY	v.plan
Charge fees from franchise stores, etc.	Exceeded YoY and plan. Positive impact of HAPPY LAWSON PROJECT and other marketing measures, store renovations, and recovery in people flows. As a result, existing-store sales increased by 4.6% YoY and other operating revenue increased further than expected.		+29.5	+2.5
Marketing measures, etc.	We implemented TV ads, app coupons, and other marketing measures for the HAPPY LAWSON PROJECT as planned. However, came in below plan as we managed to restrain increases in expenses by rationalizing existing measures or integrating them into HAPPY LAWSON PROJECT measures.		-7.5	+1.0
Electric utility expense, etc.	Came in below YoY and plan because of decrease in electricity unit prices and our efforts to reduce electricity consumption through power-saving measures.		+2.0	+0.5
IT-related cost, etc.	Came in lower than plan due to delayed systems costs and efforts to reduce other costs.		-1.0	+2.0
Subsidiaries	Group companies substantially exceeded YoY and achieved plan thanks to higher profits at the Overseas and Entertainment-related businesses. <u>Seijo Ishij</u> : Profit decreased compared to strong previous stay-home demand during COVID-19. <u>Entertainment-related</u> : Profit rose on more active holding of concerts and other events. <u>Financial services</u> : Profit decreased on rising ATM maintenance costs, etc. <u>Overseas</u> : Profit increased on rebound following the lockdowns in China.		+6.0	±0.0
Others	Influence due to year-on-year differences caused by adjustments for different accounting periods at consolidated subsidiaries in China with different period-end dates, etc.		+0.5	±0.0
Total			+29.5	+6.0

* Figures rounded to the nearest 0.5 billion yen for clarity.

* Any differences v. plan in these documents are compared to the plan issued along with the announcement of 3Q of FY2023 results in January 2024.

FY2023 Review

Sadanobu Takemasu
President and CEO
Representative Director
Chairman of the Board

Lawson, Inc.

Lawson Group's Challenge 2025 -Outline-

Aim to achieve sustainable growth built upon measures of the Lawson Group Sweeping Transformation Executive Committee

2017-2019

Aggressive IT investment

- Next-generation systems
- Automatic cash-dispensing POS registers
- New store computers
- Tablets in all stores

2020

Franchisee profit-focused management

HQ takes responsibility for maintaining franchise store profits

Radical change in customer/society post-Covid values

Launching the Lawson Group Sweeping Transformation Executive Committee

Challenge 2025

First half

2021-2023

Accommodate post-pandemic life
||
Daily Use

Lawson Group Sweeping Transformation Executive Committee
Short-term initiatives

Verification → Execution
Expansion of food products daily delivery, frozen, Machikado Chubo in-store kitchens

Second half

2024-2025

Real x Tech Convenience

Realize New convenience

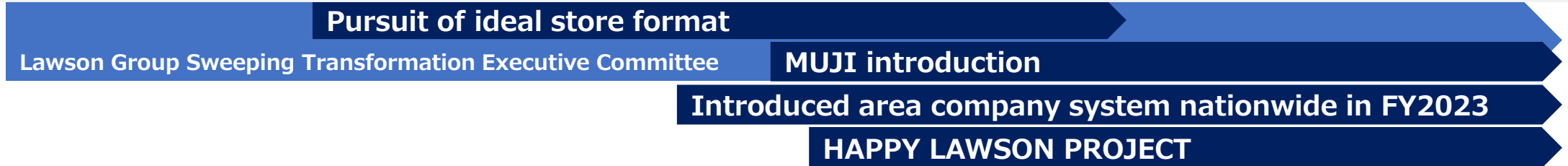
Lawson Group Sweeping Transformation Executive Committee
Medium/long-term efforts

- ◆ Strengthen delivery service
-Built a framework to reflect the number of products in stock in real time
- ◆ AI.CO
-Install Next-generation ordering system
- ◆ SCM improvement
-Shift to 2 chilled/temperature-controlled deliveries
- ◆ Store refurbishment
-Install doors on open shelves

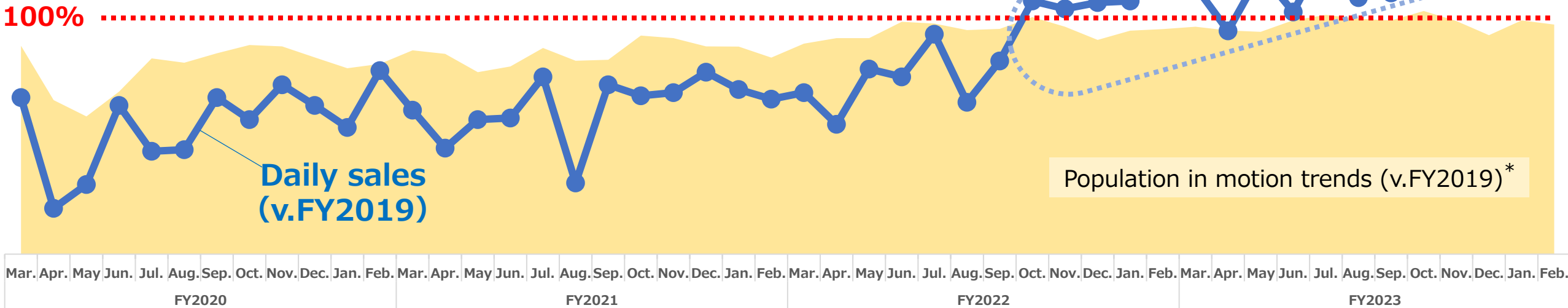


Business environment and measures since the COVID-19 pandemic

- Refurbished stores to help satisfy customer demand through Lawson Group Sweeping Transformation Executive Committee projects
- Daily sales have been rising as we captured demand created by the recovery in people flows, HAPPY LAWSON PROJECT and various implemented measures in area companies



Daily sales have been rising since October 2022 as we captured demand created by the recovery in people flows and enjoyed synergistic benefits from various implemented measures.

