

Summary of Results for FY2015

Lawson, Inc.
April 14, 2016

Financial Results for FY2015

Yutaka Yoshitake
Chief Financial Officer

Earnings Summary for FY2015

Consolidated OP
Consolidated net profit
ROE

72.5bln yen (+2.9% YoY)
31.3bln yen (-4.0% YoY)
12.0%

Non-consolidated OP 57.2bln yen (-6.1% YoY)

Existing-store sales*	+1.4% YoY
Gross profit margin*	31.3% (± 0.0 pp YoY)
SG&A expenses	+8.0% YoY

1,007 new store openings (Group), 223 below plan

Operating profit at major subsidiary firms

SEIJO ISHII CO., LTD.	5.7bln yen (+4.2bln yen YoY)
United Cinemas Co., Ltd.	2.3bln yen (+2.1bln yen YoY)
International operations	-2.8bln yen (+0.3bln yen YoY)

Consolidated recurring profit 69.6bln yen (-2.9% YoY)

<u>Non-operating loss:</u>	2.9bln yen
Forex loss	0.8bln yen
Loss on lease cancellations and others	1.9bln yen

Consolidated net profit 31.3bln yen (-4.0% YoY)

<u>Special loss:</u>	14.2bln yen
Retirement of fixed assets	4.3bln yen
Impairment loss and others	10.5bln yen
<u>Income taxes-deferred:</u>	-4.0bln yen
Deferred tax assets and others	-1.8bln yen

* Existing-store sales & gross profit margin include Lawson and Natural Lawson combined operations

Consolidated OP
Consolidated net profit
ROE

76.0bln yen (+4.8% YoY)
35.5bln yen (+13.1% YoY)
13.2%

Non-consolidated OP 59.0bln yen (+3.1% YoY)

Existing-store sales	+1.0% YoY
Gross profit margin	31.6% (+0.3pp YoY)
SG&A expenses	+10 to 15% YoY

1,200 new store openings (Group) planned

Operating profit at major subsidiary firms

SEIJO ISHII CO.,LTD.	7.5bln yen (+1.7bln yen YoY)
Lawson Store100 Co., Ltd.	1.1bln yen (+0.7bln yen YoY)
International operations	-2.9bln yen (-0.1bln yen YoY)

<1000 Days Action Plan>

Heavy investment in boosting product mix and store productivity

- In-store investment, incl. chilled display cases
5.0bln yen~
- IT system, incl. operational tablets
5.0bln yen~

Efforts to supported everyday living focused in 1H, expected to weigh on profits

Consolidated OP 1H 39.5bln yen (-6.0% YoY)
 2H 36.5bln yen (+19.7% YoY)
 Incorporates 2.0bln yen expenditure in 1H on measures to improve product mix

* Existing-store sales & gross profit margin include Lawson and Natural Lawson combined operations

“1000 Days Action Plan”

Toward a Next-generation Convenience Store Model

Genichi Tamatsuka
President and CEO
Representative Director

Strengthen CVS business to challenge tough business environment

Stores

- **Semi-automatic ordering system**
- **Planned orders**
- **Franchise store guidance**
- **High quality store openings**

Products

- **Strengthen CVS core products, SM alternative products**
- **SCM reforming**
- **More advertising / promotion**

Franchise Owner Support

- **Accelerate new franchise package**
- **Investment in existing stores**

Recovered existing-store sales
Improved franchise owner's profits

FY2015 Review

Consolidated OP 72.5 billion yen (+2.9% y/y, 1.5 billion v. plan)

- Recovery of customer visits to existing stores driven by semi-automatic ordering system and more aggressive promotions.
- Favorable performance of Seijo Ishii, United Cinemas. Progress in restructuring of Lawson Store 100.
- Large impact from refinement of impairment losses, net profit down y/y.

	FY2015 Actual
Consolidated operating profit	72.5 billion yen (+1.5 bln yen versus plan)
Consolidated net profit	31.3 billion yen (-3.9 bln yen versus plan)
Existing-store sales (parent, y/y)*	101.4% (+0.5%p versus plan)
Gross profit margin (parent)*	31.3% (±0.0%p versus plan)

*Lawson and Natural Lawson store combined total

Changes in the macro economy

Ageing society,
lower birth rate

More 1 or 2-
person
households

More
double-
income
households

Falling
working age
population

Fewer
shopping
places



Diverse customer
needs

Micro changes
Average figures do not
exhibit all the facts

Wider variance of
store quality level

Rapid consolidation of the CVS industry

To become an essential part of our communities

Build a next-generation Lawson-style CVS model

Digital

**Develop the
operational framework**

- Master the basics
- Respond to changes
- Rise to the challenge for future growth

Analog

**Change
the working style**

Stores

Products

**Franchise
support**

Lawson's Vision

To be a leading execution-driven company

1000 Days Action Plan

Next-generation Lawson-style CVS model

**Supporting everyday life,
becoming an essential
part of communities**

- Convenience (24 hour, fulfil sudden demand)



Daily demand for essentials

- Expand product range including supermarket alternatives, in-store cooked food, home delivery, health related products and services

**Visualize upstream &
midstream
as manufacturing retailer**

- Raw material procurement
- Inventory risk management, strong selling power
- Reform distribution / logistics
- Visualize manufacturing process

**Productivity revolution
High-grade store operation**

- Operational reforms
- Multiple store management
- Develop next-generation systems

Strengthening Management Systems

CEO & COO

**Chairman/CEO and President/COO work together
to speed up corporate transformation**

- Drive 1000 Days Action Plan by accelerating business transformation to suit changing social dynamics
- Join forces as the Lawson Group to overcome severe market competition
- Expand business beyond Japanese CVS: international CVS operations, entertainment, Seijo Ishii and others.



Chairman & CEO
Genichi Tamatsuka

- Responsible for overall management (Chairman of the Board of Directors, and Executive Committee Mtg)
- Control core Japanese CVS operation, lead 1000 Days Action Plan, hands-on strong leadership of on-the-ground operations



President & COO
Sadanobu Takemasu

- Further strengthen leadership as President, drive expansion of Lawson Group business scope (International operations, entertainment, etc.),
- Strengthen ties with Mitsubishi Corporation

Renewal of Corporate Culture

Set New Corporate Vision and Code of Conduct

Corporate Philosophy (remains unchanged)

Creating Happiness and Harmony in Our Communities

Vision

To be a leading execution-driven company.

We think through the changing needs of our customers, execute strategy with speed and become an essential part of our communities.

Code of Conduct

1. Everything starts with our customers, our communities and our stores.
2. Master the basics and strive to innovate.
3. Improve quality and speed of the PDCA (Plan-Do-Check-Act) cycle.
4. Act with discipline, take initiative and succeed as a team.
5. Pursue growth as individuals and support the growth of others.

Fiscal 2016 Action Plan

Expand product range to support all everyday needs

- Invest in existing-store equipment and shelves to actively expand product range
- Planning advertising to boost new merchandising

Strengthen selling power, develop new distribution systems

- Fully implement semi-automatic order system and planned orders
- Launch distribution center with three different temperature zones (room, cold, freezing)

Build next-generation systems to boost store productivity

- Use cloud-based IT system and artificial intelligence to modernize systems
- Revolutionize in-store working patterns by introducing tablets, etc.

