

Flash Report on the Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2021

July 9, 2020

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 submission of quarterly securities report: July 13, 2020

Scheduled date for payment of dividend: —

Supplementary materials for quarterly financial results: Yes

Holding of presentation of quarterly results: None

(Amounts less than one million yen are truncated)

1. Consolidated operating results for the first quarter ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(1) Consolidated operating results (cumulative)

Note: Percentages represent increases (decreases) compared with the corresponding period of 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 first quarter ended								
May 31, 2020	155,360	(13.1)	2,623	(81.6)	1,208	(91.0)	(4,185)	—
May 31, 2019	178,800	4.9	14,247	12.4	13,399	11.1	7,184	16.5

Note: Comprehensive income:

For the first quarter ended May 31, 2020	(1,787) million yen	—%
For the first quarter ended May 31, 2019	6,936 million yen	9.5%

	Profit per share	Diluted profit per share
	Yen	Yen
For the first quarter ended		
May 31, 2020	(41.82)	—
May 31, 2019	71.80	71.77

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Millions of yen	Millions of yen	%
As of			
May 31, 2020	1,469,937	265,767	17.8
February 29, 2020	1,357,732	275,347	20.0

Reference: Shareholders' equity:

As of May 31, 2020	261,451 million yen
As of February 29, 2020	270,877 million yen

2. Dividends

	Annual dividends per share				
	1Q	1H	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2019 fiscal year	—	75.00	—	75.00	150.00
2020 fiscal year	—				
2020 fiscal year (forecast)		75.00	—	75.00	150.00

Note: Revision of the most recent dividends forecast: Yes

Note: For details of the revision of the dividends forecast, please refer to "Notice of the Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2021," announced on July 9, 2020.

3. Forecast of consolidated operating results for the 2020 fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

Note: Percentages represent increases (decreases) compared with the corresponding period of 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
2020 fiscal year	670,000	(8.2)	35,000	(44.4)	30,000	(46.8)	5,000	(75.1)	49.96

Note: Revision of the most recent consolidated operating results forecast: Yes

Note: For details of the revision of the consolidated operating results forecast, please refer to “Notice of the Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2021,” announced on July 9, 2020.

4. Notes

(1) Change in significant subsidiaries during the quarterly consolidated period (Changes in certain specified subsidiaries resulting in changes in scope of consolidation): None

Added: None

Excluded: None

(2) Adoptions of specific accounting methods for preparing quarterly financial statements: None

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

1. Changes in accounting policies associated with revision in accounting standards: None

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

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(4) Number of shares outstanding (common stock)

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

As of May 31, 2020: 100,300,000 As of February 29, 2020: 100,300,000

2. Number of treasury shares at the end of period

As of May 31, 2020: 237,795 As of February 29, 2020: 237,762

3. Average number of shares during the period (cumulative three months)

As of May 31, 2020: 100,062,205 As of May 31, 2019: 100,058,804

Note: This flash report is exempt from quarterly review.

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. Qualitative Information Regarding Quarterly Financial Results, (3) Explanation Regarding Forward-looking Statements” on page 8.

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1. Qualitative Information Regarding Quarterly Financial Results

(1) Explanation Regarding Consolidated Operating Results

During the first quarter of fiscal 2020, three months from March 1 to May 31, 2020, the novel coronavirus disease (COVID-19) spread across the world. In Japan, a state of emergency was declared from April to May, exerting immense pressure on the nation's economic and social activities and the daily lives of the public, with businesses closing and people staying at home in response to requests from the government. The epidemic also had a considerable effect on the trends in customer visits and buying patterns, significantly reducing the net sales of the Lawson Group.

As a result, for the first quarter of fiscal 2020 on a consolidated basis, gross operating revenue decreased to 155,360 million yen (down 13.1% from previous fiscal year), operating income decreased to 2,623 million yen (down 81.6% from previous fiscal year) and ordinary income decreased to 1,208 million yen (down 91.0% from previous fiscal year). Loss attributable to owners of parent was 4,185 million yen (Profit attributable to owners of parent was 7,184 million yen in previous fiscal year).

Against such a backdrop, we considered what Lawson could do, and took rigorous precautionary measures to protect our customers and employees from infection and flexibly responded to changing customer needs while continuing with our business operations. Notwithstanding the increasingly challenging business environment surrounding Lawson, Inc. and its franchise stores, our headquarters and franchise stores are making unified efforts toward our shared goal, "Creating Happiness and Harmony in Our Communities," under Lawson's Way, our new action guideline set forth this fiscal year.

Furthermore, we also focused on improving our group-wide internal control system and addressing operating risks based on the 2020 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control going forward.