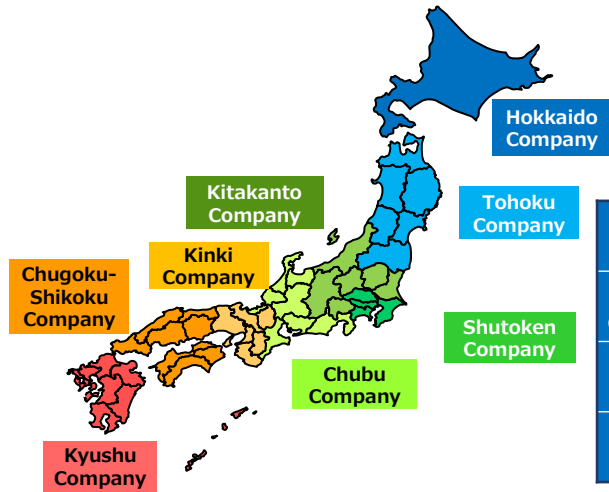


Domestic convenience store business (1)

-Community-based × individual customer and individual store-focused-

- Aim for evolution of “Community-based × individual customer and individual store-focused” through area company system, product & sales strategy

Expand area company system nationwide



8 areas

Management structure	Clarified area company president profit responsibility
Sales & development	Transfer functions to area companies
Product & marketing	Optimize regular products to each area Train merchandisers and marketer
Corporate	Support each area Strengthen governance

Product & Sales strategy

Aim for ultimate chain-store management and pursue double-axis policy of strengthening product power and sales floor execution

Products
Delicious taste
Pursue



Product range, stock
Ample ranges, volumes
Improve execution

HAPPY LAWSON PROJECT



HAPPY LAWSON PROJECT
The plan to make all of Japan happy!
“Too much challenge”

Aim to underpin affordable and fun living for our customers by selling bigger volume products at the same price.



Thanksgiving sale of the 48th anniversary of the foundation

Staging campaigns offering customers free drink coupons when they buy a certain value of rice balls.



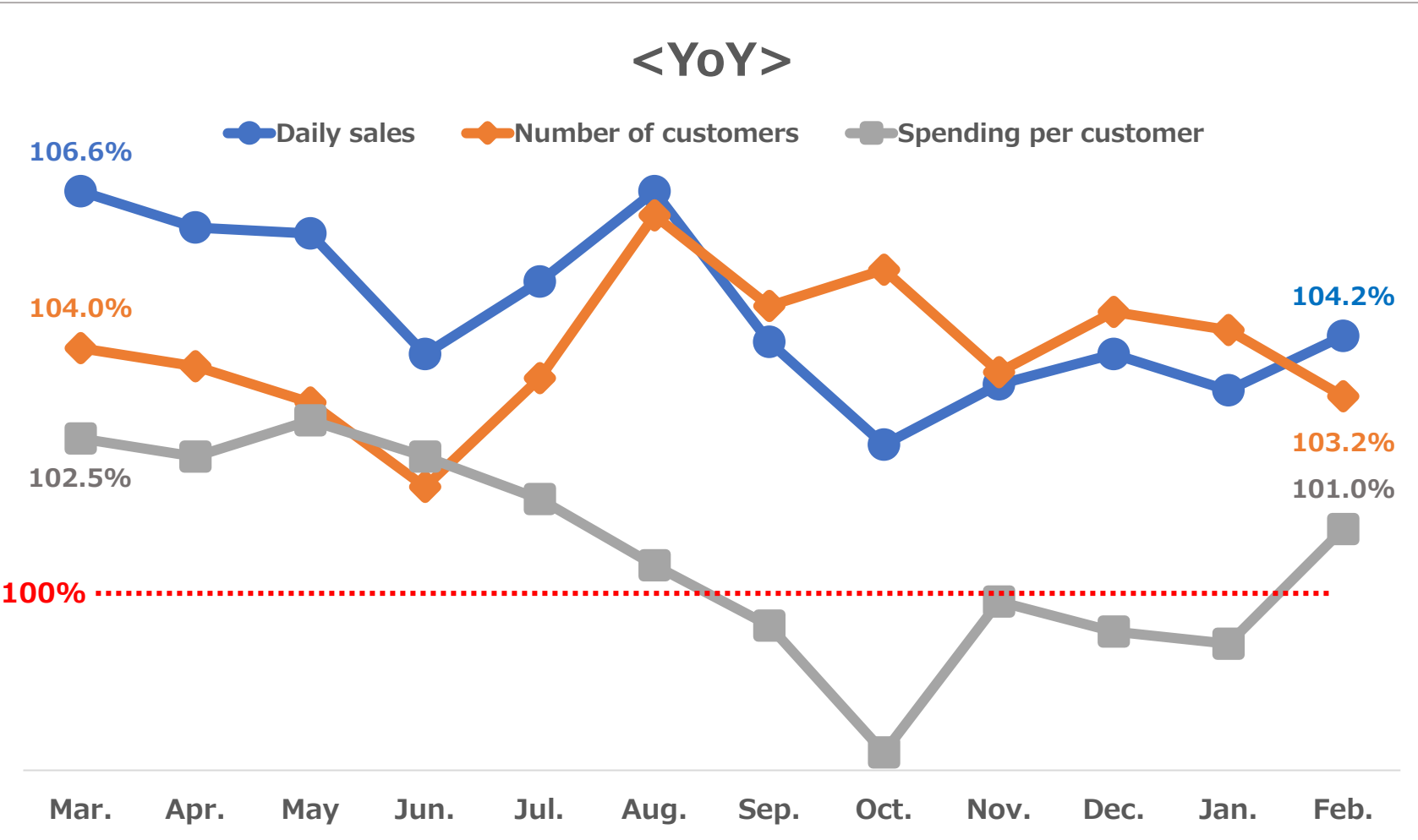
New regional menus of Machikado Chubu in-store kitchens!

