

Flash Report on the Consolidated Financial Results

for the Fiscal Year Ended February 28, 2019

April 11, 2019

Listed Company Name: Lawson, Inc.

Tokyo Stock Exchange (First Section)

Code No.: 2651

(URL <http://www.lawson.jp/en/ir>)

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Scheduled date for the ordinary general meeting of shareholders: May 21, 2019

Scheduled date for submission of annual securities report: May 22, 2019

Scheduled date for payment of dividend: May 22, 2019

Supplementary materials for annual financial results: Yes

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

(Amounts less than one million yen are truncated)

1. Consolidated operating results for 2018 fiscal year (from March 1, 2018 to February 28, 2019)

(1) Consolidated operating results (cumulative)

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

	Gross operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended								
February 28, 2019	700,647	6.6	60,781	(7.7)	57,700	(11.4)	25,585	(4.6)
February 28, 2018	657,324	4.1	65,820	(10.8)	65,141	(10.8)	26,828	(26.3)

Note: Comprehensive income: Fiscal year ended February 28, 2019 26,173 million yen (9.5)%
Fiscal year ended February 28, 2018 28,908 million yen (18.7)%

	Profit per share	Diluted profit per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to gross operating revenue
For the fiscal year ended	Yen	Yen	%	%	%
February 28, 2019	255.71	255.59	9.3	5.1	8.7
February 28, 2018	268.16	268.02	9.7	7.4	10.0

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

Fiscal year ended February 28, 2019 320 million yen

Fiscal year ended February 28, 2018 693 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2019	1,342,490	281,982	20.6	2,763.54
February 28, 2018	900,256	281,446	30.6	2,755.06

Reference: Shareholders' equity:

As of February 28, 2019 276,514 million yen

As of February 28, 2018 275,658 million yen

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
For the fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2019	128,594	(81,017)	277,937	354,236
February 28, 2018	113,938	(91,209)	(61,238)	30,120

2. Dividends

	Annual dividends per share					Total dividends for the year	Payout ratio	Ratio of dividends to shareholders' equity
	1Q	1H	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2017 fiscal year	—	127.50	—	127.50	255.00	25,514	95.1	9.3
2018 fiscal year	—	127.50	—	127.50	255.00	25,514	99.7	9.2
2019 fiscal year (forecast)	—	75.00	—	75.00	150.00		83.4	

3. Forecast of consolidated operating results for 2019 fiscal year (from March 1, 2019 to February 29, 2020)

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

	Gross operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1H of 2019 fiscal year	365,000	3.7	33,500	(2.9)	30,500	(9.1)	15,500	(13.6)	154.90
2019 fiscal year	727,000	3.8	60,800	0.0	54,500	(5.5)	18,000	(29.6)	179.89

4. Notes

(1) Change in significant subsidiaries during the fiscal year (Changes in certain specified subsidiaries resulting in changes in scope of consolidation): None

Added: None

Excluded: None

(2) Changes in accounting policies, changes in accounting estimates or restatements

1. Changes in accounting policies associated with revision in accounting standards: Yes

2. Changes in accounting policies other than 1. above: None

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(3) Number of shares outstanding (common stock)

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

As of February 28, 2019: 100,300,000 As of February 28, 2018: 100,300,000

2. Number of treasury shares at the end of year

As of February 28, 2019: 241,897 As of February 28, 2018: 244,849

3. Average number of shares during the year

As of February 28, 2019: 100,057,042 As of February 28, 2018: 100,044,721

Note: The Flash Report on the Consolidated Financial Results is not subject to audit.

Note: Descriptions on appropriate use of financial performance forecasts and other special notes

Forward-looking statements presented herein such as financial forecasts are based on currently available information and certain presumptions deemed to be reasonable as of the date of announcement. The achievement of said forecasts cannot be guaranteed. Actual results may be materially different from those in the forecast as a result of various factors. For preconditions of these financial forecasts and notes concerning their use, please refer to “1.Overview of Operating Results, (4) Future Outlook” on page 10.

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1. Overview of Operating Results

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

During the fiscal year under review, or fiscal 2018 ended February 28, 2019, we have advanced and accelerated our “1000-Day Action Plan,” which is in its final fiscal year, and focused our business activities on building Lawson’s next-generation convenience store model. Changes in community needs resulting from an aging population and the prevalence of the nuclear family, among others, are serving as a tailwind for the convenience store industry. Given such a business environment, we implemented a variety of measures in order to continue fulfilling our customers’ needs in everyday life by serving as an essential part of their communities. Such measures included evolving our business model as a manufacturing retailer targeting small catchment areas, raising our store productivity by making maximum use of digital technology, and taking on the challenge of launching a banking business.

Furthermore, we also focused on improving our group-wide internal control system and addressing operating risks based on the 2018 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control going forward.

(Domestic Convenience Store Business)

In our convenience store business, we offered everyday ready-made dishes including bento lunchboxes, rice balls, deep-fried items, salads and soups at LAWSON stores. In our effort to reinforce our store capacity by expanding our merchandise assortment offered in the evening and nighttime hours, we restructured our system across the entire supply chain from June by changing the order placement deadline and truck delivery times. In addition, with the aim of facilitating cash register operations and achieving higher cash-handling efficiency at stores, we completed the introduction of new point-of-sale (POS) cash registers (for sales information management) equipped with an automatic change dispenser function at all our stores nationwide.

[Store Operations]

In store operations, we continued to focus on reinforcing adherence to the Three Essential Practices, which emphasizes (1) serving customers courteously; (2) offering a merchandise assortment focused on basic items with high demand; and (3) keeping our stores and communities clean. Furthermore, we also actively promoted our stores by strengthening our product lineup and improving franchise support and operations. Beginning in November 2018, we also added a service in which customers can earn and redeem Ponta points when they use Apple Pay at any LAWSON store nationwide. Ponta has become Japan’s first multi-partner loyalty card service to allow points to be saved and redeemed simply by using Apple Pay via iPhone or Apple Watch. This service eliminates the need for customers to present their Ponta card or launch their app as well as the need for store staff to scan the barcodes on the Ponta cards presented, leading to improved customer convenience and store operation productivity. Furthermore, we launched a pilot project on Lawson Smartphone Cash Register, our mobile self-service payment service option based on a dedicated app, which allows customers to purchase items wherever they are within LAWSON stores.

[Merchandising and Service Strategies]

On the merchandise side, we revamped our basic onigiri rice ball range by improving ingredients and production methods including adopting a new variety of rice and a new kind of laver, which was well-received by customers. In addition, our “Akuma-no-onigiri” (meaning “devil’s rice ball”) line also became a huge hit, pushing up sales. Our “Korega” lunchbox series made with rigorously selected ingredients and production methods also enjoyed ongoing popularity. Furthermore, sales of our microwavable hot noodle series revamped with new soup and noodles were also robust.

In the counter fast food range, we strengthened our assortment of ready-made dishes offered during the evening and nighttime hours by expanding our lineup of packed dishes composed mainly of items that can go straight to the dinner table. In addition, our long-selling “Karaage-kun” chicken nuggets that crossed the 3-billion-unit mark in cumulative sales continued to record robust sales.

In the dessert range, we continued offering the “Uchi Café SWEETS X GODIVA” series produced in collaboration with Godiva with well-selected ingredients and a special production method, which remained popular especially among female customers.

On our sales promotion side, while strengthening our merchandise assortment offered during the evening and nighttime hours, we also rolled out a special evening sales campaign, which offered a 20-yen discount when two applicable counter food items were purchased on weekday evenings. In addition, effective measures to attract customers were launched, including a speed lottery capitalizing on our strength in the entertainment field.

[Breakdown of Sales by Merchandise Category at Chain Stores in Domestic Convenience Store Business]

Fiscal year Product group	Previous fiscal year From March 1, 2017 to February 28, 2018		Current fiscal year From March 1, 2018 to February 28, 2019		YoY (%)
	Sales (Millions of yen)	Percentage of total (%)	Sales (Millions of yen)	Percentage of total (%)	
Processed foods	1,138,966	52.7	1,202,619	52.6	105.6
Fast foods	509,415	23.6	544,530	23.8	106.9
Daily delivered foods	314,481	14.5	329,545	14.4	104.8
Nonfood products	197,821	9.2	208,612	9.2	105.5
Total	2,160,684	100.0	2,285,308	100.0	105.8

(Note) These figures include stores operated by both Lawson, Inc. and Lawson Sanin, Inc.