Operating results by business segment were as follows.

It should be noted that new reportable segments applied from the first quarter of fiscal 2020 and that the comparison and analysis of figures for the three months from March 1 to May 31, 2020 were based on the new reportable segments.

(Domestic Convenience Store Business)

Owing to the prevalence of remote working and reduced opportunities to go out amid the spread of COVID-19, the number of customers and sales decreased significantly at LAWSON stores. In contrast, sales increased at LAWSON STORE100 stores as a result of rising demand stemming from consumers' desire to protect their daily lives and use the stores as alternatives to supermarkets.

As precautionary store measures against COVID-19, we installed transparent plastic barriers at cash registers; ensured social distancing; encouraged customers to visit our stores during less crowded hours; and made sure employees practiced rigorous hand washing and gargling, disinfected their hands with alcohol-based disinfectant, and wore face masks.

In store operation, we are striving to establish LAWSON stores as convenience stores endorsed by all our customers. To this end, we are implementing measures to achieve our three commitments, namely, to pursue

compelling taste, to be considerate to people, and to be environmentally friendly. By developing distinctive products that are compellingly delicious and health-conscious, we are aiming to further reinforce our product lineup, while rigorously working to offer thoughtful customer service at our stores and ensure environmental friendliness by reducing food waste, the use of plastics and CO₂ emissions, etc.

Lawson Sanin, Inc., a wholly-owned subsidiary of Lawson, Inc., was merged into Lawson, Inc. effective March 1, 2020.

[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. During the current fiscal year, we are taking decisive steps to improve store operations and strengthen franchise support by headquarters.

In May 2020, we revamped our Lawson app to further enhance customer convenience. In addition, in May 2020 we expanded the scope of stores offering the Uber Eats food delivery service to include some stores in 10 prefectures across the nation. Lawson started offering the delivery service in August 2019, initially within Tokyo.

[Merchandising and Service Strategies]

Although net sales decreased significantly owing to a decline in the number of customers, sales of daily delivered foods, frozen foods, and seasonings, among others, increased as a result of more people cooking at home instead of dining out.

In the rice range, in April 2020 we launched three new products using some unique ingredients in our “Kinshari Onigiri Rice Ball” series— “Sauce-grilled Nodoguro (rockfish),” “Mayonnaise-flavored albacore tuna,” and “Aromatic Kelp and Sea Bream”—which were hugely popular.

In the counter fast food range, “GU-BO,” a new hot snack range that can be enjoyed in a variety of ways, was in high demand.

In our dessert range, we released “novel dessert” products with differentiated texture, appearance and ingredients, “PARITORO Brulee” and “FUWASHUWA Souffle,” which were tremendously well received, resulting in Lawson’s desserts garnering considerable attention.

Furthermore, we welcomed Nendo Inc., a design company, as our partner to rebrand the logo and packaging for our private brand products. Based on the philosophy of promoting a fulfilling daily life at home, our Lawson Select brand has been redesigned into two brands, “L basic” and “L marche.”

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

Fiscal year Product group	Previous fiscal year From March 1, 2019 To May 31, 2019		Current fiscal year From March 1, 2020 to May 31, 2020	
	Sales (Millions of yen)	Percentage of total (%)	Sales (Millions of yen)	Percentage of total (%)
Processed foods	312,014	53.2	285,751	54.1
Fast foods	136,065	23.2	111,721	21.1
Daily delivered foods	87,722	14.9	85,904	16.3
Nonfood products	50,785	8.7	44,819	8.5
Total	586,587	100.0	528,197	100.0

[Store Development]

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

During the first quarter under review, the total number of LAWSON, NATURAL LAWSON and LAWSON STORE100 stores opened in Japan stood at 129 stores. Meanwhile, we closed a total of 104 such stores in the country as a result of shutting down stores with low earnings and for other reasons. As of the end of May 2020, the total number of domestic stores was 14,469.*

In an effort to establish convenience store models catered to an aging population and a trend toward self-treatment, 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 233 stores (includes 50 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of May 2020. Moreover, the number of stores offering nursing care consultation services has reached 24 as of the end of May 2020. 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 330 as of the end of May 2020. 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 the aim of supporting our customers’ beauty, health, and comfortable lifestyles, our NATURAL LAWSON stores offer an exclusive assortment of items including original products adopting select ingredients as well as products produced in collaboration with renowned brand names. Meanwhile, our LAWSON STORE100 meets customers’ needs with a wide-ranging assortment of products sold at the value-for-money price of 100 yen, including fresh fruit and vegetables, daily delivered fresh foods, prepared dishes, beverages, and daily necessities. As of the end of May 2020, we operate 145 NATURAL LAWSON stores and 693 LAWSON STORE100 stores.