Sell area-specific foodstuffs and products inspired by local menus in Machikado Chubu in-store kitchens.

Domestic convenience store business (2)

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

- Improved daily sales through HAPPY LAWSON PROJECT and Lawson Group Sweeping Transformation Executive Committee measures



Daily sales

104.6%

(Plan 104.5%)

Impact for daily sales

Lawson Group Sweeping Transformation Executive Committee +1.3%
 (Pursuit of ideal store format, MUJI introduction)

Promotional measures, various measures, recovery in people flows +3.3%
 (HAPPY LAWSON PROJECT, area company system, etc.)

Number of customers

104.0%

Spending per customer

100.6%

Domestic convenience store business (3) -Category sales compared with FY2019-

- Implemented successful Lawson Group Sweeping Transformation Executive Committee measures and pursued post-COVID needs

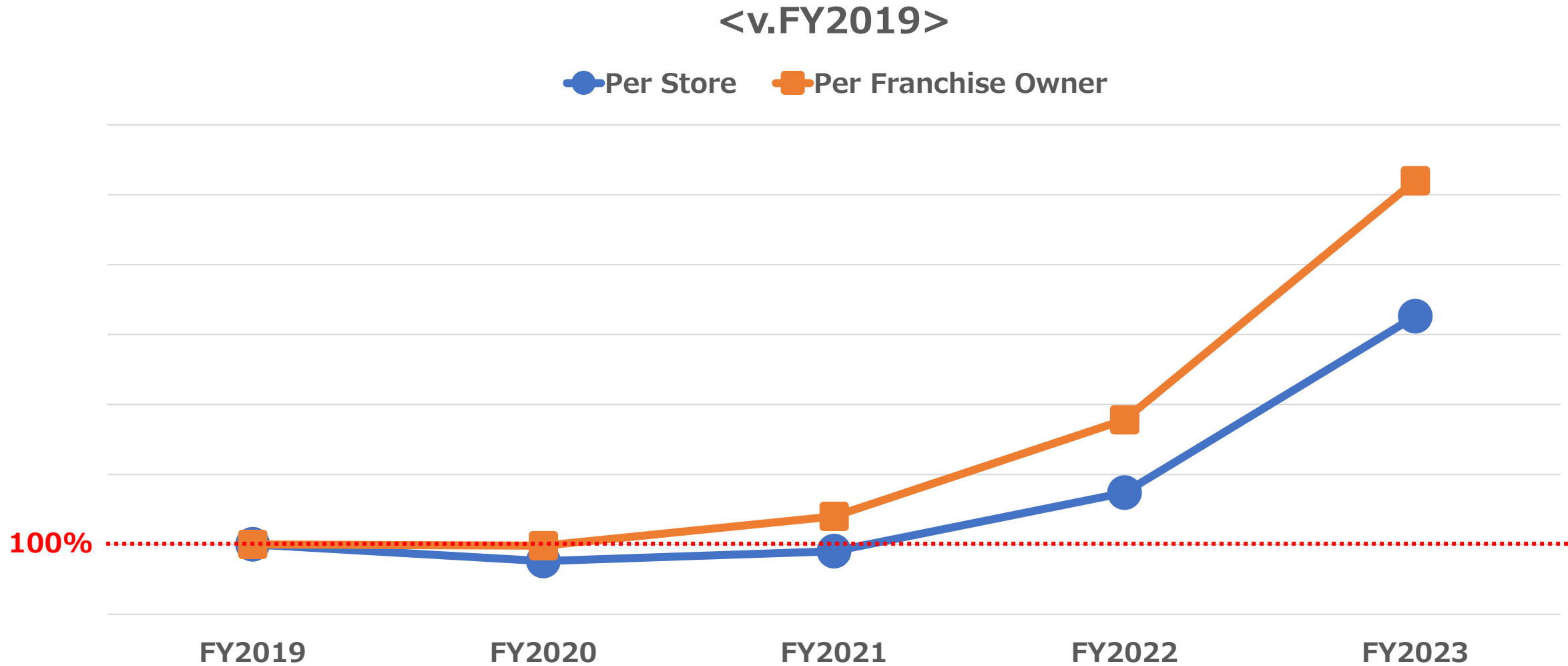
Launch of Lawson Group Sweeping Transformation Executive Committee Sep.2020

Cope with changed daily life

	FY2019	FY2020	FY2022	FY2023	Change from FY2019
Rice/noodles	100	87	91	94	-6
Over-the-counter fast foods /Machikado Chubo in-store kitchens	100	84	104	113	+13
Desserts	100	104	105	105	+5
Delicatessen items/ Daily foods/Frozen foods	100	97	103	110	+10
Soft drinks	100	87	89	98	-2
Daily necessities	100	98	102	114	+14
Others	100	96	100	103	+3