[Store Development]

In opening new stores, the Group continued to focus on developing profitable stores.

Regarding the entire Lawson Group, the total number of LAWSON, NATURAL LAWSON, and LAWSON STORE100 stores opened and closed during the current fiscal year stood at 1,067 and 400 stores, respectively, with the total number of stores reaching 14,659 as of the end of February 2019 ^{*1}

With regard to our partnership initiatives with other chain retailers in Japan, as in the previous fiscal year, we remodeled THREE F stores operated by Three F Co., Ltd. into LAWSON THREE F stores, and SAVE ON

stores operated by Save On Corp. into LAWSON stores.

During the fiscal year under review, we remodeled 67 THREE F stores and 195 SAVE ON stores into LAWSON THREE F stores and LAWSON stores, respectively, completing the brand transition.

In an effort to establish convenience store models catered to an aging population and rising health consciousness, we are building partnerships with dispensing pharmacy and drug store chains to operate healthcare-oriented LAWSON stores that offer over-the-counter pharmaceuticals and prescription drugs, as well as a wider assortment of cosmetics and daily necessities than conventional LAWSON stores. The number of stores offering non-prescription drugs has reached 206 stores (includes 47 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of February 2019. Moreover, the number of stores offering nursing care consultation services has reached 20 as of the end of February 2019. Furthermore, we have also been expanding our chain of “in-hospital LAWSON stores,” which feature strengthened focus on medical, sanitary, nursing and rehabilitation supplies in addition to merchandise and services offered at standard convenience stores. The number of such stores has reached 307 as of the end of February 2019. Building on our expertise developed through operation of in-hospital LAWSON stores, we will continue to support the lives of all people interacting with hospitals.

With respect to LAWSON STORE100, we will continue to offer 100-yen items (excluding tax) by scaling down product portions to respond to a diverse range of customer needs.

*1 The numbers of store openings and closings and total number of stores in Japan include stores operated by Lawson, Inc., subsidiary Lawson Sanin, Inc. and three equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.

[Change in the Total Number of Domestic Stores]

	Total stores as of February 28, 2018	Change during fiscal year	Total stores as of February 28, 2019
LAWSON	13,044	670	13,714
NATURAL LAWSON	143	(4)	139
LAWSON STORE100	805	1	806
Total	13,992	667	14,659

[Number of LAWSON stores by prefecture (February 28, 2019)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	670	Ibaraki	223	Kyoto	336	Ehime	219
Aomori	262	Tokyo	1,748	Shiga	159	Tokushima	138
Akita	190	Kanagawa	1,121	Nara	140	Kochi	140
Iwate	179	Shizuoka	282	Wakayama	152	Fukuoka	523
Miyagi	252	Yamanashi	136	Osaka	1,151	Saga	75
Yamagata	112	Nagano	175	Hyogo	687	Nagasaki	109
Fukushima	158	Aichi	730	Okayama	202	Oita	188
Niigata	230	Gifu	180	Hiroshima	234	Kumamoto	157
Tochigi	201	Mie	141	Yamaguchi	117	Miyazaki	107
Gunma	254	Ishikawa	102	Tottori	143	Kagoshima	197
Saitama	702	Toyama	194	Shimane	148	Okinawa	233
Chiba	616	Fukui	113	Kagawa	133	Total (domestic)	14,659

(Note) These figures include stores operated by Lawson, Inc., subsidiary Lawson Sanin, Inc. and three equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.

[Other]

As Lawson's "last-one-mile solution," we started offering the LAWSON FRESH PICK service (colloquially shortened to "Loppick") in March 2018. Loppick enables customers to reserve products on a dedicated smartphone app by 8 a.m. and receive them in the evening on the same day at their designated LAWSON store. By leveraging our existing store and logistics network, the service offers customers the freedom of not having to wait at home for delivery and allows them to pick up their purchased items when they want in the evening. Loppick has become available at around 1,600 stores as of the end of February 2019. Furthermore, in December 2018, we launched "Fresh Karaage-kun Cooking Machine," a pilot experiment, which employs digital technology to deep-fry chicken nuggets in one fifth of the usually required time in order to offer freshly fried products to customers. We will look into customers' needs for freshly fried products and consider introducing this equipment at LAWSON stores.

As a result, Domestic Convenience Store Business posted gross operating revenue of 468,692 million yen (up 5.9% from previous fiscal year) and segment profit of 48,262 million yen (down 10.0% from previous fiscal year).

(Seijo Ishii Business)

At Seijo Ishii stores, a high-end supermarket chain offering quality foods, we took on new challenges such as opening stores where freshly prepared hot meals and desserts are served to order. The number of directly operated Seijo Ishii stores including the new type of store reached 146 as of the end of February 2019. Sales were solid and its well-selected products have remained popular among customers. By continuing to leverage the company's strengths including its product development expertise, know-how acquired as a manufacturing retailer, and retailing techniques, we will endeavor to enhance the brand capacity of Seijo Ishii.

As a result, Seijo Ishii Business posted gross operating revenue of 86,672 million yen (up 5.8% from previous fiscal year) and segment profit of 7,413 million yen (up 8.2% from previous fiscal year).

(Entertainment-related Business)

With regard to our Entertainment-related Business, the ticketing business of Lawson Entertainment, Inc., which forms the core of the business, continued to secure top-class transaction value in the ticketing industry. HMV, which distributes music CDs, DVDs and books, also operates the HMV Record Shop specializing in analog records. As of the end of February 2019, the number of HMV stores totaled 56 including the HMV Record Shop. In November 2018, United Cinemas Co., Ltd., an operator of cinema complexes, introduced in Fukuoka Prefecture a cutting-edge attraction theater system known as 4DX, which offers an immersive viewing experience. In addition, United Cinemas also opened Kyushu's first cinema theater employing ScreenX, which provides a three-dimensional movie projection system using not only the front screen but also the walls on both sides. As of the end of February 2019, United Cinemas operates cinema theaters at 41 sites, offering 367 screens nationwide including those operated on commission.

As a result, Entertainment-related Business posted gross operating revenue of 78,070 million yen (up 3.6% from previous fiscal year) and segment profit of 4,499 million yen (up 16.8% from previous fiscal year).

(Financial Services Business) *2

With respect to our Financial Services Business, Lawson Bank, Inc. acquired its banking license on August 10, 2018 and started providing banking services to customers on October 15. With the aim of building awareness of the bank, we have been running TV and online commercials, implementing promotional campaigns in which ATM users receive discount coupons for “Karaage-kun” fried chicken, “MACHI Café” and “Uchi Café SWEETS,” and started offering ordinary savings account and fixed deposit account services. In addition, we issued the LAWSON Ponta Plus credit card, which allows cardholders to collect Ponta points when using their cards at LAWSON stores and other outlets. In our ATM business, the foundation of our banking business, we expanded our network of financial institution partners, while working to install ATMs at locations other than LAWSON stores, including New Chitose Airport and Tokyo Metro stations. As of the end of February 2019, the number of ATMs installed nationwide reached 13,459 (up 726 from previous fiscal year), with each ATM used 48.9 times a day on average. The total number of our financial institution partners increased to 111 nationwide (up 21 from previous fiscal year), including online banks. *3,*4

*2 Starting from the third quarter ended November 30, 2018, our Financial Services Business, which had been included in the Other Business, has been reclassified as a separate reportable segment due to its increased significance.

*3 JA Bank and JF Marine Bank are classified as separate financial institutions.

*4 Lawson Bank Preparatory Company, Inc. changed its name to Lawson Bank, Inc., effective July 2, 2018.

As a result, Financial Services Business posted gross operating revenue of 30,572 million yen (up 11.8% from

previous fiscal year) and segment profit of 2,223 million yen (down 48.0% from previous fiscal year).

(Other Business)

In addition to the aforementioned businesses, the Group is also involved in the Overseas Business.

With regards to Overseas Business, the Group's operating companies opened LAWSON stores in the People's Republic of China, Thailand, Indonesia, the Philippines, and the United States of America (Hawaii).

In the People's Republic of China, after being the first Japanese convenience store operator to advance into Shanghai, we made inroads into Chongqing, Dalian, Beijing, Wuhan, and Nanjing. The number of LAWSON stores in the entire country reached 2,007 as of the end of February 2019.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2018)	Change during fiscal year	Number of stores (As of February 28, 2019)
China Shanghai and surrounding area	865	362	1,227
China Chongqing	165	33	198
China Dalian	122	24	146
China Beijing	73	35	108
China Wuhan	198	110	308
China Hefei	—	20	20
Thailand	101	19	120
Indonesia	37	5	42
Philippines	33	6	39
United States of America Hawaii	2	—	2
Total	1,596	614	2,210

As a result, Other Business posted gross operating revenue of 45,404 million yen (up 19.2% from previous fiscal year) and segment loss of 1,618 million yen (down 42.4% from previous fiscal year).