* The numbers of store openings and closings and total number of stores in Japan include stores operated by Lawson, 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 29, 2020	Change during period	Total stores as of May 31, 2020
LAWSON	13,557	74	13,631
NATURAL LAWSON	145	—	145
LAWSON STORE100	742	(49)	693
Total	14,444	25	14,469

[Number of LAWSON stores by prefecture (As of May 31, 2020)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	675	Ibaraki	224	Kyoto	325	Ehime	213
Aomori	271	Tokyo	1,699	Shiga	155	Tokushima	136
Akita	184	Kanagawa	1,087	Nara	139	Kochi	139
Iwate	178	Shizuoka	285	Wakayama	149	Fukuoka	516
Miyagi	254	Yamanashi	136	Osaka	1,117	Saga	74
Yamagata	114	Nagano	173	Hyogo	665	Nagasaki	112
Fukushima	164	Aichi	726	Okayama	206	Oita	191
Niigata	224	Gifu	182	Hiroshima	242	Kumamoto	160
Tochigi	201	Mie	138	Yamaguchi	117	Miyazaki	107
Gunma	244	Ishikawa	104	Tottori	139	Kagoshima	197
Saitama	687	Toyama	185	Shimane	145	Okinawa	242
Chiba	605	Fukui	110	Kagawa	133	Total (domestic)	14,469

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

[Other]

When Japan closed all schools across Japan to prevent the spread of COVID-19, we distributed 584,983 free rice balls to 307,332 children at 7,163 after-school childcare centers. In addition, LAWSON stores supported children at home by offering free printouts of coloring sheets and rolling out a stamp rally event.

During the state of emergency, we supported producers nationwide affected by COVID-19 by jointly developing products with them and linking them to consumers through our stores.

As part of our measures to enhance the financial stability of our franchise stores, we are proceeding with a range of short-, medium- and long-term initiatives to support them with multiple store ownership, store manager development, and measures for new franchise owners. In addition, we provide support for stores facing considerable sales declines due to the spread of COVID-19, restrictions on operating hours or temporary closures. Our aim is to further improve the profits generated by franchise stores and strengthen our partnerships with them.

As a result, Domestic Convenience Store Business posted gross operating revenue of 102,781 million yen

(down 12.7% from previous fiscal year) and segment profit of 2,187 million yen (down 80.3% from previous fiscal year).

(Seijo Ishii Business)

At stores of Seijo Ishii, a high-end supermarket chain offering quality foods, we provide our customers with well-selected, safe, and reliable foods. The number of directly operated Seijo Ishii stores reached 159 as of the end of May 2020. Amid the spread of COVID-19, we closed some Seijo Ishii stores, such as those located at train and subway stations or shortened their opening hours. However, on the back of heightened demand for the stores as alternatives to general supermarkets, demand for perishables including fruits and vegetables, meat and fish grew markedly, resulting in strong overall sales. 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 25,123 million yen (up 8.0% from previous fiscal year) and segment profit of 2,616 million yen (up 14.1% from previous fiscal year).

(Entertainment-related Business)

With regard to our Entertainment-related Business, the ticketing business of Lawson Entertainment, Inc., we experienced a precipitous drop in ticket transaction value as a result of event cancellations and postponements owing to the spread of COVID-19. Among our HMV stores dedicated to selling music and video software nationwide, as well as HMV&BOOKS, which markets books, CDs, and DVDs, and HMV record shop stores specializing in analog records, while we closed some stores or shortened their opening hours, from June 3, 2020, all the stores are in operation.

United Cinemas Co., Ltd., an operator of cinema complexes, temporarily closed all its cinema theaters after the state of emergency was declared. Following the lifting of the declaration, the theaters resumed operation in phases, and as of June 1, 2020, all 43 sites nationwide offering 389 screens including those operated on commission are in operation.

As a result, Entertainment-related Business posted gross operating revenue of 11,245 million yen (down 46.4% from previous fiscal year) and segment loss of 961 million yen (segment profit was 1,812 million yen in previous fiscal year).

(Financial Services Business)

With respect to our Financial Services Business, in our ATM business, the foundation of our banking business, we expanded our network of financial institution partners, while working to expand the ATM service of Lawson Bank, Inc.

As of the end of May 2020, the number of ATMs installed nationwide reached 13,423 (up 70 from previous fiscal year), with each ATM used 38.4 times a day on average, decreasing as a result of the decline in the number of customers visiting LAWSON stores due to the spread of COVID-19. The total number of our financial

institution partners was 124 nationwide (the same as previous fiscal year), including online banks.