※Each figure represents the ratio compared with FY2019

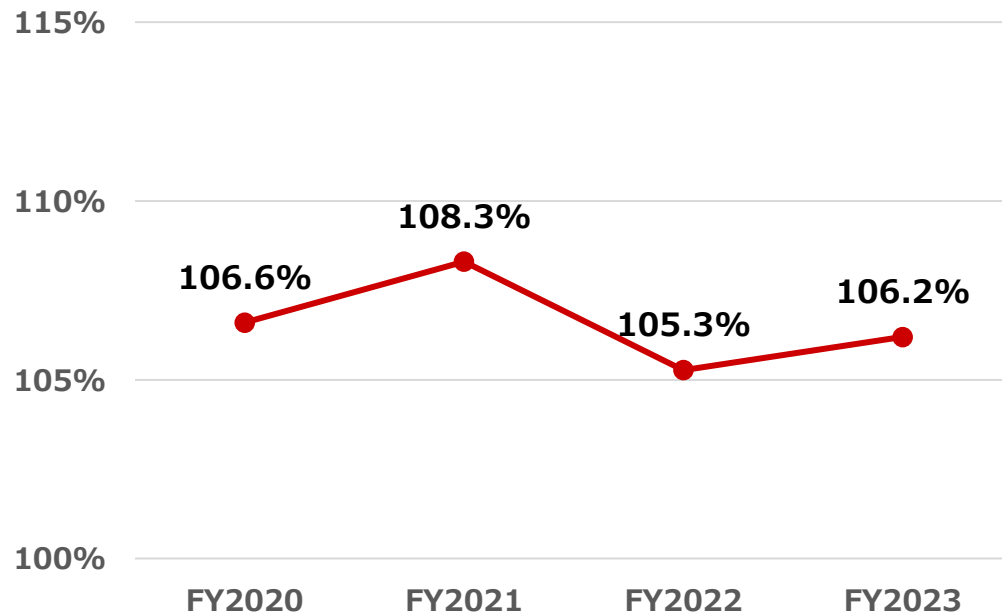
■ Franchise store profits increased on daily sales growth and appropriate cost controls



Seijo Ishii

<Segment profit>
12.2 billion yen (YoY -0.5 billion yen)

Existing-stores sales (v.FY2019)



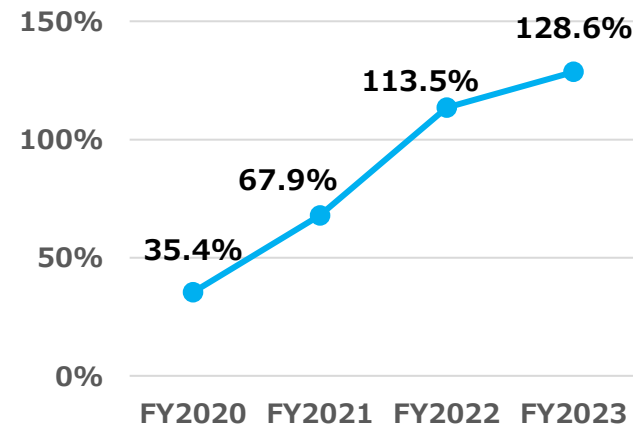
Existing-store sales increased after sales at in-office stores recovered from the sluggish COVID-19 period, but profit fell on higher depreciation expenses on the Yamato No.3 Central Kitchen

Entertainment-related

<Segment profit>
6.5 billion yen (YoY +1.7 billion yen)

Lawson Entertainment

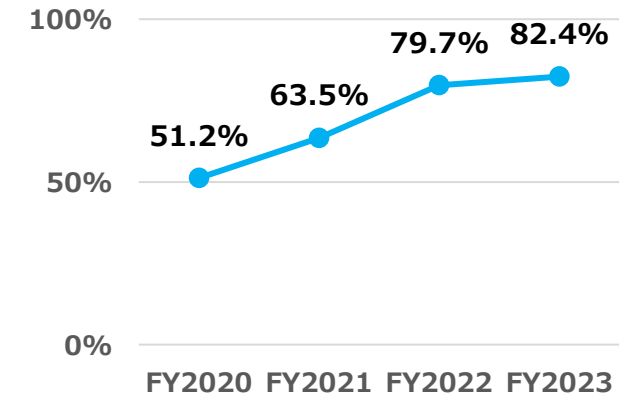
Ticket Sales (v.FY2019)



Concert and leisure events boomed throughout the year. Ticket handling sales came in even higher than the previous year which had already surpassed FY2019 pre-COVID levels.

United Cinemas

Customer Attendance (v.FY2019)

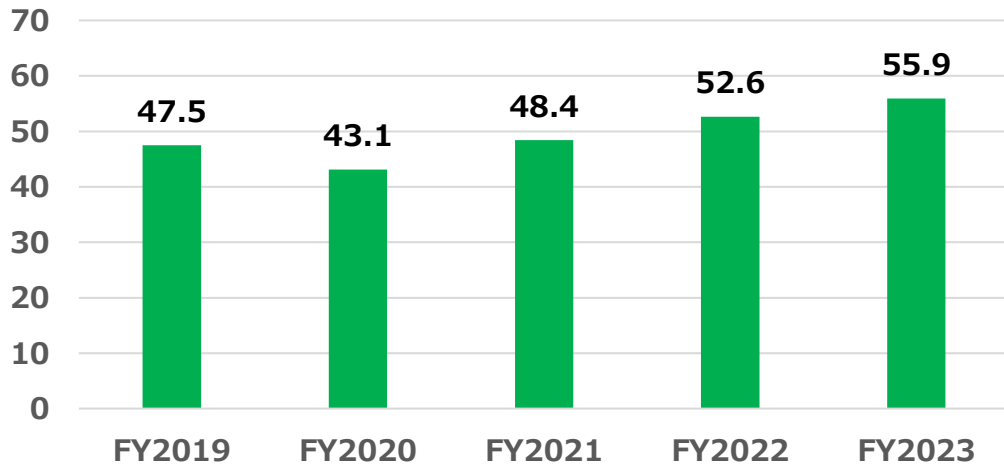


Audience numbers increased steadily YoY thanks to the release of topical films with the power to attract viewers.