[Environmental and Social Contribution Activities]

As part of our initiative to reduce our environmental impact, we will endeavor to save energy and resources as well as promote waste reduction not only at LAWSON stores but also throughout the entire supply chain.

In particular, we promoted the introduction of a state-of-the-art energy-saving chlorofluorocarbon-free (CO₂ refrigerant) refrigerator/freezer system with the aim of reducing electricity consumption at our stores and preventing global warming. As of the end of February 2019, the system had been installed in approximately 3,400 stores, approximately 700 stores more than a year earlier. Compared to conventional equipment used in our stores, the new system can reduce electricity consumption per store by around 12%. By putting into practical use an energy-saving package model centered on this system, the Group will aim to achieve its target of using 20% less electricity per store by fiscal 2020 compared to the fiscal 2010 level.

In our efforts to save natural resources, we are striving to use less plastic by producing and distributing reusable shopping bags, introducing biomass plastic, promoting recycling, and remodeling product containers. Our Natural Lawson stores are advancing their initiative to adopt plastic shopping bags produced partly with polyethylene made from sugarcane. We are also rigorously proceeding with various other measures to reduce the use of plastic, which is currently a global issue. For example, we are conducting a monitoring survey on the use of paper straws jointly with Yamanashi Prefecture, as well as an experiment and examination on replacing plastic cups with paper cups for serving freshly brewed iced coffee at MACHI café.

With regard to reducing waste, we are recycling waste food and cooking oil from stores, which are being reused as feed and fertilizer, and biodiesel fuel, respectively.

As part of our social contribution activities, we established a scholarship program for children from single-parent families in 2017 to support their education. In fiscal 2018, 400 selected recipients received scholarship funds. In addition, money was also raised for victims of the heavy rain disaster in July, Typhoon Jebi, and the Hokkaido Eastern Iburi Earthquake.

On March 1, 2019, we established the SDGs Committee. As a member of society, we will continue to make group-wide unified efforts together with our franchised stores, customers and business partners to address social and environmental issues toward the goal of achieving the SDGs.

(2) Profit and Loss

In terms of operating results for the fiscal year, gross operating revenue increased to 700,647 million yen (up 6.6% from previous fiscal year), operating income totaled 60,781 million yen (down 7.7% from previous fiscal year), and ordinary income amounted to 57,700 million yen (down 11.4% from previous fiscal year). Profit attributable to owners of parent was 25,585 million yen (down 4.6% from previous fiscal year).

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

① Total assets, total liabilities, total net assets analysis

Current assets increased by 392,138 million yen from the end of the previous fiscal year to 623,998 million yen, mainly reflecting an increase of 324,115 million yen in cash and deposits. Non-current assets increased by 50,095 million yen from the end of the previous fiscal year to 718,491 million yen, mainly reflecting an increase of 32,364 million yen in property and store equipment and an increase of 11,256 million yen in investments and other assets such as guarantee deposits. Consequently, total assets increased by 442,234 million yen from the end of the previous fiscal year to 1,342,490 million yen.

Current liabilities increased by 219,300 million yen from the end of the previous fiscal year to 598,522 million yen, mainly reflecting an increase of 90,260 million yen in short-term loans payable and an increase of 49,425 million yen in current portion of long-term loans payable. Non-current liabilities increased by 222,398 million yen from the end of the previous fiscal year to 461,985 million yen, mainly reflecting an increase of 204,530 million yen in long-term loans payable. Consequently, total liabilities increased by 441,698 million yen from the end of the previous fiscal year to 1,060,507 million yen.

Net assets increased by 535 million yen from the end of the previous fiscal year to 281,982 million yen, mainly reflecting an increase of 1,264 million yen in valuation difference on available-for-sale securities and

a decrease of 664 million yen in foreign currency translation adjustment. Consequently, shareholders' equity ratio was 20.6%, down from 30.6% as of the end of the previous fiscal year.

② Cash flows during fiscal year 2018

Cash and cash equivalents at February 28, 2019 increased by 324,115 million yen from the end of the previous fiscal year to 354,236 million yen.

Net cash provided by operating activities was 128,594 million yen, an increase of 14,656 million yen from the previous fiscal year, mainly because of an increase in accounts payable-other, a decrease in notes and accounts receivable-trade and an increase in deposits received.

Net cash used in investing activities was (81,017) million yen, a decrease of 10,191 million yen from the previous fiscal year, because of a decrease in payments for transfer of business and an increase of proceeds from sales of investment securities.

Net cash provided by financing activities was 277,937 million yen, an increase of 339,176 million yen from the previous fiscal year, because of an increase in proceeds from long-term loans payable and net increase in short-term loans payable.

(Reference) Trends in cash flow indicators

	2016 fiscal year	2017 fiscal year	2018 fiscal year
Shareholders' equity ratio (%)	31.7	30.6	20.6
Shareholders' equity ratio on market value basis (%)	89.4	77.7	50.3
Interest-bearing debt/cash flow ratio (years)	2.2	2.1	4.7
Interest coverage ratio (times)	51.9	55.5	46.4

(Note) Shareholders' equity ratio: Shareholders' equity/Total assets

Shareholders' equity ratio on market value basis: Market capitalization/Total assets

Interest-bearing debt/cash flow ratio: Interest-bearing debt/Cash flow provided by operating activities

Interest coverage ratio: Cash flow provided by operating activities/Interest expense

1. All indices are calculated using consolidated financial figures.
2. Market capitalization is calculated by multiply closing share price at the end of fiscal year with the number of shares outstanding at the end of fiscal year (excluding treasury shares)
3. The figure for net cash provided by operating activities in the consolidated statements of cash flows is used as cash flow provided by operating activities. Interest-bearing debt refers to the sum of all liabilities in the consolidated balance sheets on which interest is paid. The figure for interest paid in the consolidated statements of cash flows is used as interest expense.

(4) Future Outlook

Outlook for the next fiscal year (2019 fiscal year ending February 29, 2020)

	1H of 2019 fiscal year		2019 fiscal year	
	Forecast (Millions of yen)	YoY (%)	Forecast (Millions of yen)	YoY (%)
Gross operating revenue	365,000	103.7	727,000	103.8
Operating income	33,500	97.1	60,800	100.0
Ordinary income	30,500	90.9	54,500	94.5
Profit attributable to owners of parent	15,500	86.4	18,000	70.4

2. Basic Approach to Selection of Accounting Standards

The Group applies Japanese generally accepted accounting principles, and it has no plan to apply International Financial Reporting Standards (IFRS) for the time being. The Group intends to respond appropriately to the application of the IFRS by considering the situation prevailing in Japan and overseas.

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

As of February 28, 2018 and February 28, 2019

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Assets		
Current assets:		
Cash and deposits	30,124	354,240
Accounts receivable-due from franchised stores	46,599	47,179
Lease receivables	16,426	19,120
Merchandise	18,913	20,862
Accounts receivable-other	82,633	120,969
Deferred tax assets	3,411	4,394
Other	33,779	57,355
Allowance for doubtful accounts	(28)	(124)
Total current assets	231,860	623,998
Non-current assets:		
Property and store equipment:		
Buildings and structures, net	197,979	207,755
Tools, furniture and fixtures, net	16,355	16,056
Land	9,582	9,052
Leased assets, net	123,940	146,880
Construction in progress	1,800	2,223
Other, net	277	331
Total property and store equipment	349,935	382,300
Intangible assets:		
Software	41,602	49,791
Goodwill	47,947	46,836
Trademark right	10,074	9,468
Other	573	576
Total intangible assets	100,197	106,672
Investments and other assets:		
Investment securities	27,271	31,140
Long-term loans receivable	47,425	44,024
Guarantee deposits	100,686	107,034
Deferred tax assets	24,406	26,760
Other	19,568	21,395
Allowance for doubtful accounts	(1,095)	(835)
Total investments and other assets	218,262	229,519
Total non-current assets	668,395	718,491
Total assets	900,256	1,342,490