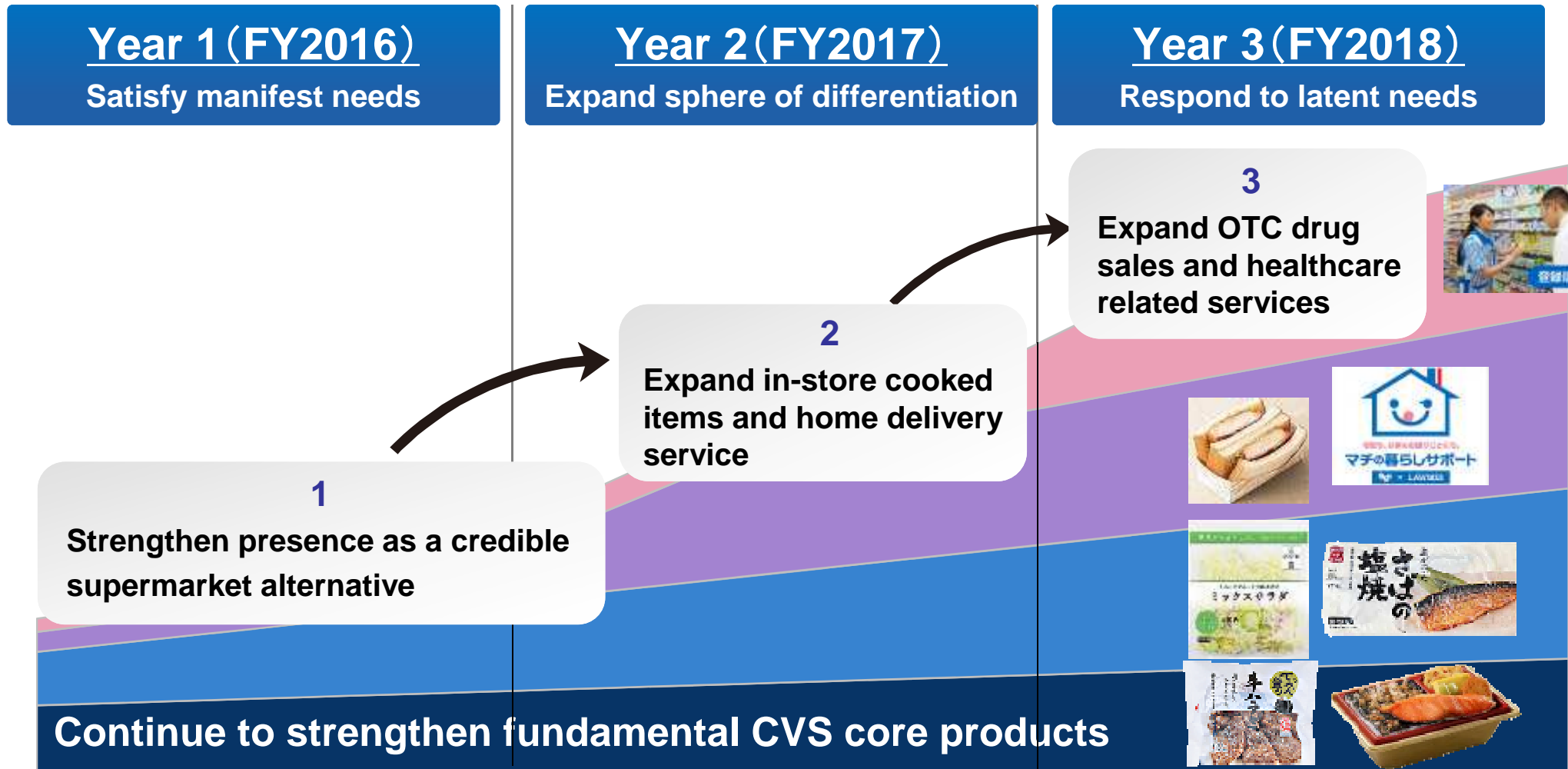
Reforming business processes company-wide



Changing the working style

Strengthen daily support for our customers

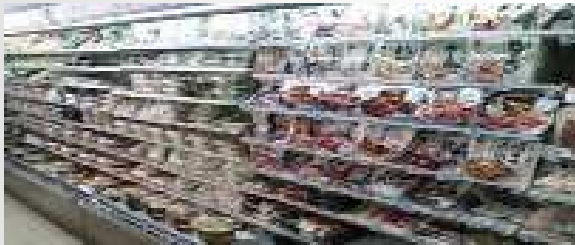
Become an essential part of our communities by supporting our customers' everyday needs



Stronger Support for Everyday Life

Expand product range to support everyday living FY2016 1st Half : Implement strategic measures

Investment in existing stores



- Build more chilled food cases
- Introduce flatbed freezers
- Develop higher shelf gondolas

Strengthen product for everyday needs



- Renew Lawson Select series
- Develop core CVS products
- Increase staple product SKU
- More fast food for dinner dishes

Boost awareness of new merchandising



- Continue regularly advertising
- Increase TV ads on Lawson's supportive role for everyday needs

Existing-store CAPEX

+5.0bIn yen ~ Y/Y

(Including leasing assets)

SKUs at LAWSON

+10% ~ Y/Y

A&P expenses

+2.0bIn yen ~ Y/Y

(Parent basis)

Stronger Support for Everyday Life

Expand product mix by 10% to **3,500SKUs**

Stronger merchandising in chilled food open cases

Fresh food, daily-delivered food, deli items
Build one more chilled food open cases



Fulfil all demands for daily life and encourage multiple purchases

Improve staple food and goods merchandising

Processed foods, frozen items, daily goods
Introduce freezer flatbeds, higher shelves to expand products to 2,700SKU