Lawson Bank, Inc. issues LAWSON Ponta Plus credit cards, which allow cardholders to collect extra Ponta points when used at LAWSON, NATURAL LAWSON, or LAWSON STORE100 stores. By rolling out a range of promotional campaigns and strengthening promotional efforts at stores, we are steadily expanding credit card membership.

As a result, Financial Services Business posted gross operating revenue of 7,668 million yen (down 9.1% from previous fiscal year) and segment profit of 27 million yen (down 94.8% from previous fiscal year).

(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, we have expanded mainly into Shanghai, as well as into Chongqing, Dalian, Beijing, Wuhan, Hefei, Changsha, Shenyang, and other cities. The number of LAWSON stores in the entire country reached 2,634 as of the end of May 2020.

In response to the spread of COVID-19, we closed some stores or shortened their opening hours overseas, but the impact on the consolidated operating results for the Overseas Business during the first quarter under review is immaterial.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 29, 2020)	Change during fiscal year	Number of stores (As of May 31, 2020)
China Shanghai and surrounding area	1,574	(55)	1,519
China Chongqing	235	12	247
China Dalian	192	16	208
China Beijing and surrounding area	153	6	159
China Shenyang	26	7	33
China Wuhan	401	(10)	391
China Hefei	50	6	56
China Changsha	15	6	21
Thailand	133	(1)	132
Indonesia	72	—	72
Philippines	65	—	65
United States of America Hawaii	2	—	2
Total	2,918	(13)	2,905

As a result, Overseas Business posted gross operating revenue of 11,018 million yen (up 2.2% from previous fiscal year) and segment loss of 1,142 million yen (down 23.7% from previous fiscal year).

(2) Explanation Regarding Consolidated Financial Position

Current assets increased by 119,762, million yen from the end of the previous fiscal year to 756,460 million yen, mainly reflecting an increase of 131,601 million yen in cash and deposits. Non-current assets decreased by 7,558 million yen from the end of the previous fiscal year to 713,476 million yen, mainly reflecting decreases of 6,144 million yen in property and store equipment. Consequently, total assets increased by 112,204 million yen from the end of the previous fiscal year to 1,469,937 million yen.

Current liabilities increased by 127,194 million yen from the end of the previous fiscal year to 689,158 million yen, mainly reflecting an increase of 68,162 million yen in deposits received, and an increase of 58,653 million yen in current liabilities-other due to movement of call money. Non-current liabilities decreased by 5,410 million yen from the end of the previous fiscal year to 515,011 million yen, mainly reflecting a decrease of 5,310 million yen in lease obligations. Consequently, total liabilities increased by 121,783 million yen from the end of the previous fiscal year to 1,204,169 million yen.

Net assets decreased by 9,579 million yen from the end of the previous fiscal year to 265,767 million yen, mainly reflecting a decrease of 11,952 million yen in retained earnings. Consequently, shareholders' equity ratio was 17.8%, down from 20.0% as of the end of the previous fiscal year.

(3) Explanation Regarding Forward-looking Statements

As it had been difficult to make a reasonable projection of the effect of the novel coronavirus spread, the forecast of the Group's consolidated financial performance was undetermined. Since the state of emergency was lifted and economic activity is resuming, we have determined a forecast based on information currently available.

For details of the forecast, please refer to "Notice of the Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2021," announced on July 9, 2020.

2. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

As of February 29, 2020 and May 31, 2020

(Millions of yen)

	Previous fiscal year As of February 29, 2020	Current 1st Quarter As of May 31, 2020
Assets		
Current assets:		
Cash and deposits	343,587	475,188
Accounts receivable-due from franchised stores	47,366	45,724
Lease receivables	17,876	17,505
Merchandise	20,985	21,099
Accounts receivable-other	159,122	160,992
Other	47,802	35,980
Allowance for doubtful accounts	(42)	(31)
Total current assets	636,697	756,460
Non-current assets:		
Property and store equipment:		
Buildings and structures, net	201,526	201,246
Tools, furniture and fixtures, net	20,093	19,200
Leased assets, net	146,235	142,444
Other, net	25,082	23,901
Total property and store equipment	392,938	386,793
Intangible assets:		
Software	45,151	43,962
Goodwill	42,381	41,283
Trademark right	8,849	8,694
Other	680	693
Total intangible assets	97,063	94,632
Investments and other assets:		
Long-term loans receivable	42,488	42,643
Guarantee deposits	107,193	105,389
Deferred tax assets	34,378	32,902
Other	47,604	51,715
Allowance for doubtful accounts	(630)	(600)
Total investments and other assets	231,033	232,050
Total non-current assets	721,035	713,476
Total assets	1,357,732	1,469,937