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Liabilities		
Current liabilities:		
Accounts payable-trade	118,174	123,408
Short-term loans payable	36,340	126,600
Current portion of long-term loans payable	575	50,000
Lease obligations	33,063	38,750
Accounts payable-other	60,741	101,995
Income taxes payable	6,880	6,683
Deposits received	109,629	131,804
Provision for bonuses	3,767	4,263
Other	10,051	15,015
Total current liabilities	379,222	598,522
Non-current liabilities:		
Long-term loans payable	55,469	260,000
Lease obligations	113,617	131,441
Deferred tax liabilities	2,616	711
Provision for retirement benefits to executive officers and audit and supervisory board members	271	300
Net defined benefit liability	13,781	15,125
Asset retirement obligations	29,062	31,102
Other	24,767	23,303
Total non-current liabilities	239,587	461,985
Total liabilities	618,809	1,060,507
Net assets		
Shareholders' equity:		
Capital stock	58,506	58,506
Capital surplus	46,689	46,984
Retained earnings	166,124	166,187
Treasury shares	(1,040)	(1,028)
Total shareholders' equity	270,280	270,649
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	2,084	3,349
Revaluation reserve for land	(575)	(566)
Foreign currency translation adjustment	4,595	3,930
Remeasurements of defined benefit plans	(726)	(848)
Total accumulated other comprehensive income	5,377	5,865
Subscription rights to shares	195	215
Non-controlling interests	5,593	5,251
Total net assets	281,446	281,982
Total liabilities and net assets	900,256	1,342,490

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

For the fiscal years ended February 28, 2018 and February 28, 2019

(Millions of yen)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Gross operating revenue	657,324	700,647
Net sales	264,734	288,579
Cost of sales	181,374	198,040
Gross profit	83,360	90,539
Operating revenue:		
Income from franchised stores	289,232	302,136
Other operating revenue	103,357	109,931
Total operating revenue	392,589	412,067
Operating gross profit	475,950	502,607
Selling, general and administrative expenses	410,129	441,825
Operating income	65,820	60,781
Non-operating income:		
Interest income	799	714
Dividend income	112	319
Share of profit of entities accounted for using equity method	693	320
Compensation income	897	382
Other	1,331	1,720
Total non-operating income	3,835	3,456
Non-operating expenses:		
Interest expenses	2,099	2,768
Loss on cancellation of leases	1,304	1,655
Loss on disaster	—	817
Other	1,110	1,296
Total non-operating expenses	4,514	6,538
Ordinary income	65,141	57,700
Extraordinary income:		
Gain on sales of investment securities	—	738
Gain on sales of shares of subsidiaries and associates	302	—
Total extraordinary income	302	738
Extraordinary losses:		
Loss on sales of non-current assets	368	224
Loss on retirement of non-current assets	3,115	4,141
Impairment loss	17,533	13,891
Other	836	303
Total extraordinary losses	21,853	18,561
Profit before income taxes	43,590	39,876
Income taxes-current	14,190	18,328
Income taxes-deferred	2,538	(4,015)
Total income taxes	16,729	14,313
Profit	26,861	25,562
Profit attributable to non-controlling interests	32	(22)
Profit attributable to owners of parent	26,828	25,585

Consolidated Statement of Comprehensive Income

For the fiscal years ended February 28, 2018 and February 28, 2019

(Millions of yen)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Profit	26,861	25,562
Other comprehensive income		
Valuation difference on available-for-sale securities	1,809	1,264
Foreign currency translation adjustment	36	(673)
Remeasurements of defined benefit plans	201	19
Total other comprehensive income	2,047	610
Comprehensive income	28,908	26,713
Comprehensive income attributable to		
Owners of parent	28,824	26,204
Non-controlling interests	83	(31)

(3) Consolidated Statement of Changes in Equity

Previous fiscal year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	58,506	49,083	165,162	(1,210)	271,541
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling shareholders		(2,454)			(2,454)
Dividends of surplus			(25,258)		(25,258)
Change of scope of consolidation			(564)		(564)
Profit attributable to owners of parent			26,828		26,828
Purchase of treasury shares				(3)	(3)
Disposal of treasury shares		0		0	0
Capital increase of consolidated subsidiaries					—
Increase by corporate division					—
Tax effect adjustment on change in equity of prior period					—
Reversal of revaluation reserve for land			(42)		(42)
Exercise of subscription rights to shares (Delivery of treasury shares)		60		172	233
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(2,393)	962	169	(1,261)
Balance at end of current period	58,506	46,689	166,124	(1,040)	270,280

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	274	(618)	4,610	(927)	3,338	314	10,800	285,995
Changes of items during period								
Change in ownership interest of parent due to transactions with non-controlling shareholders								(2,454)
Dividends of surplus								(25,258)
Change of scope of consolidation								(564)
Profit attributable to owners of parent								26,828
Purchase of treasury shares								(3)
Disposal of treasury shares								0
Capital increase of consolidated subsidiaries								—
Increase by corporate division								—
Tax effect adjustment on change in equity of prior period								—
Reversal of revaluation reserve for land								(42)
Exercise of subscription rights to shares (Delivery of treasury shares)								233
Net changes of items other than shareholders' equity	1,809	42	(15)	201	2,038	(119)	(5,207)	(3,288)
Total changes of items during period	1,809	42	(15)	201	2,038	(119)	(5,207)	(4,549)
Balance at end of current period	2,084	(575)	4,595	(726)	5,377	195	5,593	281,446

Current fiscal year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	58,506	46,689	166,124	(1,040)	270,280
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling shareholders					—
Dividends of surplus			(25,514)		(25,514)
Change of scope of consolidation			(0)		(0)
Profit attributable to owners of parent			25,585		25,585
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		0	0
Capital increase of consolidated subsidiaries		(4)			(4)
Increase by corporate division		70			70
Tax effect adjustment on change in equity of prior period		224			224
Reversal of revaluation reserve for land			(8)		(8)
Exercise of subscription rights to shares (Delivery of treasury shares)		4		13	17
Net changes of items other than shareholders' equity					
Total changes of items during period	—	294	62	12	369
Balance at end of current period	58,506	46,984	166,187	(1,028)	270,649

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	2,084	(575)	4,595	(726)	5,377	195	5,593	281,446
Changes of items during period								
Change in ownership interest of parent due to transactions with non-controlling shareholders								—
Dividends of surplus								(25,514)
Change of scope of consolidation								(0)
Profit attributable to owners of parent								25,585
Purchase of treasury shares								(1)
Disposal of treasury shares								0
Capital increase of consolidated subsidiaries								(4)
Increase by corporate division								70
Tax effect adjustment on change in equity of prior period								224
Reversal of revaluation reserve for land								(8)
Exercise of subscription rights to shares (Delivery of treasury shares)								17
Net changes of items other than shareholders' equity	1,264	8	(664)	(121)	487	20	(341)	166
Total changes of items during period	1,264	8	(664)	(121)	487	20	(341)	535
Balance at end of current period	3,349	(566)	3,930	(848)	5,865	215	5,251	281,982

(4) Consolidated Statement of Cash Flows

For the fiscal years ended February 28, 2018 and February 28, 2019

(Millions of yen)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Net cash provided by (used in) operating activities:		
Profit before income taxes	43,590	39,876
Depreciation and amortization	58,601	66,844
Impairment loss	17,533	13,891
Interest income	(799)	(714)
Interest expenses	2,099	2,768
Loss on retirement of non-current assets	3,115	4,141
Decrease (increase) in notes and accounts receivable-trade	(6,574)	(2,707)
Decrease (increase) in accounts receivable-other	(4,100)	(38,404)
Increase (decrease) in notes and accounts payable-trade	7,103	5,752
Increase (decrease) in accounts payable-other	428	41,109
Increase (decrease) in deposits received	6,468	22,179
Increase (decrease) in net defined benefit liability	781	876
Net decrease (increase) in call loans for banking business	—	(20,000)
Other	5,278	13,785
Subtotal	133,526	149,400
Interest income received	750	671
Interest expenses paid	(2,051)	(2,771)
Income taxes paid	(18,286)	(18,706)
Net cash provided by (used in) operating activities	113,938	128,594
Net cash provided by (used in) investing activities:		
Purchase of property and store equipment	(41,536)	(43,284)
Purchase of intangible assets	(18,533)	(18,060)
Purchase of investment securities	(1,126)	(5,756)
Proceeds from sales of investment securities	665	7,157
Purchase of shares of subsidiaries and associates	(3,920)	(3,597)
Payments of long-term loans receivable	(8,580)	(7,388)
Collection of long-term loans receivable	5,133	5,110
Payments for guarantee deposits	(24,579)	(24,239)
Proceeds from collection of guarantee deposits	22,115	18,428
Purchase of long-term prepaid expenses	(9,229)	(5,752)
Payments for transfer of business	(11,009)	(2,730)
Other	(605)	(904)
Net cash provided by (used in) investing activities	(91,209)	(81,017)

(Millions of yen)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	5,160	90,260
Proceeds from long-term loans payable	—	260,000
Repayments of long-term loans payable	(1,234)	(6,044)
Repayments of lease obligations	(32,096)	(40,682)
Cash dividends paid	(25,258)	(25,514)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(7,799)	—
Other	(10)	(80)
Net cash provided by (used in) financing activities	(61,238)	277,937
Effect of exchange rate change on cash and cash equivalents	173	(1,409)
Net increase (decrease) in cash and cash equivalents	(38,336)	324,105
Cash and cash equivalents at beginning of period	67,692	30,120
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	765	10
Cash and cash equivalents at end of period	30,120	354,236

**(5) Notes to Consolidated Financial Statements
(Going Concern Assumption)**

Not Applicable.