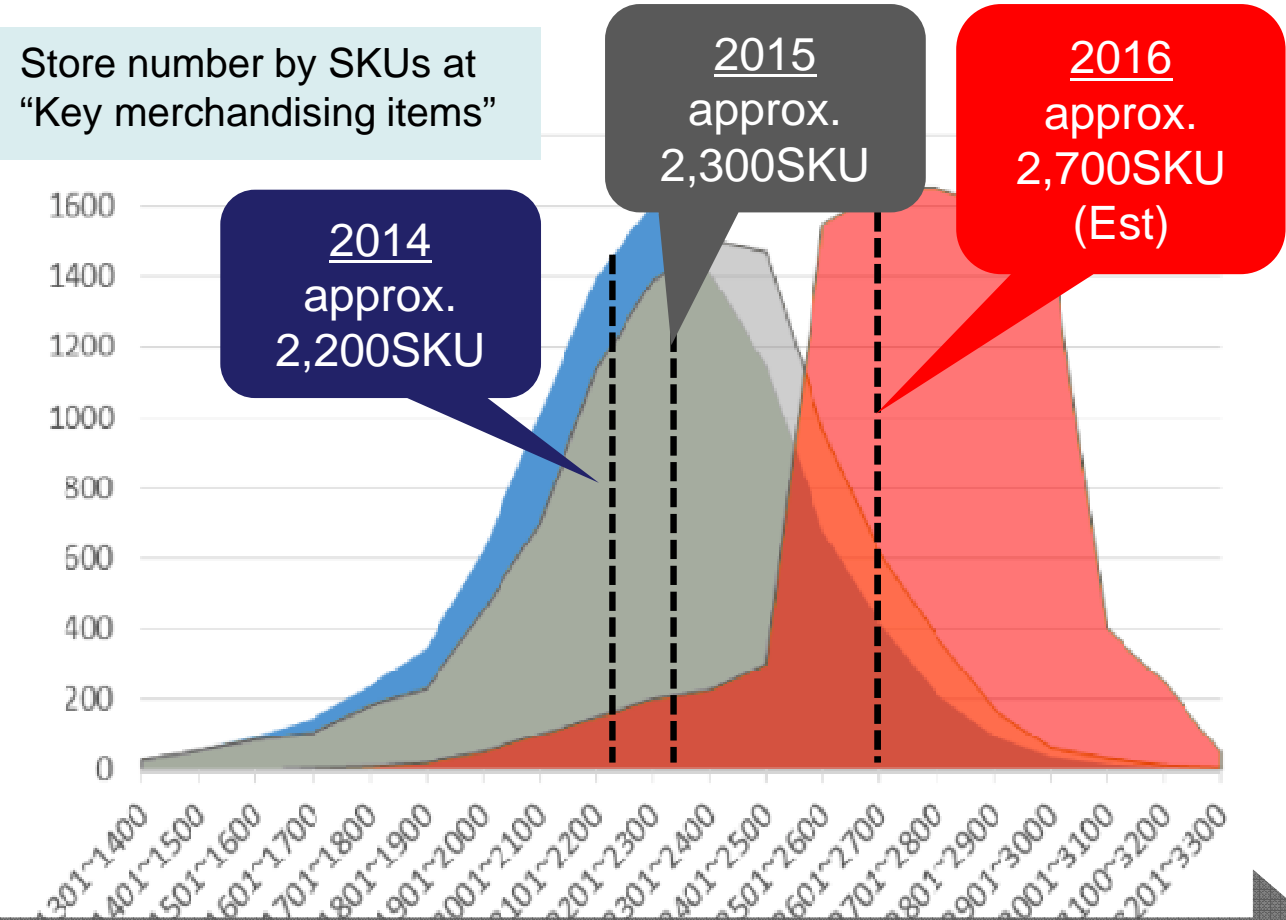


Targeted purchases → Encourage repeat buying

Use chilled food open cases to encourage multiple purchases from staple food and goods

Stronger Support for Everyday Life

With better hardware at store and improved ordering systems
Achieve significant improvement of “key merchandising items”



Better hardware

- Shift to higher shelves
- More freezer flatbeds

Active systems

- Tailor product mix to suit individual stores with pre-planned ordering

More SKUs = less deviation of store level

Boosting product mix across LAWSON stores

Digital

Make full use of
semi-automatic
and pre-planned
ordering

Analog

Stronger
management skills of
supervisors

Create **10,000** stores offering strong support for customers' overall everyday life by end FY2016

Stronger Support for Everyday Life

Strengthen **Lawson Select** to meet a broader variety of daily needs



Expand categories for Lawson Select

Original Lawson deli-items and cut vegetables, and Lawson's private brand *Oyatsugoro* snacks adapted for Lawson Select in March and June respectively



Strengthen activities with manufacturers

Develop products with major industry players and specialist manufacturers



Meeting the needs toward a health-conscious society

Offer products made with high-grade flavouring or ingredients



CVS Core Products

Continue improvement of CVS core items such as lunch boxes, and others

Utilizing common ingredients

Share ingredients for superior products

Hamburger (foodstuff item)



In a lunchbox



In an original deli-item



In a stand pack item

More Niigata “Koshihikari” rice lunchboxes



Teppanyaki hamburger lunchbox with Niigata Koshihikari rice



Grilled Kinka mackerel lunchbox With Niigata Koshihikari rice



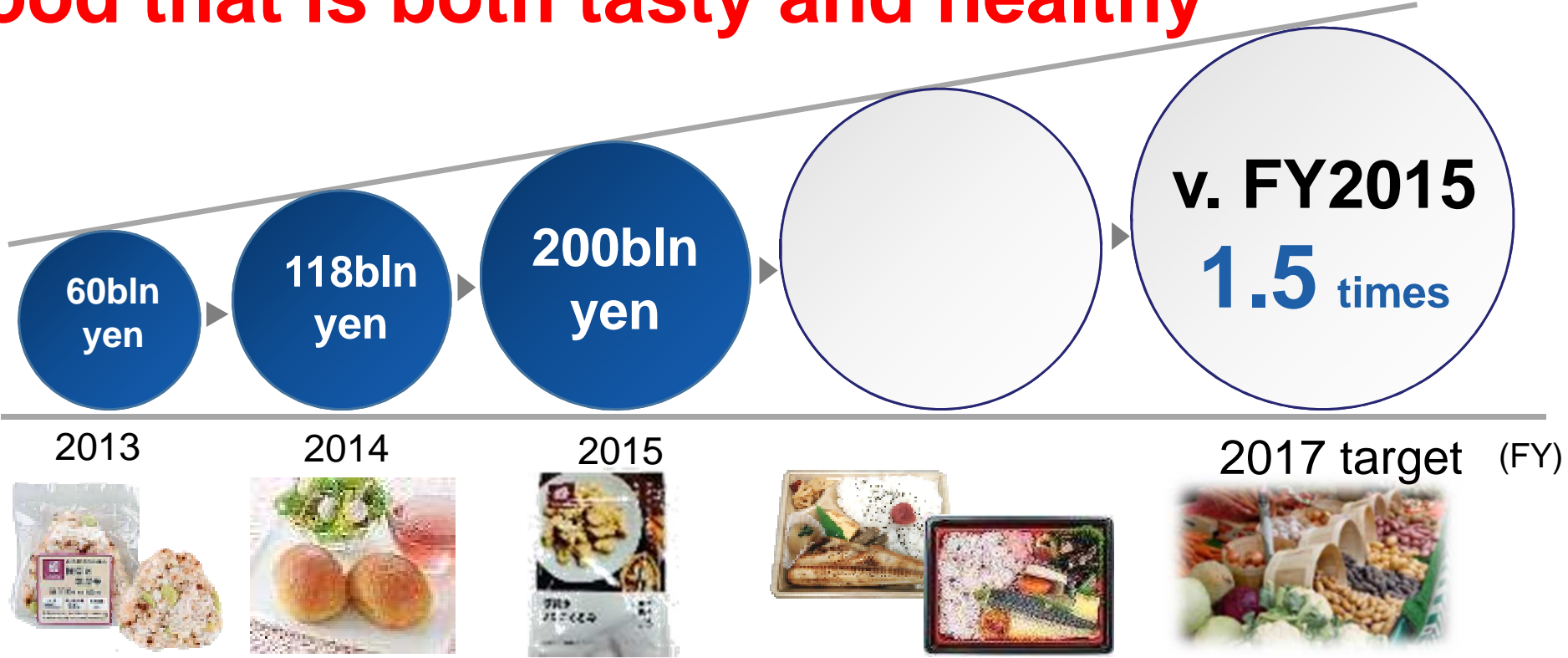
Aged pork cutlets lunchbox With Niigata Koshihikari rice



Grilled salmon lunchbox With Niigata Koshihikari rice

Health-related Products

Expand health-related product category for food that is both tasty and healthy



NATURAL LAWSON smoothie series

Over **2.7mln** units sold since May 2015



*Total number of “Green smoothie”, “Vegetable and fruit smoothie with chia seed” and “Maqui berries smoothie”. (as of Feb. 2016)

Manufacturing Retailer Based on Small Commercial Areas

Stronger partnership with
mega vendors (3 large-scale manufacturers)

More involvement in
manufacturing as Lawson

Control processes from raw material procurement to product development, manufacturing, and retail

- Source raw materials through SCI*
- Utilize semi-automatic ordering system linked demand prediction systems
- Support new capex for automation, etc.
- SCI direct participation to reform manufacturing processes more efficient
- Backup from Mitsubishi Corporation

*SCI, Inc. is a subsidiary of Lawson., Inc.