Financial services

<Segment profit>
2.9 billion yen (YoY -0.8 billion yen)

Average number of ATMs used
 (Per machine per day)

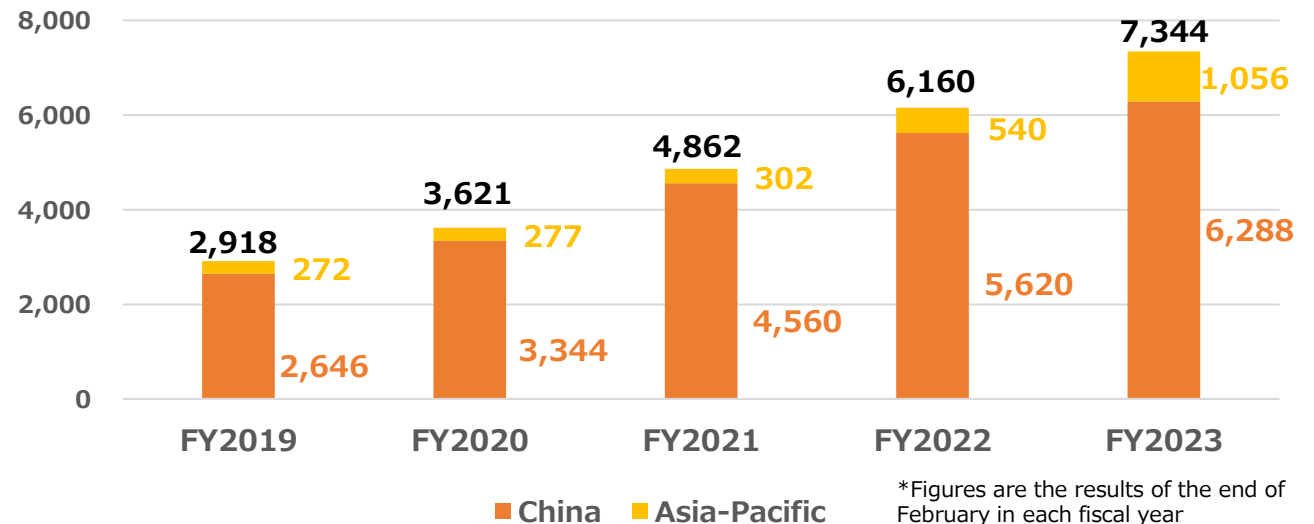


Average daily ATM usage increased due the expansion of affiliated financial partners in the ATM business (401 companies, +17 compared to the end of FY2022) and higher charges for cashless payment app. However, profit declined on higher maintenance costs.

Overseas

<Segment profit>
2.5 billion yen (YoY +7.5 billion yen)

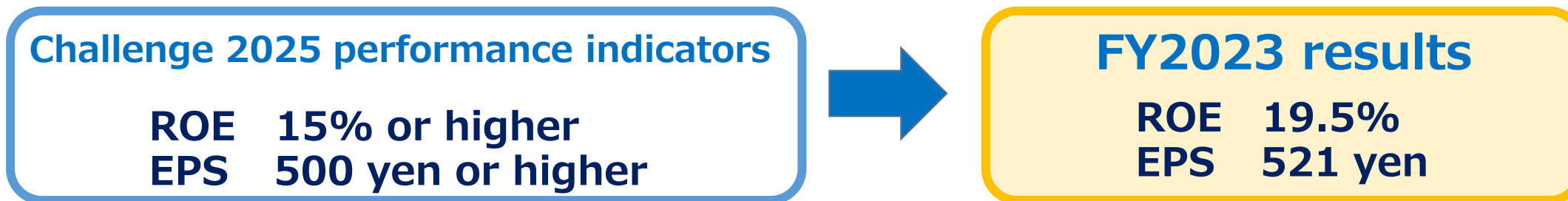
Number of stores



*Figures are the results of the end of February in each fiscal year

Number of stores in China exceeded 6,000 in August 2023 and Asia-Pacific exceeded 1,000 in January 2024. Total overseas stores: 7,344. In China, despite varying pace of regional recovery, daily sales recovered and profit increased as demand rebounded following the previous year's large-scale restrictions on movement, as well as our efforts to improvement store displays.

Achieved Challenge 2025 performance indicators two years ahead of the target year



Unit : Billions of yen

	FY2022	FY2023	
	Results	Results	YoY
Core operating profit	64.3	94.0	+29.7
Profit	29.7	52.1	+22.4

- FY2023 (Non-consolidated) excluding LAWSON STORE100 business**
Existing-stores sales YoY 104.6%*1
Opening 280 / Closure 268 / Total number of stores 14,643*2

*1 These figures are sums of total LAWSON and NATURAL LAWSON operated by Lawson, Inc. Existing-store sales do not include the impact of tickets, etc.

*2 The number of stores is a total number of stores operated by the Lawson group.

Real × Tech Convenience

-Lawson Group's vision of the future-

Lawson Group's Challenge 2025 → Challenge 2030

- Attained the challenge indicators in our Challenge 2025 medium-term business plan 2 years ahead of schedule.
- Set new 2030 targets in Challenge 2030. Aim for sustainable growth.