(Accounting Policies for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 21

- | | |
|------------|--|
| (Domestic) | Lawson Entertainment, Inc.
BestPractice, Inc.
SCI, Inc.
Lawson Store100, Inc.
Lawson HMV Entertainment United Cinemas Holdings, Inc.
United Entertainment Holdings Co., Ltd.
United Cinemas Co., Ltd.
SEIJO ISHII CO., LTD.
Lawson Sanin, Inc.
Lawson Bank, Inc.
Lawson urbanworks, Inc. |
| (Foreign) | Chongqing Lawson, Inc.
Shanghai Lawson, Inc.
Dalian Lawson, Inc.
Lawson (China) Holdings, Inc.
Saha Lawson Co., Ltd.
Shanghai Le Song Trading Co., Ltd.
Shang Hai Gong Hui Trading Co., Ltd.
Zhejiang Lawson, Inc.
Beijing Lawson, Inc.
BEIJING LUOSONG Co., Ltd. |

Of the above subsidiaries, Lawson urbanworks, Inc. was included in the scope of consolidated subsidiaries from the fiscal year under review due to its increased significance as a subsidiary.

On June 1, 2018, Lawson HMV Entertainment, Inc. changed its corporate name to Lawson Entertainment, Inc.

On July 2, 2018, Lawson Bank Preparatory Company, Inc. changed its corporate name to Lawson Bank, Inc.

Lawson ATM Networks, Inc. was excluded from the scope of consolidation since its liquidation was completed as of February 25, 2019.

(2) Names of nonconsolidated subsidiaries and others

- | | |
|------------|---|
| (Domestic) | LAWSONWILL, Inc.
HATS UNLIMITED CO., LTD.
Food Marketing Japan, Inc.
Seikaken, Inc.
Lawson Syuhan, Inc.
TOKYO EUROPE TRADE CO., LTD.
SG Lawson, Inc.
Lawson Travel, Inc.
Lawson Digital Innovation Inc. |
| (Foreign) | Lawson USA Hawaii, Inc.
Jiangsu Lawson, Inc.
PG Lawson Company, Inc. |

(Reasons for exclusion from the scope of consolidation)

The above nonconsolidated subsidiaries have been excluded from the scope of consolidation because they are all small in scale and their total assets, net sales, profit or loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) and others have no material influence on the consolidated financial statements.

2. Application of the equity method

(1) Equity-method associates: 3

(Domestic) Lawson Okinawa, Inc.
 Lawson Minamikyushu, Inc.
 Lawson Kochi, Inc.

- (2) Nonconsolidated subsidiaries excluded from the scope of the equity-method application (LAWSONWILL, Inc., HATS UNLIMITED CO., LTD., Food Marketing Japan, Inc., Seikaken, Inc., Lawson Syuhan, Inc., TOKYO EUROPE TRADE CO., LTD., SG Lawson, Inc., Lawson Travel, Inc., Lawson Digital Innovation Inc., Lawson USA Hawaii, Inc., Jiangsu Lawson, Inc. and PG Lawson Company, Inc.) and entities excluded from the scope of the equity-method application (Double Culture Partners Co., Ltd., Loyalty Marketing, Inc., Lawson Staff, Inc., AUGUSARENA CORPORATION., LTF Co., Ltd., StageAround TOKYO Production Committee, Jiangyin Hualian Guzhitian Food Co., Ltd., POPLAR Co.,Ltd., New Designed by Tokyo Ltd., Lawson Farm Chiba and others) were excluded from the scope of the equity-method application because their profit or loss (corresponding to equity interest) and retained earnings (corresponding to equity interest) of these entities are not significant either individually or in aggregate to the consolidated financial statements.

3. Fiscal year end of the consolidated subsidiaries

The balance sheet date of Chongqing Lawson, Inc., Shanghai Lawson, Inc., Dalian Lawson, Inc., Lawson (China) Holdings, Inc., Saha Lawson Co., Ltd., Shanghai Le Song Trading Co., Ltd., Shang Hai Gong Hui Trading Co., Ltd., Zhejiang Lawson, Inc., Beijing Lawson, Inc. and BEIJING LUOSONG Co., Ltd. is December 31. In order to prepare the consolidated financial statements, the Company used these companies' financial information prepared as of such balance sheet date and significant transactions which occur between the balance sheet date and the consolidated balance sheet date are adjusted as required for consolidation.

The balance sheet date of Lawson Bank, Inc. is March 31. In formulating the consolidated financial statements, the Company used this subsidiary's provisional settlement of accounts as of the consolidated balance sheet date.

The fiscal year end date for the other consolidated subsidiaries corresponds with the consolidated balance sheet date.

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for significant assets

① Securities:

Marketable securities and investments in securities:

Available-for-sale securities:

Securities whose market value is readily determinable:

Recorded at market value with net unrealized gains and losses as a separate component of net assets. The cost of securities sold is determined based on the moving-average method.

Other:

Stated at cost determined by the moving-average method.

② Inventories:

Merchandise:

Stated at cost determined mainly by the retail method (the book value in the balance sheet is written down based on the decline in profitability).

(2) Depreciation method of depreciable significant assets

① Property and store equipment (except for leased assets):

Mainly computed by the straight-line method.

The ranges of useful lives are from 10 to 34 years for buildings and structures and from 5 to 8 years for tools, furniture and fixtures.

② Intangible assets (except for leased assets):

Computed by the straight-line method.

Costs of software for internal use are amortized by the straight-line method over 5 years, which is the estimated useful life. Furthermore, for right of trademark, amortization is mainly computed using the straight-line method over 20 years.

③ Leased assets:

Leased assets related to finance leases that do not transfer ownership of leased property

The Company applies the straight-line method using the lease term as the useful life and a residual value of zero.

(3) Accounting standard for significant reserves

① Allowance for doubtful accounts:

Allowance for doubtful accounts is provided at the amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables and on estimated recoverability for specific doubtful receivables.

② Provision for bonuses:

Provision for bonuses is provided for payments of employees' bonuses based on the estimated amounts.

③ Provision for retirement benefits to executive officers and audit & supervisory board members:

Provision for retirement benefits to executive officers of the Company and audit & supervisory board members of consolidated subsidiaries is recorded under internal regulations.

(4) Accounting method for retirement benefits

① Period attributable method of estimated amount of retirement benefits

In calculating retirement benefit obligation, in order to attribute estimated amount of retirement benefits in the period up to the end of the current fiscal year, it is based on the benefit formula basis.

② Cost treatment method of actuarial difference and prior service cost

Prior service cost is amortized starting the fiscal year incurred mainly on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their recognition.

Actuarial differences are mainly amortized from the following fiscal year on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their recognition.

Certain consolidated subsidiaries apply the simplified method to estimate the amount required for voluntary resignations at the end of the fiscal year as the retirement benefit liability in order to calculate net defined benefit liability and retirement benefit expenses.

(5) Significant foreign currency transactions and foreign currency financial statements

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rates at the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income. The consolidated balance sheet accounts as well as revenue and expense accounts of foreign subsidiaries and affiliated companies are translated into Japanese yen at the current exchange rate as of the consolidated balance sheet date except for shareholders' equity, which is translated at the historical rate. Differences arising from such translation are shown as "foreign currency translation adjustments" and "non-controlling interests," a separate component of net assets.