Products

- Create specific superior taste/feature items
- Keep a high standard for product quality
- Offer safe, secure products

Transforming Distribution

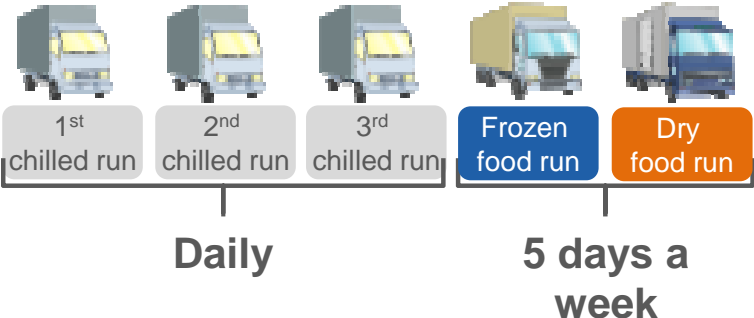
Launch **three temperature-zone** distribution center



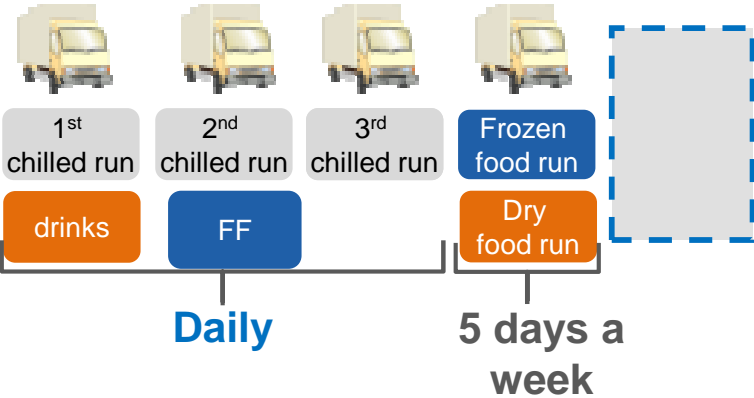
Lawson's own full-line center

- Lawson's first operating distribution center
- 3 temperatures in one (room, cold, freezing)
- Launched March 2016
- Outsource warehousing and truck delivery

Before
5 deliveries per store/day



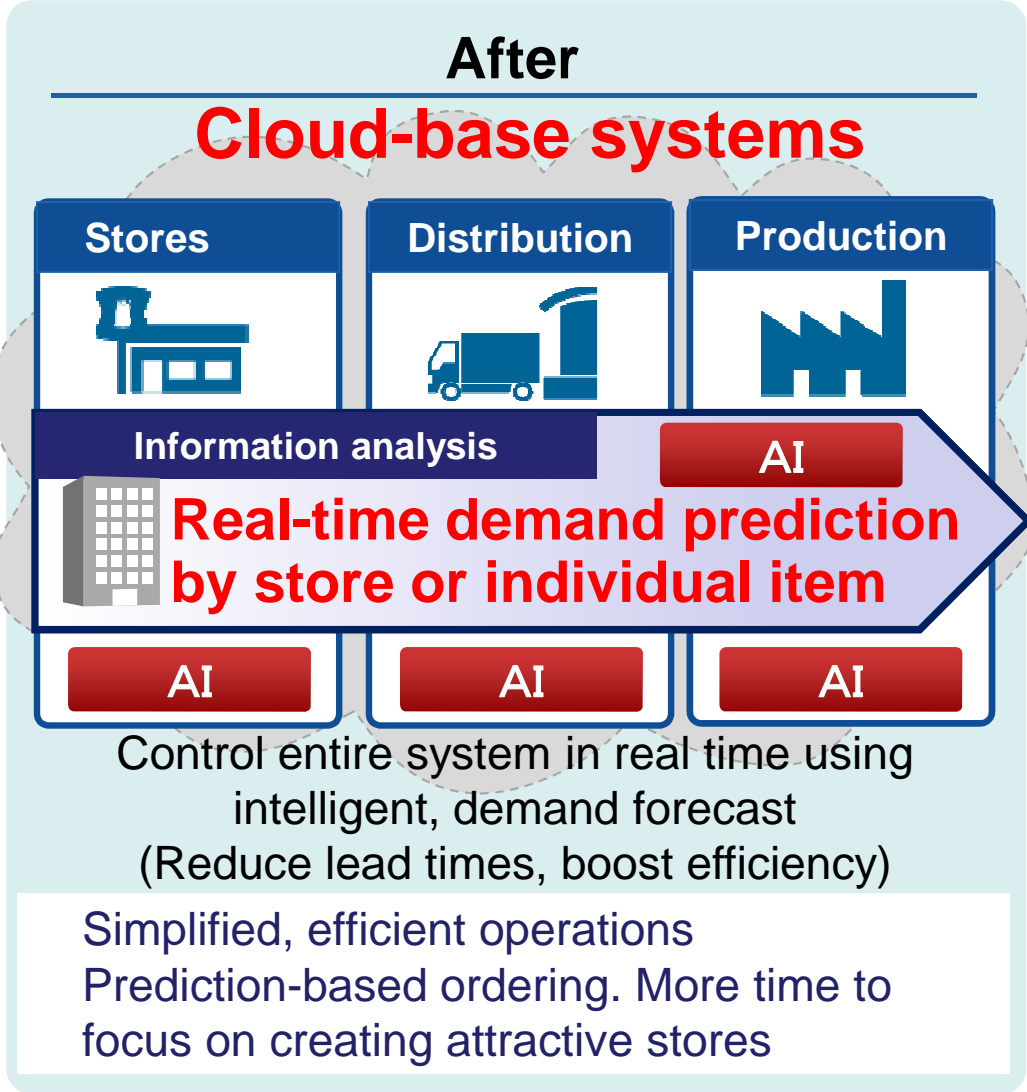
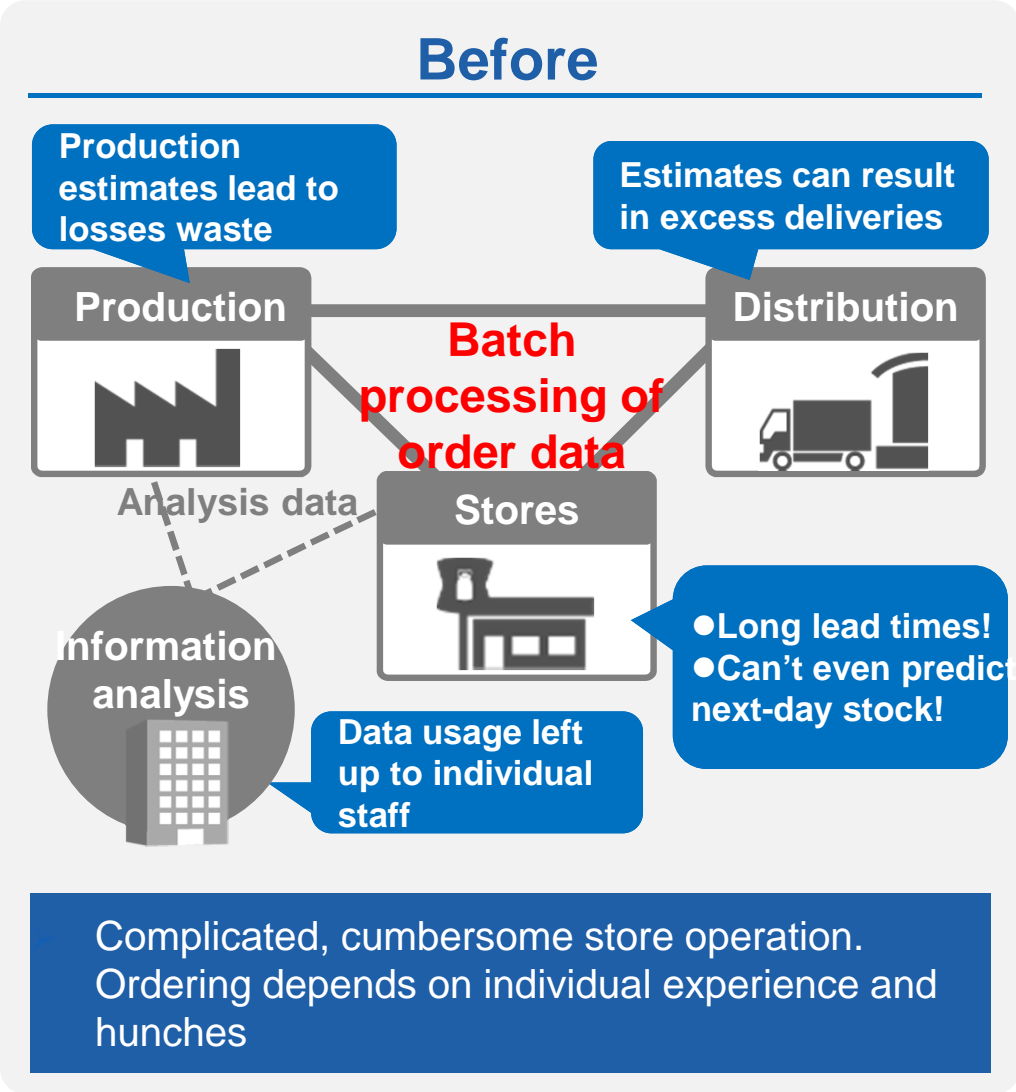
After
4 deliveries per store/day