Update existing transformation themes

2017-19

Aggressive IT investment

- Next-generation systems
- Automatic cash-dispensing POS registers
- New store computers
- Tablets in all stores

Radical change in customer/society post-Covid values

2020

Franchisee profit-focused management

HQ takes responsibility for maintaining franchise store profits

Launching the Lawson Group Sweeping Transformation Executive Committee

Challenge 2025

2021-23

Accommodate post-pandemic life

Expanding Machikado chubo, frozen foods, daily foods

Lawson Group Sweeping Transformation Executive Committee

Short-term initiatives

Completed

2 years ahead of schedule
Achieved

Challenge 2030

2024-25

Realize New convenience

Lawson Group Sweeping Transformation Executive Committee

Medium/long-term efforts

Execution phase

- ◆ AI.CO/SCM improvement
- ◆ Strengthen delivery service
- ◆ Store refurbishment

Challenge 2025 performance indicators
ROE:15% or higher
EPS:500yen or higher

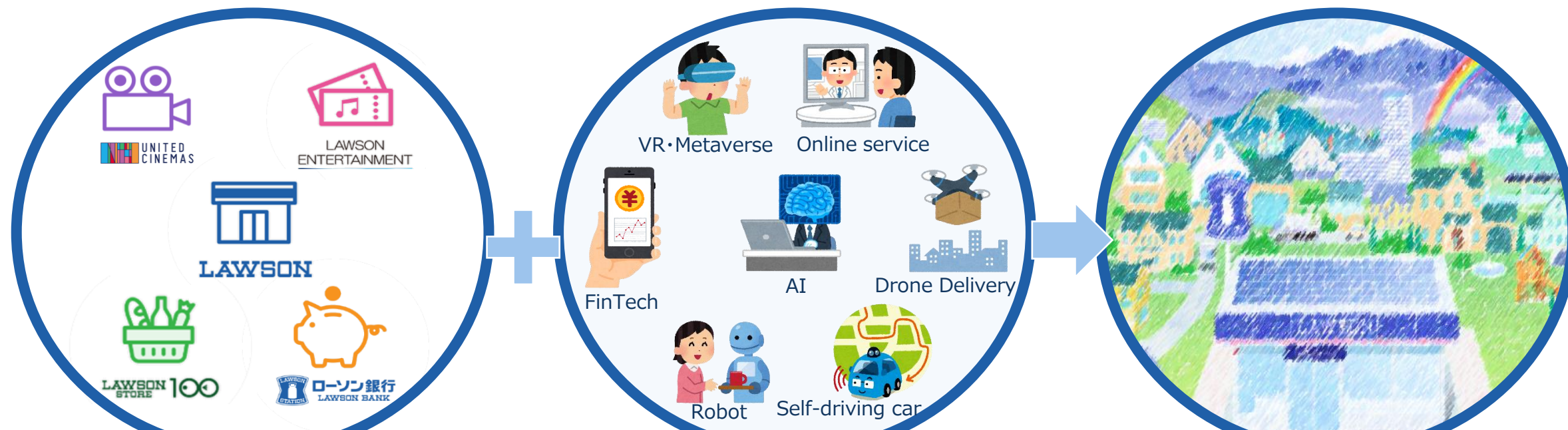
-2030

Global Real x Tech Convenience

Transform our physical retail business

Lawson-style community building designed to help solve social issues

“Global Real × Tech Convenience LAWSON Group”



Real services

Inject extra convenience, safety, and security into everyday life

Technology

Create new forms of convenience through technology

Lawson Group's vision of the future

Solving social issues aiming for a sustainable future

Short-term initiatives - Lawson's Ideal Real Store Format-

Inject technology to support customer convenience. Create community stations that emanate real-world warmth!!

Deliveries: Automatic shelving machines

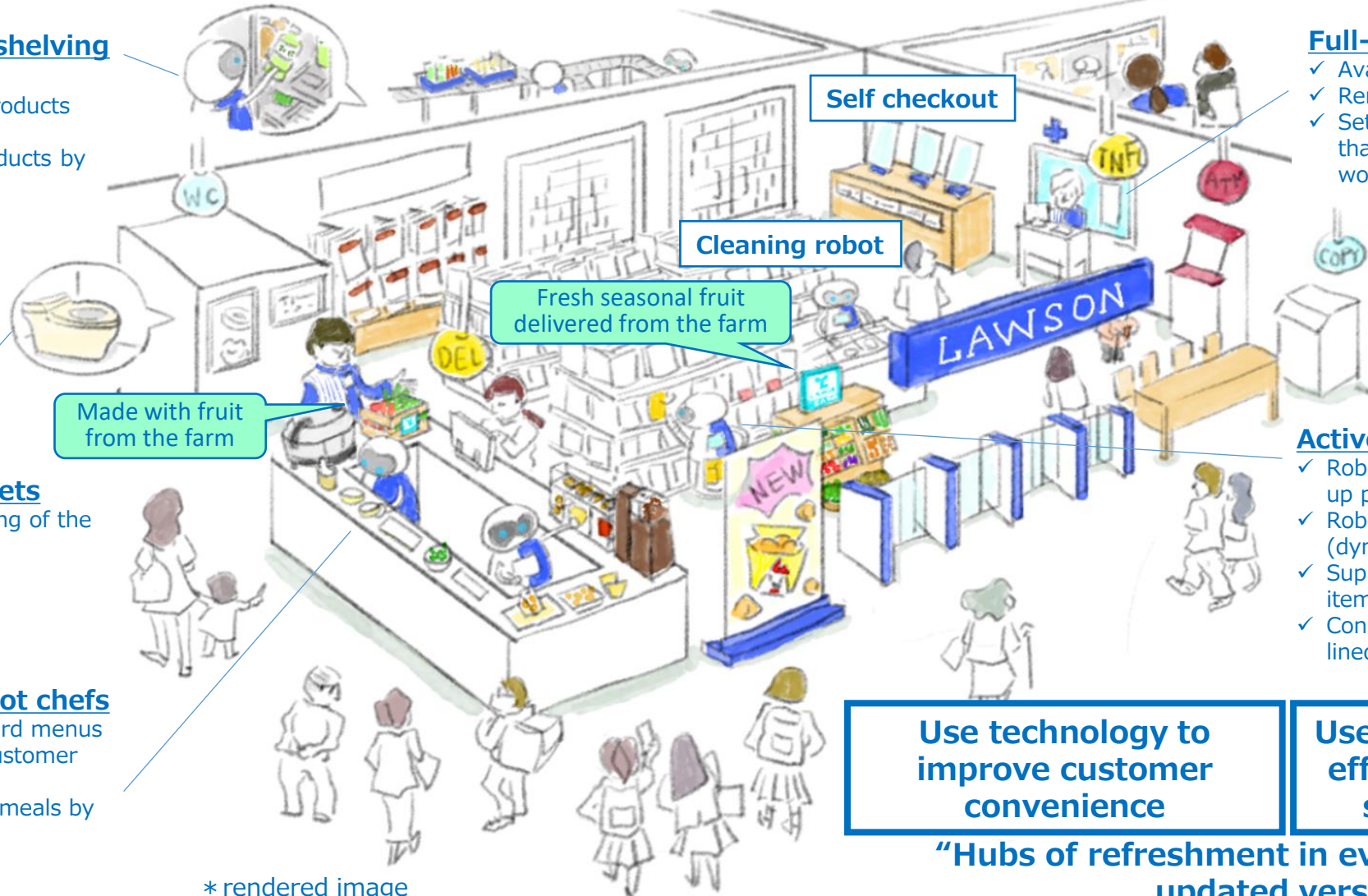
- ✓ Automatically separates products from the point of delivery
- ✓ Automatically displays products by best-selling items