(6) Amortization method and period of goodwill

Goodwill is amortized on a straight-line basis over the relevant years, depending on the reason for the occurrence of goodwill, with a maximum of 20 years.

(7) Cash and cash equivalents in the consolidated statement of cash flows

Cash and cash equivalents in the consolidated statement of cash flows include cash on hand, demand deposits and short-term investments due within three months of the acquisition date, which are easily convertible into cash with little risk of value fluctuation.

(8) Other significant items related to the preparation of consolidated financial statements

Accounting for consumption tax:

Consumption tax and local consumption tax are accounted for using the tax exclusion method.

(Changes in Accounting Policies)

The Company's foreign consolidated subsidiaries have applied International Financial Reporting Standard 15 (IFRS 15) "Revenue from Contracts with Customers" from the first quarter of the fiscal year ended February 28, 2019.

The impact of the application of IFRS 15 on the Company's consolidated financial statements is immaterial.

(Unapplied Accounting Standards, etc.)

(The Company and its domestic consolidated subsidiaries)

- "Implementation Guidance on Tax Effect Accounting" (ASBJ Guidance No. 28; February 16, 2018)
- "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26; February 16, 2018)

(1) Outline

The accounting treatment for future taxable temporary differences relating to shares of subsidiaries, etc. on non-consolidated financial statements was revised, and the accounting treatment concerning the recoverability of deferred tax assets at companies that fall under (Category 1) has been clarified.

(2) Scheduled date of application

The Company plans to adopt the accounting standards, etc. from the beginning of the fiscal year ending February 29, 2020.

(3) Impact of the application of the accounting standards, etc.

The impact was being evaluated at the time of preparation of these consolidated financial statements.

- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29; March 30, 2018)
- "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30; March 30, 2018)

(1) Outline

This is a comprehensive accounting standard on revenue recognition. Revenue is recognized by applying the following five steps:

Step 1: Identify the contracts with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

Step 4: Allocate the transaction price to the performance obligations in the contract.

Step 5: Recognized revenue when as the entity satisfies a performance obligation.

(2) Scheduled date of application

The Company plans to adopt the accounting standards, etc. from the beginning of the fiscal year ending February 28, 2023.

(3) Impact of the application of the accounting standards, etc.

The impact was being evaluated at the time of preparation of these consolidated financial statements.

(Foreign consolidated subsidiaries)

- "Leases" (IFRS 16)

(1) Outline

This accounting standard requires lessees to recognize assets and liabilities for all leases, in principle.

(2) Scheduled date of application

The Company plans to adopt the accounting standards, etc. from the beginning of the fiscal year ending February 29, 2020.

(3) Impact of the application of the accounting standards, etc.

The impact was being evaluated at the time of preparation of these consolidated financial statements.

(Changes in Presentation)

(Consolidated Statement of Income)

In the “Non-operating income” section, “Dividend income” was included in “Other” in the previous fiscal year. Due to an increase in financial materiality, “Dividend income” is now separately presented. To reflect this change in method of presentation, the Consolidated Statement of Income for the previous fiscal year has been reclassified.

As a result, in the “Non-operating income” section, 112 million yen that was presented as “Other” in the Consolidated Statement of Income for the previous fiscal year is now included in “Dividend income.”

(Consolidated Statement of Cash Flows)

In the “Cash flows from investing activities” section, “Purchase of investment securities” was included in “Other” in the previous fiscal year. Due to an increase in financial materiality, “Purchase of investment securities” is now separately presented. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the “Cash flows from investing activities” section, (1,126) million yen that was presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year is now presented as “Purchase of investment securities.”

In the “Cash flows from investing activities” section, “Proceeds from sales of investment securities” was included in “Other” in the previous fiscal year. Due to an increase in financial materiality, “Proceeds from sales of investment securities” is now separately presented. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the “Cash flows from investing activities” section, 665 million yen that was presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year is now presented as “Proceeds from sales of investment securities.”

In the “Cash flows from investing activities” section, “Payments of long-term loans receivable” and “Collection of long-term loans receivable” were included in “Decrease (increase) in long-term loans receivable - net” in the previous fiscal year. In order to enhance the clarity of the consolidated financial statements from the current fiscal year, “Payments of long-term loans receivable” and “Collection of long-term loans receivable” are now separately presented.

As a result, in the “Cash flow from investing activities” section, (3,447) million yen that was presented as “Decrease (increase) in long-term loans receivable – net” in the Consolidated Statement of Cash Flows for the previous fiscal year is now presented as (8,580) million yen of “Payments of long-term loans receivable” and 5,133 million yen of “Collection of long-term loans receivable.”

In the “Cash flows from investing activities” section, “Payments for guarantee deposits” and “Proceeds from collection of guarantee deposits” were included in “Other” in the previous fiscal year. In order to enhance the clarity of the consolidated financial statements from the current fiscal year, “Payments for guarantee deposits” and “Proceeds from collection of guarantee deposits” are now separately presented.

As a result, in the “Cash flows from investing activities” section, (2,464) million yen that was presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year is now presented as (24,579) million yen of “Payments for guarantee deposits” and 22,115 million yen of “Proceeds from collection of guarantee deposits.”

In the “Cash flow from financing activities” section, “Repayments of long-term loans payable” was included in “Other” in the previous fiscal year. Due to an increase in financial materiality, “Repayments of long-term loans payable” is now separately presented. To reflect this change in method of presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, in the “Cash flow from financing activities” section, (1,234) million yen that was presented as “Other” in the Consolidated Statement of Cash Flows for the previous fiscal year is now presented as “Repayments of long-term loans payable.”

(Additional Information)

(Introduction of Consolidated Taxation System)

The Company and certain consolidated subsidiaries applied for approval for the consolidated taxation system during the current fiscal year, and they expect to adopt the consolidated taxation system beginning from the following fiscal year. Therefore, the corresponding accounting for the current fiscal year assumes such adoption of the consolidated taxation system in accordance with “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 1)” (ASBJ PITF No. 5; December 28, 2015) and “Practical Solution on Tentative Treatment of Tax Effect Accounting Under Consolidated Taxation System (Part 2)” (ASBJ PITF No. 7; March 14, 2016).

(Notes to Consolidated Balance Sheet)***1. Accumulated depreciation of property and store equipment**

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Accumulated depreciation	317,966	342,857

***2. Investments in associates**

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Investment securities (stocks)	13,895	17,591
(Investment amount for jointly-controlled companies)	(1,060)	(980)
Investment securities (bonds)	192	207
Other (other equity investments)	1,276	705
(Investment amount for jointly-controlled companies)	(1,226)	(584)

***3. Revaluation of land used for business**

Land used for business was revalued on the basis prescribed by the Law Concerning Revaluation of Land (Law No. 34, March 31, 1998). The resulting revaluation difference has been included in net assets as "Revaluation reserve for land."

Revaluation method:

The value of land is determined based on the notified prices adjusted reasonably as stipulated in Article 2, Item 4 of the Ordinance Implementing the Law Concerning Revaluation of Land (Government Ordinance No. 119, March 31, 1998) and the assessed value as stipulated in Article 2, Item 5 of the same Ordinance.

Date of revaluation: February 28, 2002

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Difference between book value and market value of the revalued land as of balance sheet date	177	151

***4. Pledged assets and secured liabilities**

Assets pledged as collateral and liabilities collateralized are as follows.

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Cash and deposits	4,212	4

In addition to the above, shares of consolidated subsidiaries pledged as collateral are as follows.

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Shares of consolidated subsidiaries (Amount before elimination)	16,614	—

Secured liabilities are as follows

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Current portion of long-terms loans payable	575	—
Long-term loans payable	5,469	—
Total	6,044	—

*5. Overdraft and loan commitment agreements

The Company and its consolidated subsidiaries have entered into overdraft and loan commitment agreements to ensure efficient funding of working capital.

The unutilized balances of loans under these overdraft and loan commitment agreements as of the end of the fiscal year are as follows.

(Millions of yen)

	Previous fiscal year As of February 28, 2018	Current fiscal year As of February 28, 2019
Total overdraft limit and loan commitment	91,000	220,000
Amount utilized	—	79,800
Unutilized balance	91,000	140,200

(Notes to Consolidated Statement of Income)

*1 Major components of selling, general and administrative expenses are as follows.