Visualize process and product flows in autonomous distribution center
Combined triple temperature zone system enables fundamental review of delivery frequency, improves store productivity

Reforming Business Procedures

Started building next-generation systems



Reforming Business Procedures

Renew operation systems, **improve store productivity**



2016 Nov: Introduce operational tablets
2017 Nov: Introduce new point of sale registers, new store PCs and automatic cash dispensers

New Store Strategy

**Focus on quality and quantity;
1,200 new stores scheduled for FY2016**



FY2016 Lawson store opening strategy in Japan

Open	1,200
Close	500
Net increase	700

*Include Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc.



FY2016 Plan

Parent profit to drive consolidated OP gains

- Generate existing-store sales growth by boosting APP through stronger support of everyday living
- Aim to achieve gross profit margin back on solid growth track

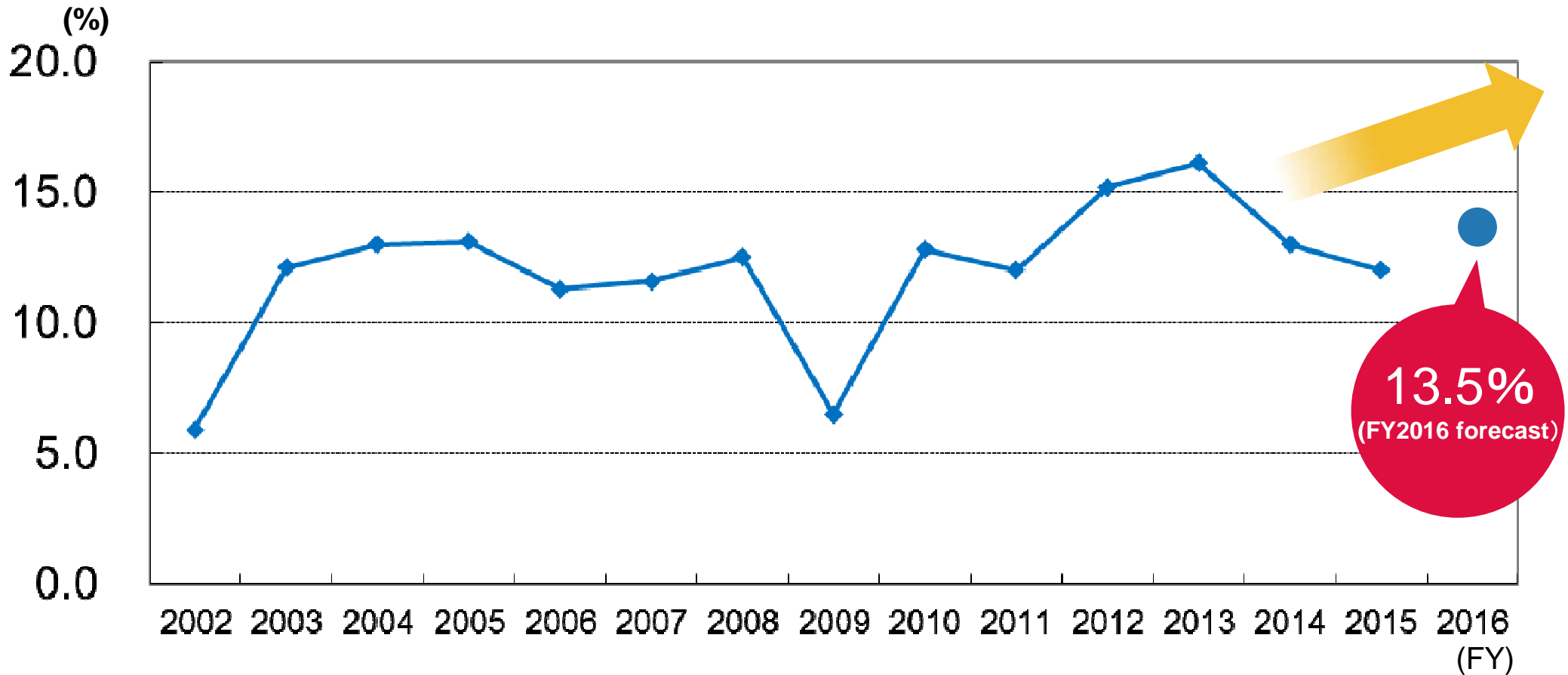
		FY2016 plan	
		Actual	Y/Y
Parent	Existing-store sales* (y/y)	+1.0%	
	Gross margin* (y/y)	+0.3pp	
	SG&A (y/y)	+10% ~ +15%	
	Operating profit	59.0bln yen	+1.7bln yen/+3.1%
Cons-parent differential		17.0bln yen	+1.7bln yen/+11.2%
Consolidated operating profit		76.0bln yen	+3.5bln yen/+4.8%
Consolidated net profit		35.5bln yen	+4.1bln yen/+13.1%