Permanently clean toilets

- ✓ Facilitates effortless cleaning of the whole toilet
- ✓ Offer clean toilets anytime

In-store kitchens: Robot chefs

- ✓ Robots can easily make hard menus
- ✓ Customize meals to suit customer order preferences
- ✓ Provide freshly made, hot meals by cooking on the spot



Full-range of advice remotely

- ✓ Avatar crew offer customer service
- ✓ Remote sales of OTC drugs
- ✓ Set up "full customer service desks" that can link with anywhere in the world

Active store-based robots

- ✓ Robots automatically get out and line up products
- ✓ Robots change pricing displays (dynamic pricing)
- ✓ Supplementary picking of delivered items
- ✓ Consider the way products should be lined up depending on sales

Use technology to improve customer convenience

Use technology to boost efficiency and create a sustainable model

**"Hubs of refreshment in every community"
updated version**

* rendered image

Medium/long-term efforts -The Ultimate "Lawson Town" Concept-

Build a convenient living community for senior citizens, young people and Children called "Lawson Town"

Generate enough electricity to supply Lawson Town through solar and wind power

Concentrated Lawson expertise amassed through the development of 16 farms nationwide

- Technology-driven smart agriculture
- Promote local production for local consumption
- Farm experiences for children
- Cooking in Lawson stores

Store-to-door grocery delivery by drone to the houses of single people and young people

Building communities where neighbors help each other by gathering in the square and delivering groceries to elderly people's homes



Build Lawson farms together

Clean energy

Social Issues Lawson is tackling

Regional vitalization	Declining birthrate, aging population	Medical and nursing care	SDGs
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Lawson

Commercial facilities

Medical facilities

- Provide hospitals and clinics
- Remote medical treatment
- Build rest homes

Food donations and goods exchange to reduce food loss

Community square

Children's cafeteria

- Experience Lawson workplaces
- Children's cafeteria
- Nurseries/kindergartens
- Event spaces

Apartment block renovation

Work Experience for Children

Facilities for Children

Self-driving bus

Deliveries by drone within Lawson Town

Automated community bus route around Lawson Town

Group Philosophy

Creating Happiness and Harmony in Our Communities

Become Asia's
GAFA-L



“Hubs of refreshment
in every community”

Real-world **warmth**

+

The insatiable
challenge of **Tech**

Initiatives for ESG

Lawson Blue Challenge 2050 !



50th anniversary SDGs targets Environmental vision **Lawson Blue Challenge 2050 !**
—Save our blue planet!—

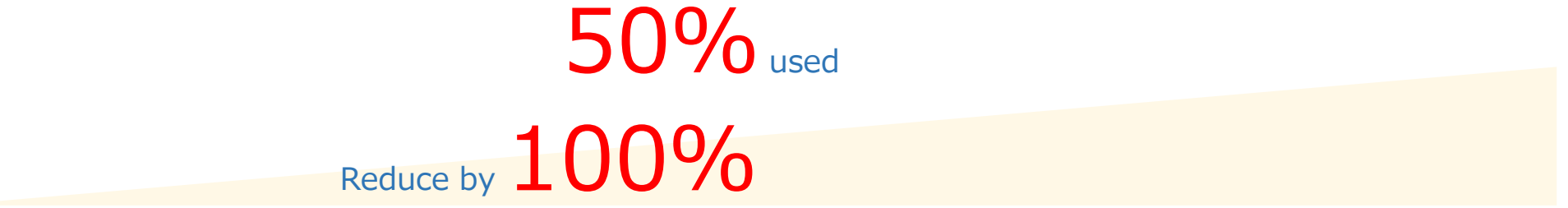
Reducing CO2 emissions
CO2 emissions per store



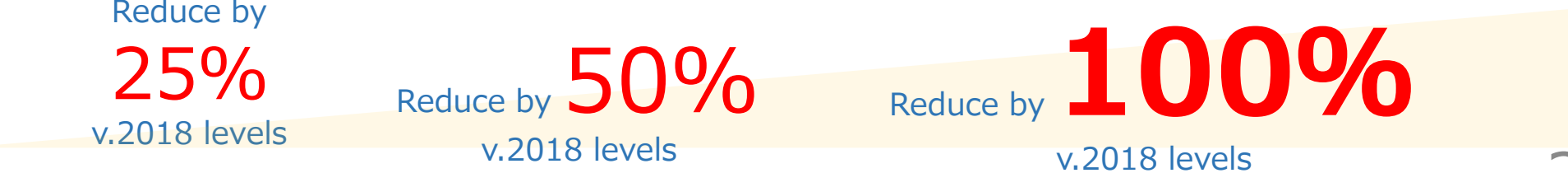
Reducing plastic use
※Reducing plastic containers and packaging use



Reducing plastic use
Reducing plastic shopping bags use



Reducing food loss
Food loss in stores



Reducing food loss

Donating free food for school lunches and student cafeterias

- Donated 18,000 pieces of fried chicken close to expiry date
- Used surplus food to support people offering school lunches, etc.