(Millions of yen)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Employees' salaries and allowances	57,214	61,078
Provision for bonuses	3,173	3,437
Retirement benefit expenses	2,537	2,632
Rents	124,387	132,739
Depreciation	58,499	66,735

*2 Breakdown of loss on sales of non-current assets

(Millions of yen)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Buildings and structures	343	149
Tools, furniture and fixtures	12	72
Land	12	—
Others	0	2
Total	368	224

*3 Breakdown of loss on retirement of non-current assets

(Millions of yen)		
	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Buildings and structures	2,254	3,367
Tools, furniture and fixtures	193	154
Leased assets	458	586
Software	207	28
Others	0	4
Total	3,115	4,141

*4 Impairment loss

The Company and its consolidated subsidiaries (collectively, the “Group”) identify each store as the smallest cash generating unit.

The carrying value of asset groups whose profitability has significantly decreased was written down to the recoverable amount, with the difference recognized as impairment loss under extraordinary losses.

Previous fiscal year (From March 1, 2017 to February 28, 2018)

(Millions of yen)			
Category by use	Location	Assets	Impairment loss
Stores	Tokyo	Buildings; tools, furniture and fixtures; and others	1,306
	Osaka	"	1,390
	Others	"	8,720
Other	—	Land	70
	—	Software	6,033
	—	Goodwill	12
Total	—	—	17,533

Category by non-current assets

Buildings and structures	5,967	million yen
Tools, furniture and fixtures	811	"
Land	183	"
Leased assets	4,485	"
Software	6,033	"
Goodwill	12	"
Other	40	"

The recoverable amount of the asset groups is the higher of net selling price or value in use. The net selling price of land was calculated based on the value appraised by a real estate appraiser or contract price, and the value in use was calculated by discounting estimated future cash flows mainly using a discount rate of 4.4%.

Current fiscal year (From March 1, 2018 to February 28, 2019)

(Millions of yen)

Category by use	Location	Assets	Impairment loss
Stores	Tokyo	Buildings; tools, furniture and fixtures; and others	1,590
	Osaka	"	1,505
	Others	"	10,240
Other	—	Land	50
	—	Software	503
	—	Goodwill	1
Total	—	—	13,891

Category by non-current assets

Buildings and structures	7,981	million yen
Tools, furniture and fixtures	587	"
Land	50	"
Leased assets	4,693	"
Software	503	"
Goodwill	1	"
Other	74	"

The recoverable amount of the asset groups is the higher of net selling price or value in use. The net selling price of land was calculated based on the value appraised by a real estate appraiser or contract price, and the value in use was calculated by discounting estimated future cash flows mainly using a discount rate of 3.6%.

(Notes to Consolidated Statement of Comprehensive Income)

* The components of other comprehensive income for the years ended February 28, 2018 and February 28, 2019 were as follows:

	(Millions of yen)	
	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Valuation difference on available-for-sale securities		
Gain or loss arising during the period	2,568	2,473
Reclassification adjustments to profit or loss	30	(675)
Amount before income tax effect	2,599	1,797
Income tax effect	(789)	(532)
Valuation difference on available-for-sale securities	1,809	1,264
Foreign currency translation adjustment		
Gain or loss arising during the period	36	(673)
Foreign currency translation adjustment	36	(673)
Remeasurements of defined benefit plans		
Gain or loss arising during the period	85	(177)
Reclassification adjustments to profit or loss	207	202
Amount before income tax effect	293	25
Income tax effect	(92)	(6)
Remeasurements of defined benefit plans	201	19
Total other comprehensive income	2,047	610

(Notes to Consolidated Statement of Changes in Equity)

Previous fiscal year (From March 1, 2017 to February 28, 2018)

1. Number of shares of outstanding stock and treasury shares

	Number of shares at the beginning of the period (thousands of shares)	Increase during the period (thousands of shares)	Decrease during the period (thousands of shares)	Number of shares at the end of the period (thousands of shares)
Outstanding stock Common stock	100,300	—	—	100,300
Treasury shares Common stock (*)	285	0	40	244

(*) The increase in treasury shares of 0 thousand shares resulted from purchases of stock of less than one share unit.

The decrease in treasury shares of 40 thousand shares resulted from decreases of 40 thousand shares due to the exercise of stock option rights and 0 thousand shares due to requests for additional purchases of stock of less than one share unit.

2. Subscription rights to shares and treasury subscription rights to shares

Classification	Terms of stock acquisition rights	Class and number of shares subject to stock acquisition rights					Balance at end of the current period (Millions of yen)
		Class	Number (shares)				
			Beginning of the period	Increase during the period	Decrease during the period	End of the period	
Issuing company (Parent company)	Stock acquisition rights (ordinary stock options)	—	—	—	—	—	195
Total		—	—	—	—	—	195

3. Dividend

1) Dividend payment

Date of resolution	Class of shares	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
The General meeting of shareholders (May 30, 2017)	Common stock	12,501	125.00	February 28, 2017	May 31, 2017
Directors' meeting (October 11, 2017)	Common stock	12,757	127.50	August 31, 2017	November 10, 2017

2) Dividends for which the record date is in the current fiscal year and the effective date is after the fiscal year-end

Date of resolution	Class of shares	Source of dividend	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
The General meeting of shareholders (May 22, 2018)	Common stock	Retained earnings	12,757	127.50	February 28, 2018	May 23, 2018

Current fiscal year (From March 1, 2018 to February 28, 2019)

1. Number of shares of outstanding stock and treasury shares

	Number of shares at the beginning of the period (thousands of shares)	Increase during the period (thousands of shares)	Decrease during the period (thousands of shares)	Number of shares at the end of the period (thousands of shares)
Outstanding stock Common stock	100,300	—	—	100,300
Treasury shares Common stock (*)	244	0	3	241

(*) The increase in treasury shares of 0 thousand shares resulted from purchases of stock of less than one share unit.

The decrease in treasury shares of 3 thousand shares resulted from decreases of 3 thousand shares due to the exercise of stock option rights and 0 thousand shares due to requests for additional purchases of stock of less than one share unit.

2. Subscription rights to shares and treasury subscription rights to shares

Classification	Terms of stock acquisition rights	Class and number of shares subject to stock acquisition rights					Balance at end of the current period (Millions of yen)
		Class	Number (shares)				
			Beginning of the period	Increase during the period	Decrease during the period	End of the period	
Issuing company (Parent company)	Stock acquisition rights (ordinary stock options)	—	—	—	—	—	215
Total		—	—	—	—	—	215

3. Dividend

1) Dividend payment

Date of resolution	Class of shares	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
The General meeting of shareholders (May 22, 2018)	Common stock	12,757	127.50	February 28, 2018	May 23, 2018
Directors' meeting (October 11, 2018)	Common stock	12,757	127.50	August 31, 2018	November 9, 2018

2) Dividends for which the record date is in the current fiscal year and the effective date is after the fiscal year-end

Plan for resolution is as follows.

Date of resolution	Class of shares	Source of dividend	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
The General meeting of shareholders (May 21, 2019)	Common stock	Retained earnings	12,757	127.50	February 28, 2019	May 22, 2019

(Notes to Consolidated Statement of Cash Flows)

*1. Reconciliation between the year-end balance of cash and cash equivalents and cash and deposits in the consolidated balance sheet

	(Millions of yen)	
	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Cash and deposits	30,124	354,240
Time deposits for which the deposit period exceeds three months	(4)	(4)
Cash and cash equivalents	30,120	354,236

*2. Major breakdown of assets acquired and liabilities assumed as a result of acquiring businesses in consideration for cash or cash equivalents

Previous fiscal year (From March 1, 2017 to February 28, 2018)

A major breakdown of the increase in assets and liabilities as a result of the Company partially acquiring the convenience store business of Three F Co., Ltd. is as follows.

Non-current assets	5,308	million yen
Goodwill	5,688	"
Payments for transfer of business	10,996	"

Current fiscal year (From March 1, 2018 to February 28, 2019)

Description is omitted due to its immateriality.

3. Description of significant non-cash transactions

1) Assets and liabilities related to finance lease transactions are as follows.

	(Millions of yen)	
	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Assets and liabilities related to finance lease transactions	47,054	58,842

2) Significant asset retirement obligations are as follows.

	(Millions of yen)	
	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Significant asset retirement obligations	2,492	2,385

(Segment Information)

1. Outline of reportable segments

The Company's financial information is provided separately by reportable segment and is subject to regular review by the board of directors with regard to the allocation of managerial resources and performance evaluation.

The Group operates primary businesses Domestic Convenience Store Business, Seijo Ishii Business, Entertainment-related Business and Financial Services Business while incorporating other related businesses.