*Lawson and Natural Lawson combined store total

ROE

**Temporary fall in FY2015 due to special losses
ROE expected to resume upward trend from FY2016 onwards**

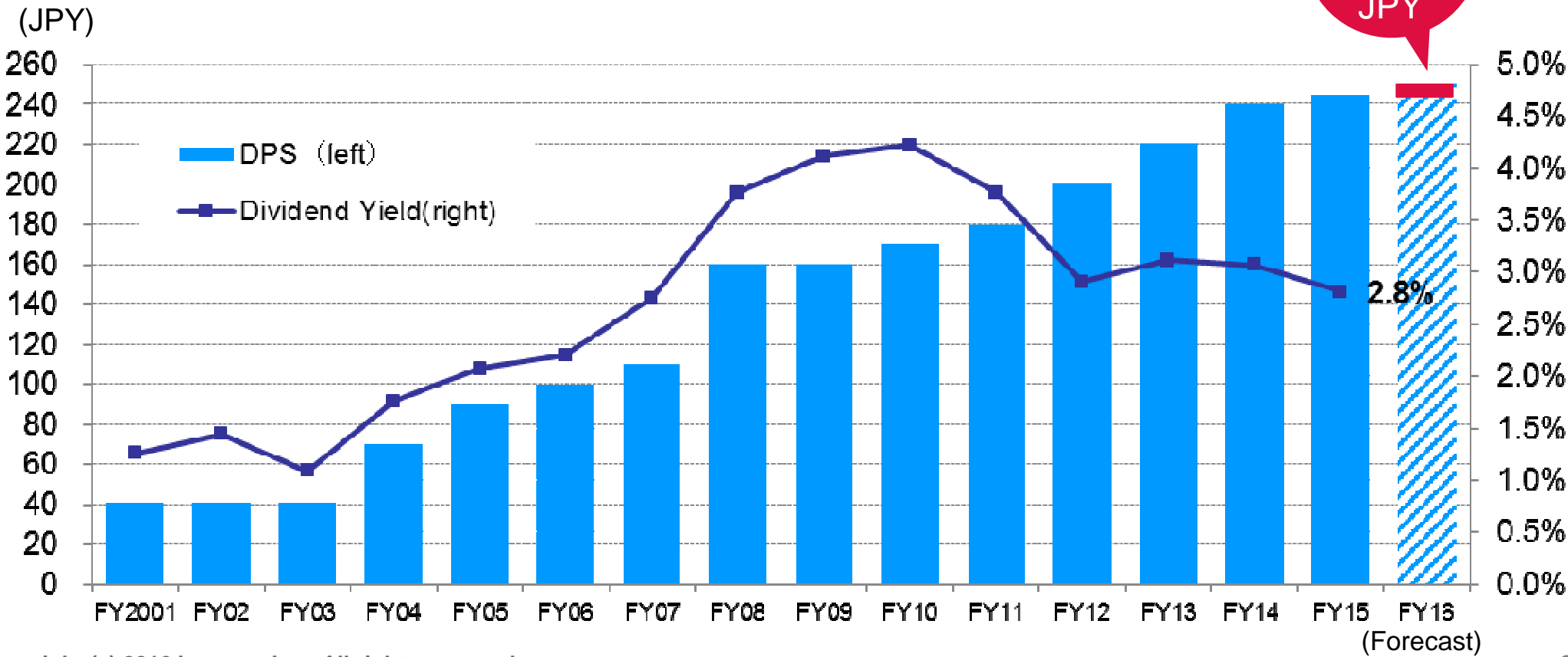
ROE



Dividend

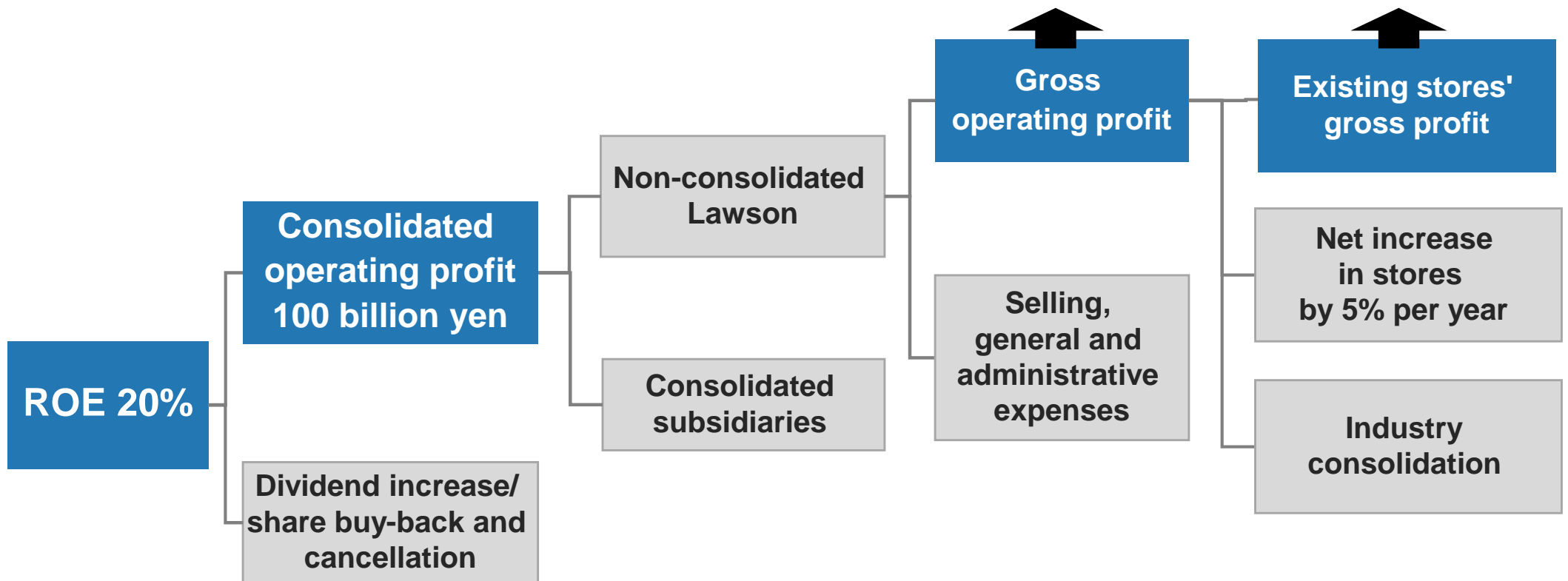
No change in fundamental strategy to gradually increase shareholder returns

Changes in annual dividends per share and dividend yield



Medium-term Roadmap

- Initiatives toward 1) 100 billion yen in operating profit and 2) ROE 20%
- Maintain capital discipline with emphasis on ROIC
- Differentiation by products with high GPM
- Capitalize on consolidation opportunities





*Creating Happiness and Harmony
in Our Communities*

To be a leading execution-driven company.

We think through the changing needs of our customers, execute strategy with speed and become an essential part of our communities.

Reference

Earnings Summary for FY2015

(Consolidated : Billions of yen)	FY2013	FY2014	FY2015		
	Actual	Actual	Actual	YoY	vs. Plan
Net sales of all stores	1,945.3	1,961.9	2,049.5	104.5%	99.4%
Operating profit	68.1	70.4	72.5	102.9%	102.2%
Operating profit ratio	3.5%	3.6%	3.5%	▲ 0.1%P	+0.1%P
Recurring profit	68.8	71.7	69.6	97.1%	101.0%
Net profit	37.9	32.6	31.3	96.0%	89.2%
EPS (Yen)	380.04	327.08	313.81	▲ 13.27	▲ 38.19
Dividend per share (Yen)	220	240	245	+5	±0
ROE	16.1%	13.0%	12.0%	▲ 1.0%P	▲ 1.5%P
Total no. of stores in Japan	11,606	12,383	12,515	+132	▲ 331

Note: Total chain store sales from FY2014 onward includes sales from the convenience store operation in Japan, overseas operations and sales from Seijo Ishii (consolidated items only). Regarding Seijo Ishii, only the sales of directly operated stores are included.

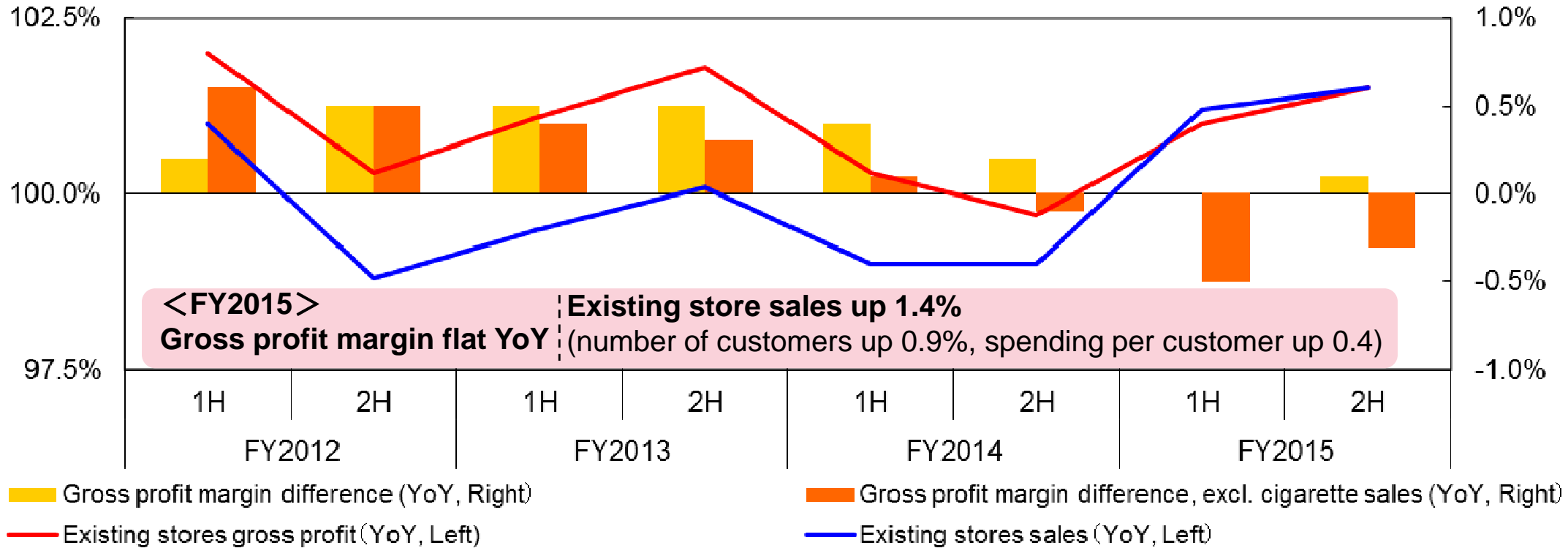
Note: The number of stores from FY2014 onward is the total number of convenience stores in Japan operated by the Lawson Group plus the number of directly operated Seijo Ishii stores.