Fried Chicken

Reducing plastic use

Changing PET bottles for original drinks to 100% recycled materials

- Started with 7 original drinks
- Recycled the recovered PET bottles
- Expect to reduce volume of plastic used by approx. 2,900t/year



“100% recycled PET bottle”

Label (illustration)

Reducing CO₂ emissions

Recycling 90% of construction materials, reducing CO₂ emissions by 60%

- Reused roofs, walls, pillars, and other building materials from closed stores in new stores
- Started with new stores in Okayama Prefecture in Nov. 2023



Original sticker

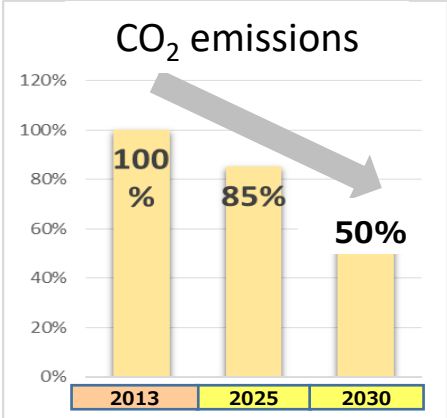
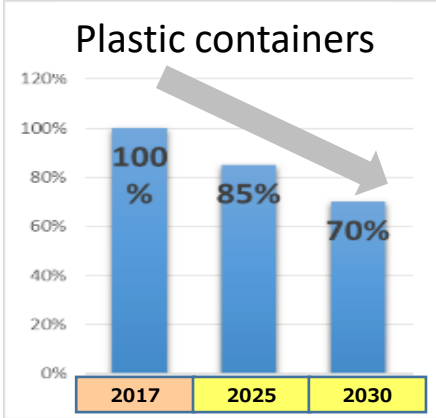
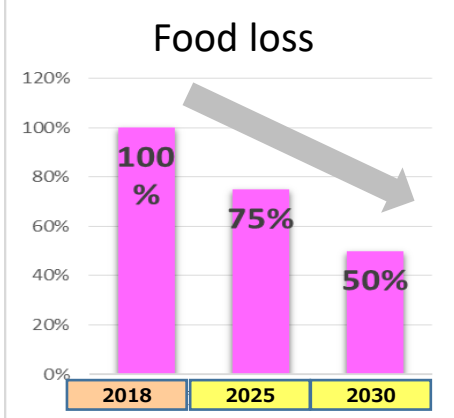
Started trial use of biodiesel fuel made from waste in-store cooking oil in delivery vehicles by promoting recycled local production for local consumption

- Used waste cooking oil from 10 stores in Kumamoto Prefecture in one delivery truck in the prefecture
- Expect to reduce CO₂ emissions by approx. 2.33t/year



Chilled food delivery truck

Progress toward 2030 targets for environmental initiatives

2030 target	CO ₂ emissions per store v.2013 Reduction of 50%	Plastic use v.2017 Reduction of 30%	Food Loss v.2018 Reduction of 50%																								
2023 preliminary results	Reduction of 29.6%	Reduction of 34.8%	Reduction of 26.2% New calculation method from 2023 (Food waste volume/million yen sales)																								
KPI	 <p>CO₂ emissions</p> <table border="1"> <tr><th>Year</th><th>Target</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	Target	2013	100%	2025	85%	2030	50%	 <p>Plastic containers</p> <table border="1"> <tr><th>Year</th><th>Target</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	Target	2017	100%	2025	85%	2030	70%	 <p>Food loss</p> <table border="1"> <tr><th>Year</th><th>Target</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	Target	2018	100%	2025	75%	2030	50%
Year	Target																										
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2018	100%																										
2025	75%																										
2030	50%																										
Initiatives	<p><u>New Initiatives</u></p> <ul style="list-style-type: none"> •Green Lawson : Introduction of open display cases with doors •Pursue 10 energy-saving commitments •Introduce energy-saving equipment in stores that use large amounts of energy <p><u>Ongoing Initiatives</u></p> <ul style="list-style-type: none"> •Introduce energy-saving equipment through the life-cycle renovations 	<p><u>New Initiatives</u></p> <ul style="list-style-type: none"> •Trial charging for cutlery •Trial introduction of reusable cups •Replaced the PET bottles for our original drinks with bottles made from 100% recycled materials <p><u>Ongoing Initiatives</u></p> <ul style="list-style-type: none"> •Changing/simplifying shape of containers and packaging •Switch to environment-conscious materials (paper lunchbox containers, etc.) 	<p><u>New Initiatives</u></p> <ul style="list-style-type: none"> •Trial uses of expired products •Donating fast food using quick freezing technology •Donating food free of charge for school lunches and student cafeterias <p><u>Ongoing Initiatives</u></p> <ul style="list-style-type: none"> •Using AI to improve order accuracy •Thorough pursuit of sell-out operations 																								

Cautionary Statement

This presentation contains forward-looking statements, future plans and strategies of Lawson and its subsidiaries and affiliates. These are not historical facts. They are expectations based on assumptions and beliefs derived from information currently available to the Company and are subject to risks and uncertainties including, but not limited to, economic trends, heightened competition in the domestic convenience store sector, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from estimates. Figures in this presentation have been rounded down.