Therefore, the Group has made the Domestic Convenience Store Business, Seijo Ishii Business, Entertainment-related Business and Financial Services Business units its main reportable segments, based on consideration of financial characteristics and the nature of the services provided.

Regarding Domestic Convenience Store Business, Lawson, Inc. operates a franchise system as well as undertaking the direct management of stores in Japan as the parent company of LAWSON, NATURAL LAWSON, and LAWSON STORE100. Lawson Sanin, Inc. undertakes the direct management of LAWSON stores in the Sanin area. Lawson urbanworks, Inc. undertakes the direct management of LAWSON stores mainly in Tokyo and Chiba prefectures. Lawson Store100, Inc. undertakes the direct management of LAWSON STORE100 stores. SCI, Inc., a functional subsidiary which comprehensively manages the process from procurement to sale, aims to improve the efficiency of the entire process.

Regarding Seijo Ishii Business, SEIJO ISHII CO., LTD. operates SEIJO ISHII supermarkets.

Regarding Entertainment-related Business, Lawson Entertainment, Inc. conducts the management and sales of concert tickets at LAWSON stores and others, music and video software products at HMV stores and others. In addition, United Cinemas Co., Ltd. operates multiplex movie theatres.

Regarding Financial Services Business, Lawson Bank, Inc. carries out a banking business.

Due to its increased importance, Financial Services Business, which was included in Others, has been classified as a separate reporting segment from the current fiscal year. Segment information for the previous fiscal year stated in "3. Information on net sales, and profit or loss by reportable segment" reflects this change in segment classification.

2. Computation method of the amount of net sales, profit or loss, assets and liabilities, and other items by reportable segment

The segment accounting policies are the same as those described in the "Accounting Policies for the Preparation of Consolidated Financial Statements." Segment profit is based on operating income. Intersegment revenue and transfers are based on market value.

3. Information on net sales, and profit or loss by reportable segment
 Previous fiscal year (From March 1, 2017 to February 28, 2018)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Total (Note 3)
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment -related Business	Financial Services Business				
Gross operating revenue								
Sales to external customers	437,216	81,957	73,967	27,186	36,997	657,324	—	657,324
Internal sales or transfers between segments	5,467	—	1,413	154	1,104	8,140	(8,140)	—
Total	442,684	81,957	75,380	27,341	38,101	665,465	(8,140)	657,324
Segment profit	53,648	6,854	3,853	4,275	(2,811)	65,820	—	65,820
Segment assets	834,643	60,457	63,845	50,432	20,089	1,029,469	(129,213)	900,256
Other								
Depreciation	46,161	1,798	2,300	3,170	1,333	54,763	—	54,763
Amortization of goodwill	1,839	1,437	501	—	59	3,837	—	3,837
Investments in associates	5,145	—	—	—	—	5,145	—	5,145
Increase in non-current assets	49,156	1,060	1,242	5,945	2,665	60,070	—	60,070

(Notes)

1. The business segments within the “Others” category that do not fall under the main reportable segments, include Overseas Business operated by Shanghai Lawson, Inc. and others.
2. Adjustments to segment assets are due to the elimination of intra-segment transactions.
3. Segment profit (loss) corresponds to consolidated operating income.

Current fiscal year (From March 1, 2018 to February 28, 2019)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Total (Note 3)
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment -related Business	Financial Services Business				
Gross operating revenue								
Sales to external customers	462,632	86,672	76,661	30,355	44,324	700,647	—	700,647
Internal sales or transfers between segments	6,059	—	1,408	216	1,080	8,765	(8,765)	—
Total	468,692	86,672	78,070	30,572	45,404	709,412	(8,765)	700,647
Segment profit	48,262	7,413	4,499	2,223	(1,618)	60,781	—	60,781
Segment assets	893,711	66,421	70,354	386,266	25,236	1,441,989	(99,499)	1,342,490
Other								
Depreciation	52,265	1,843	2,245	4,594	1,480	62,429	—	62,429
Amortization of goodwill	2,417	1,437	501	—	59	4,415	—	4,415
Investments in associates	5,008	—	—	—	—	5,008	—	5,008
Increase in non-current assets	47,106	688	1,332	8,493	3,724	61,344	—	61,344

(Notes)

1. The business segments within the “Others” category that do not fall under the main reportable segments, include Overseas Business operated by Shanghai Lawson, Inc. and others.
2. Adjustments to segment assets are due to the elimination of intra-segment transactions.
3. Segment profit (loss) corresponds to consolidated operating income.

(Related information)

Previous fiscal year (From March 1, 2017 to February 28, 2018)

1. Information by product and service

Since similar information is disclosed in segment information, this information is omitted.

2. Information by geographical area

(1) Net sales

Since sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income, this information is omitted.

(2) Property and store equipment

Since property and store equipment in Japan exceed 90% of property and store equipment on the consolidated balance sheet, this information is omitted.

3. Information by major customer

Information about major customers has been omitted since there are no external customers who constituted more than 10% of net sales on the consolidated statement of income.

Current fiscal year (From March 1, 2018 to February 28, 2019)

1. Information by product and service

Since similar information is disclosed in the segment information, this information is omitted.

2. Information by geographical area

(1) Net sales

Since sales to external customers in Japan exceed 90% of net sales on the consolidated statement of income, this information is omitted.

(2) Property and store equipment

Since property and store equipment in Japan exceed 90% of property and store equipment on the consolidated balance sheet, this information is omitted.

3. Information by major customer

Information about major customers has been omitted since there are no external customers who constituted more than 10% of net sales on the consolidated statement of income.

(Information on impairment loss on non-current assets by reportable segment)

Previous fiscal year (From March 1, 2017 to February 28, 2018)

The Group identifies each store as the smallest cash generating unit.

Regarding asset groups whose profitability from operating activities has continuously been negative, the book value of such assets has been written down to the recoverable amount, with the difference recorded as impairment loss under extraordinary losses.

The amount of impairment loss recorded for each reportable segment is as follows.

(Millions of yen)

	Reportable segment				Others	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment -related Business	Financial Services Business				
Impairment loss	16,854	87	149	—	441	17,533	—	17,533

Current fiscal year (From March 1, 2018 to February 28, 2019)

The Group identifies each store as the smallest cash generating unit.

Regarding asset groups whose profitability from operating activities has continuously been negative, the book value of such assets has been written down to the recoverable amount, with the difference recorded as impairment loss under extraordinary losses.

The amount of impairment loss recorded for each reportable segment is as follows.

(Millions of yen)

	Reportable segment				Others	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment -related Business	Financial Services Business				
Impairment loss	13,274	—	50	—	567	13,891	—	13,891

(Information on amortization of goodwill and amortized balance by reportable segment)

Previous fiscal year (From March 1, 2017 to February 28, 2018)

(Millions of yen)

	Reportable segment				Others	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment -related Business	Financial Services Business				
Balance at end of fiscal year	15,159	23,833	8,188	—	765	47,947	—	47,947

Note: Regarding amortization of goodwill, this information is omitted since similar information is disclosed in segment information.

Current fiscal year (From March 1, 2018 to February 28, 2019)

(Millions of yen)

	Reportable segment				Others	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment-related Business	Financial Services Business				
Balance at end of fiscal year	16,098	22,395	7,686	—	655	46,836	—	46,836

Note: Regarding amortization of goodwill, this information is omitted since similar information is disclosed in segment information.

(Information on gain on negative goodwill by reportable segment)

Previous fiscal year (From March 1, 2017 to February 28, 2018)

Not applicable.

Current fiscal year (From March 1, 2018 to February 28, 2019)

Not applicable.

(Per Share Information)

	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Net assets per share	2,755.06 yen	2,763.54 yen
Profit per share	268.16 yen	255.71 yen
Diluted profit per share	268.02 yen	255.59 yen

Note: The basis for the calculation of profit per share and diluted profit per share is as follows:

Item	Previous fiscal year From March 1, 2017 to February 28, 2018	Current fiscal year From March 1, 2018 to February 28, 2019
Profit per share		
Profit attributable to owners of parent (millions of yen)	26,828	25,585
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to common stock (millions of yen)	26,828	25,585
Average number of common stock during the fiscal year (thousands of shares)	100,044	100,057
Diluted profit per share		
Profit attributable to owners of parent adjustment (millions of yen)	—	—
Increase in number of outstanding common shares (thousands of shares)	53	47
(Subscription rights to shares) (thousands of shares)	(53)	(47)
Summary of issuable shares not included in the computation of diluted profit per share, since these securities are not dilutive.	—	—