Note: Change indicates comparison with plan announced along with the FY2014 2Q results.

- Consolidated OP increased 2.9% YoY, and came in 1.5bln yen or 2.2% higher than planned
Existing-store sales increased YoY but higher advertising and promotion and other expenses weighed on performance, knocking Lawson parent operating profit lower.
Consolidated operating profit rose thanks to strong contribution from Seijo Ishii, United Cinemas.
- Consolidated net profit down 4.0% YoY and down 10.8% versus plan
Consolidated recurring profit down on yen-appreciation generated forex losses and lease cancellation charges on store closures. Consolidated net profit also down on reduction in deferred tax assets and an increase in special losses related to renewed impairment criteria.

Existing Stores (Non-Consolidated*)

* excluding LAWSON MART/LAWSON STORE100 business

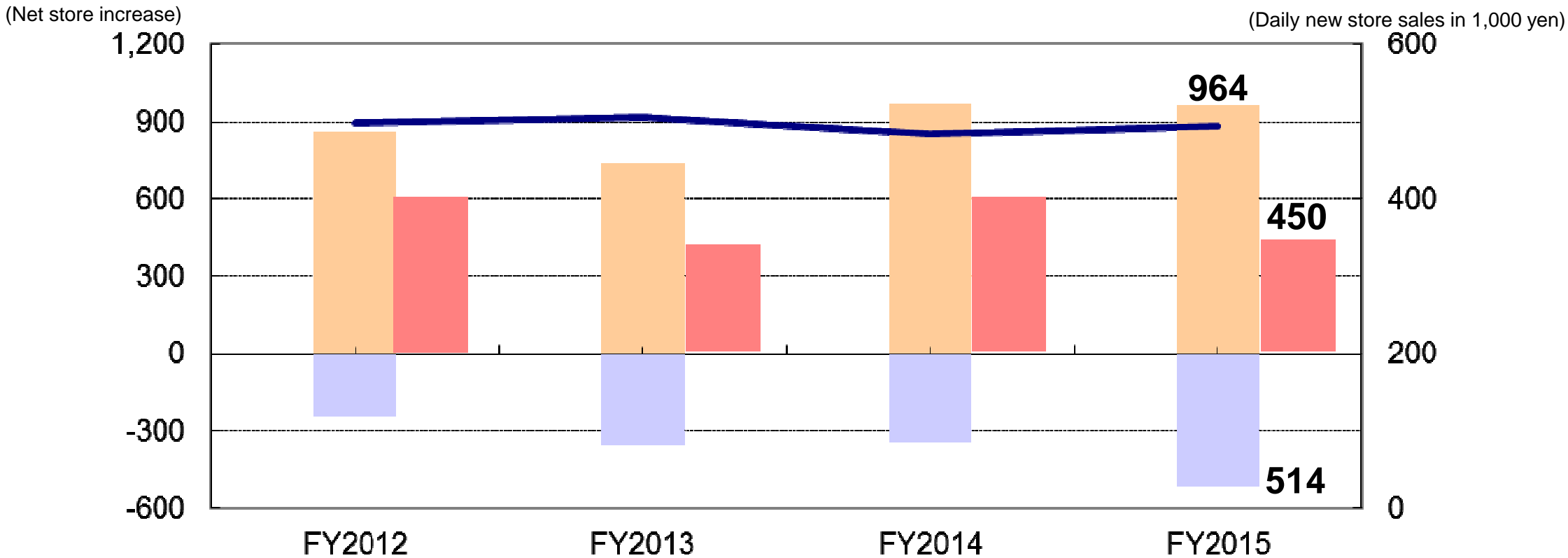


- Existing-store sales up 1.4% YoY. Customer visits and spending per customer both improved driven by higher advertising spend, and improvements in product mix following the introduction of semi-automatic ordering system.
- Gross profit margin (excl. cigarette sales) down 0.3pp YoY on increased number of strategic sales and campaigns, but overall gross profit margin steady YoY at 31.3% as cigarette sales contribution continues to fall.
- Existing-store gross profit, which has direct implications for franchisee’s profits, rose 1.3% YoY.

Store Openings (Non-Consolidated*)

*excluding LAWSON MART/LAWSON STORE100 business

- Net store increase (Left)
- Store opening (Left)
- Store Closure (Left)
- Daily sales per new store (Right)



- Opened 964 stores, approx. 200 less than originally planned, after only 66 of a forecasted 200 stores actually did transfer from other chains * to LAWSON stores.
- Daily sales per new store rose year on year to 494,000 yen.
- FY2016 Group stores plans (incl. LAWSON STORE100): open 1,200, close 500. Net increase: 700.

* These include transfer from subway kiosk stores.

** The counting standard for store opening/closure has been changed in actual results from fiscal year 2015. Now the number of stores, which are converted into a different format within LAWSON/NATURAL LAWSON and LAWSON STORE100/LAWSON MART, are also counted in "opening" and "closure".

Key Components of SG&A Expenses

		FY2014	FY2015		FY2016
(Billions of yen)		Actual	Actual	Change	Forecast
Non-consolidated	Selling, general & administrative expenses	232.9	251.6	+18.6	Increase 10-15%
	<Major Expenses>				
	Personnel expenses	36.6	39.2	+2.5	Increase 5-10%
	IT-related expenses (Hardware leasing, software amortization, maintenance, etc.)	12.7	11.3	▲1.4	Increase 0-5%
	Advertising and promotional expenses	8.2	14.7	+6.4	Increase 15-20%
	Facilities expenses	127.4	135.6	+8.2	Increase 5-10%
Consolidated SG&A expenses		299.3	354.9	+55.6	Increase 10-15%

Compared to Fiscal 2013

Non-consolidated

- A&P: Sharply higher on aggressive advertising throughout the year.
- Other expenses: Increased HQ expenses following accelerated introduction of new franchise contracts in which HQ takes on a portion franchise stores' wastage disposal costs and electricity charges.

Consolidated

- In addition to non-consolidated factors, the consolidation of full-year expenses from Seijo Ishii and United Cinemas swelled total SG&A expenses.

Compared to Plan

Non-consolidated

- 0.5bln yen below plan: TV ads and other advertising higher than expected, but equipment costs fell on the back of lower new store openings, and other expenses declined on lower electricity unit costs.

Consolidated

- 1.3bln yen higher than plan: United Cinemas changed fiscal year end and additional two months impacted on SG&A expenses.