(Millions of yen)

	Previous fiscal year As of February 29, 2020	Current 1st Quarter As of May 31, 2020
Liabilities		
Current liabilities:		
Accounts payable-trade	129,397	122,393
Short-term loans payable	39,850	61,750
Lease obligations	45,610	44,768
Accounts payable-other	94,848	88,592
Income taxes payable	7,915	1,990
Deposits received	193,096	261,258
Provision for bonuses	4,667	3,174
Other	46,577	105,230
Total current liabilities	561,963	689,158
Non-current liabilities:		
Long-term loans payable	310,000	310,000
Lease obligations	136,665	131,355
Deferred tax liabilities	521	512
Provision for retirement benefits to executive officers and audit and supervisory board members	282	253
Net defined benefit liability	16,245	16,382
Asset retirement obligations	35,335	35,445
Other	21,370	21,061
Total non-current liabilities	520,421	515,011
Total liabilities	1,082,385	1,204,169
Net assets		
Shareholders' equity:		
Capital stock	58,506	58,506
Capital surplus	44,605	44,605
Retained earnings	165,081	153,128
Treasury shares	(1,011)	(1,011)
Total shareholders' equity	267,181	255,228
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	1,496	4,215
Revaluation reserve for land	(207)	(207)
Foreign currency translation adjustment	3,341	3,104
Remeasurements of defined benefit plans	(934)	(889)
Total accumulated other comprehensive income	3,695	6,222
Subscription rights to shares	255	255
Non-controlling interests	4,214	4,060
Total net assets	275,347	265,767
Total liabilities and net assets	1,357,732	1,469,937

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

(Consolidated Statement of Income)

For the first quarter of the fiscal year ended February 29, 2020 and the first quarter of the fiscal year ending February 28, 2021

	Previous 1st Quarter From March 1, 2019 to May 31, 2019	Current 1st Quarter From March 1, 2020 to May 31, 2020
		(Millions of yen)
Gross operating revenue	178,800	155,360
Net sales	74,281	62,708
Cost of sales	50,276	43,116
Gross profit	24,005	19,592
Operating revenue:		
Income from franchised stores	77,584	69,821
Other operating revenue	26,934	22,830
Total operating revenue	104,518	92,652
Operating gross profit	128,523	112,244
Selling, general and administrative expenses	114,276	109,620
Operating income	14,247	2,623
Non-operating income:		
Interest income	159	163
Share of profit of entities accounted for using equity method	239	97
Compensation income	132	201
Other	294	197
Total non-operating income	826	660
Non-operating expenses:		
Interest expenses	971	998
Loss on cancellation of leases	393	907
Other	309	169
Total non-operating expenses	1,674	2,075
Ordinary income	13,399	1,208
Extraordinary losses:		
Loss on retirement of non-current assets	1,021	1,278
Impairment loss	650	880
Loss on novel coronavirus disease	—	2,258
Other	183	233
Total extraordinary losses	1,855	4,650
Profit (loss) before income taxes	11,543	(3,441)
Income taxes-current	3,366	572
Income taxes-deferred	1,027	246
Total income taxes	4,393	819
Profit (loss)	7,150	(4,260)
Profit (loss) attributable to non-controlling interests	(34)	(75)
Profit (loss) attributable to owners of parent	7,184	(4,185)

(Consolidated Statement of Comprehensive Income)

For the first quarter of the fiscal year ended February 29, 2020 and the first quarter of the fiscal year ending February 28, 2021

	(Millions of yen)	
	Previous 1st Quarter From March 1, 2019 to May 31, 2019	Current 1st Quarter From March 1, 2020 to May 31, 2020
Profit (loss)	7,150	(4,260)
Other comprehensive income		
Valuation difference on available-for-sale securities	(485)	2,718
Foreign currency translation adjustment	218	(290)
Remeasurements of defined benefit plans	53	45
Total other comprehensive income	(213)	2,472
Comprehensive income	6,936	(1,787)
Comprehensive income attributable to		
Owners of parent	6,955	(1,658)
Non-controlling interests	(19)	(129)

(3) Notes to Consolidated Financial Statements

(Going Concern Assumption)

Not Applicable.

(Notes to Significant Changes in the Amount of Shareholders' Equity)

Not Applicable.

(Additional Information)

(Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

With respect to items subject to review under the Non-Consolidated Taxation System conducted to coincide with the transition from the Consolidated Taxation System to the Group Tax Sharing System stipulated under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company and certain domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020). Accordingly, the amounts of deferred tax liabilities and deferred tax assets have been calculated based on the provisions of tax laws in effect before the revision.