Earnings of Major Subsidiaries

(Billions of yen)

< Operating Profit of Major Subsidiaries >			FY2015		FY2016
			Actual	YoY change	Forecast
	FY-end	Ownership			
Lawson Mart, Inc.	Feb.	100.0%	0.37	▲ 1.38	1.10
SEIJO ISHII CO., LTD.	Dec.	100.0%	5.79	+4.24	7.50
Lawson HMV Entertainment, Inc.	Feb.	100.0%	2.46	▲ 0.62	2.10
Lawson ATM Networks, Inc.	Feb.	76.5%	6.18	+0.25	6.10
United Cinemas Co., Ltd.	Feb.	100.0%	2.33	+2.18	1.80
Chongqing Lawson, Inc.	Dec.	100.0%	▲ 0.77	+0.12	▲ 0.50
Shanghai Hualian Lawson, Inc.	Dec.	94.0%	▲ 0.75	▲ 0.11	▲ 0.50

Note: Lawson Mart, Inc. has changed its name to Lawson Store100, Inc. since March 2016.

Note: United Cinemas Co., Ltd.'s result of FY2014 is result of four months (from September 2014 to December 2014). Furthermore, due to changing closing month from March to February in FY2015, the result of FY2015 is result of fourteen months (from January 2015 to February 2016) shown in consolidated statement of income.

Lawson Mart	Closed 345 stores (including stores that changed to another brand) as part of operational restructuring plan. Reported a 0.7bln yen operating loss for Lawson store100 business as a whole, including business division of Lawson, Inc.. Expect a recovery in sales to generate an operating profit in FY2016.
SEIJO ISHII	full-year performance incorporated for first time in FY2015. OP up on strong sales of super foods such as chia seeds and other categories. Expect continued rising sales and profit in FY2016. Business year end to shift from December to February.
Lawson HMV Entertainment	Strong sales of theme park entrance tickets, but increasingly fierce competition for large-scale concert ticket management weighed on profitability, and dampened profits. Expect profit to fall again in FY2016 as the burden for new ticket system depreciation increases, etc.
United Cinemas	Operating profit gain: Change in business year end to February meant 14 months of performance were included in the FY2015 data, and a series of hit movies attracted more customers. Profit for FY2016 will decline in comparison to such a strong previous year performance.
Lawson ATM Networks	Secured a profit gain on reduced daily ATM usage, higher ATM installations in line with rising net store numbers, and review of ATM operating costs. Successful inbound response: introducing new-style ATMs, etc.

Cash Flows and Capital Expenditure (Consolidated)

Consolidated Capital Expenditures

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016
	Actual	Actual	Actual	Forecast
New stores	32.2	49.0	40.4	51.5
Existing stores	7.0	5.8	6.7	10.0
IT-related	5.3	8.2	15.8	18.0
Other	2.0	2.7	1.4	1.0
Subtotal for capital expenditure	46.7	65.8	64.5	80.5
Depreciation and amortization	47.8	41.8	49.2	59.3

Consolidated Cash flows

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016
	Actual	Actual	Actual	Forecast
Cash flows from operating activities	81.5	110.5	112.2	Approx. 120.0
Cash flows from investing activities	▲ 47.9	▲ 100.4	▲ 68.6	Approx. ▲ 85.0
Free cash flows	33.5	10.1	43.5	Approx. 35.0
Cash flows from financing activities	▲ 39.6	▲ 3.2	▲ 50.2	Approx. ▲ 55.0
(Cash dividends paid)	▲ 20.9	▲ 22.9	▲ 24.2	Approx. ▲ 25.0
Cash and cash equivalents at end of period	68.7	76.7	69.7	-

FY2015 cash flow from investing activities declined YoY on lower acquisitions, free cash flow recovered to 43.5bln yen. FY2016 cash flow from investing activities expected to reach a high level due to intended investment in store improvements and systems.

FY2016 Company Forecasts (Consolidated)

	FY2014	FY2015	FY2016 Forecast	
(Billions of yen)	Actual	Actual	Plan	YoY
Net sales of all stores	1,961.9	2,049.5	2,170.0	105.9%
Operating profit	70.4	72.5	76.0	104.8%
Operating profit ratio	3.6%	3.5%	3.5%	±0%P
Recurring profit	71.7	69.6	73.0	104.9%
Net profit	32.6	31.3	35.5	113.1%
EPS (Yen)	327.08	313.81	355.00	+41.19
Dividend per share (Yen)	240	245	250	+5
ROE	13.0%	12.0%	13.2%	+1.2%P
Total no. of stores in Japan	12,383	12,515	13,229	+714
<small>(Non-consolidated*)*excluding LAWSON MART/LAWSON STORE100 business</small>				
Gross profit at existing stores (YoY)	100.0%	101.3%	102.0%	-
Net sales at existing stores (YoY)	99.0%	101.4%	101.0%	-
Gross profit margin ratio	31.3%	31.3%	31.6%	+0.3%P
Gross profit margin difference excluding cigarette sales (YoY)	±0.0%P	▲0.5%P	±0.0%P	+0.5%P

Note: Total chain store sales includes sales from the convenience store operation in Japan, overseas operations and sales from Seijo Ishii (consolidated items only). Regarding Seijo Ishii, only the sales of directly operated stores are included.

Note: The number of stores is the total number of convenience stores in Japan operated by the Lawson Group plus the number of directly operated Seijo Ishii stores.

Despite steadily rising expenses including advertising of our drive to support everyday living, FY2016 consolidated profit expected to rise on the back of improved existing-store sales and gross profit margin at the Lawson parent, and contributions from consolidated subsidiaries.

FY2016 Full-year and Half-year Forecasts

(Consolidated: Billions of yen)	FY2016 Forecast		
	1st Half	2nd Half	Full year
Net sales of all stores	1,080.0	1,090.0	2,170.0
Operating profit	39.5	36.5	76.0
Operating profit ratio	3.7%	3.3%	3.5%
Recurring profit	38.1	34.9	73.0
Net profit	21.3	14.2	35.5
(Non-consolidated*) *excluding LAWSON MART/LAWSON STORE100 business			
Gross profit at existing stores (YoY)	102.0%	102.0%	102.0%
Net sales at existing stores (YoY)	101.0%	101.0%	101.0%
Gross profit margin ratio	31.6%	31.7%	31.6%

Note: Total chain store sales includes sales from the convenience store operation in Japan, overseas operations and sales from Seijo Ishii (consolidated items only). Regarding Seijo Ishii, only the sales of directly operated stores are included.

Note: The number of stores is the total number of convenience stores in Japan operated by the Lawson Group plus the number of directly operated Seijo Ishii stores.

FY2016 1H operating profit expected to decline on concerted efforts to strengthen product mix in support of customers' everyday living needs, but full-year operating and net profit seen rising.

FY2015 Consolidated Balance Sheet

	As of Feb. 29, 2016	Change from Feb. 28, 2015
Total current assets	224.2	+0.5
(Cash and deposits)	69.7	▲6.9
(Accounts receivable)	67.7	+9.0
Total noncurrent assets	579.0	+38.0
Property, plant and equipment	302.7	+28.3
Intangible assets	84.5	+5.0
(Goodwill)	46.3	▲1.8
Investments and other assets	191.6	+4.6
(Long-terms loans receivable)	40.8	+3.6
(Guatantee deposits)	92.4	▲0.7
Total Assets	803.2	+38.5

	As of Feb. 29, 2016	Change from Feb. 28, 2015
Total current liabilities	319.6	+18.5
(Accounts payable-trade)	112.2	+8.7
(Deposits payable)	101.9	▲1.7
Total noncurrent liabilities	210.6	+10.8
(Long-term loans payable)	57.5	▲0.8
Net Assets	272.9	+9.1
(Common stock)	58.5	-
(Retained earnings)	154.6	+7.4
Liabilities and net assets	803.2	+38.5

(Billions of yen)

Cautionary Statement

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