

**Flash Report on the Consolidated Financial Results**  
for the First Quarter of the Fiscal Year Ending February 28, 2018

July 5, 2017

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, 2017

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, 2017 (from March 1, 2017 to May 31, 2017)

(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, 2017	159,216	6.9	16,252	(6.9)	15,982	(4.2)	9,597	8.8
May 31, 2016	148,911	6.2	17,451	(8.8)	16,676	(12.9)	8,823	14.3

Note: Comprehensive income:

For the first quarter ended May 31, 2017	9,754 million yen	21.5%
For the first quarter ended May 31, 2016	8,027 million yen	(3.3)%

	Profit per share	Diluted profit per share
For the first quarter ended	Yen	Yen
May 31, 2017	95.96	95.87
May 31, 2016	88.22	88.15

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
As of	Millions of yen	Millions of yen	%
May 31, 2017	910,121	275,067	29.5
February 28, 2017	866,577	285,995	31.7

Reference: Shareholders' equity:

As of May 31, 2017	268,909 million yen
As of February 28, 2017	274,880 million yen

2. Dividends

	Annual dividends per share				
	1Q	1H	3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
2016 fiscal year	—	125.00	—	125.00	250.00
2017 fiscal year	—	—	—	—	—
2017 fiscal year (forecast)	—	127.50	—	127.50	255.00

Note: Revision of the most recent dividends forecast: None

3. Forecast of consolidated operating results for the 2017 fiscal year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

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
2017 1H (cumulative)	334,000	9.1	37,500	(6.1)	36,000	(6.2)	21,000	(7.1)	209.96
2017 fiscal year	675,000	6.9	68,500	(7.1)	65,500	(10.3)	33,500	(8.0)	334.95

Note: Revision of the most recent consolidated operating results forecast: None

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, 2017: 100,300,000 As of February 28, 2017: 100,300,000

2. Number of treasury shares at the end of period

As of May 31, 2017: 285,124 As of February 28, 2017: 285,191

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

As of May 31, 2017: 100,014,831 As of May 31, 2016: 100,003,357

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 2017, three months from March 1 to May 31, 2017, we have advanced and accelerated our “1000-Day Action Plan”, which is in its second year, and focused our business activities on building Lawson’s next-generation convenience store model. The convenience store industry is now undergoing a period of drastic transformation. This is attributable to changes in community needs resulting from an aging population and the prevalence of the nuclear family, among others, which have triggered a reorganization of the industry. We have made efforts to evolve our business model as a manufacturing retailer targeting small catchment areas and to raise our store productivity to an unprecedented level toward the goal of fulfilling our customers’ needs in everyday life by serving as an essential part of their communities.

As a result, for the first quarter of fiscal 2017 on a consolidated basis, gross operating revenue increased to 159,216 million yen (up 6.9% from previous fiscal year,) operating income decreased to 16,252 million yen (down 6.9% from previous fiscal year) and ordinary income decreased to 15,982 million yen (down 4.2% from previous fiscal year.) Profit attributable to owners of parent increased to 9,597 million yen (up 8.8% from previous fiscal year.)

Furthermore, we also focused on promoting internal control and addressing operating risks across the entire Group based on the 2017 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control across the board including companies that newly joined the Group.

Operating results by business segment were as follows:

#### **(Domestic Convenience Store Business)**

In our convenience store business in Japan, we have continued to develop products with features distinct to Lawson and strengthened our mainstay products including counter fast food items. We also prepared for the introduction of tablet terminals aimed at enhancing store productivity and new point-of-sale (POS) cash registers (for sales information management) equipped with an automatic change dispenser function.

#### [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 not only existing stores but also new stores by strengthening our product lineup, and improving operations and franchise support by headquarters.

#### [Merchandising and Service Strategies]

On the merchandise side, we strengthened our product capacity by expanding our merchandise assortment under our “Lawson Select” brand with a focus on daily delivered food and frozen food. Our ready-made dish lineup was also strengthened with a change in our salad range, as was our bento lunchbox lineup with the addition of the “Gyoza Teishoku Bento” (dumplings lunchbox set) among others, which can be enjoyed either for lunch or dinner.

In the counter fast food range, the “Deka Yakitori” (large grilled chicken), which weighs 20% more than the

previous yakitori offering, continued to achieve robust sales performance. In March 2017, “Deka Kushikatsu” (large skewered deep-fried pork) was launched, receiving favorable feedback from many customers.

In the dessert range, changes were made to our Uchi Café SWEETS lineup in April 2017, with the “Premium Chocolat Éclair” and others proving popular.

Moreover, as a “Health Station in Town,” we also focused on selling health-oriented products. In particular, the popular “Green Smoothie,” sold under the NATURAL LAWSON brand, was reinforced with the addition of “Green Smoothie Off&Plus,” which is low in calories and carbohydrates, enabling us to expand our reach to an even larger number of health-conscious customers.

In addition to thus strengthening our merchandise lineup, we also enhanced our service offerings, one of which is our “Gift Cards”<sup>\*1</sup>, whose transaction value continued to remain solid.

On our sales promotion side, as part of our efforts to increase the number of purchased items per customer, we rolled out a monthly promotional “Lawson Tokuichi!” campaign, where a 10% discount was offered on “Lawson Select” chilled/frozen foods as well as some items offered in the counter cases. Furthermore, measures to effectively attract customers were launched, including a “100-yen onigiri (rice ball) sale” for consecutive holidays in May 2017, and a “speed lottery” themed on “GENERATIONS from EXILE TRIBE,” which demonstrated our strength in the entertainment field.

\*1 Gift Cards: Collective term for prepaid cards that can be used for online transactions.

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

Fiscal period Product categories	Previous 1st Quarter From March 1, 2016 to May 31, 2016		Current 1st Quarter From March 1, 2017 to May 31, 2017	
	Net sales (Millions of yen)	Percentage of total (%)	Net sales (Millions of yen)	Percentage of total (%)
Processed foods	263,896	53.2	280,613	53.3
Fast foods	115,357	23.3	121,900	23.2
Daily delivered foods	70,208	14.1	76,537	14.5
Non-food products	46,418	9.4	47,146	9.0
Total	495,881	100.0	526,198	100.0

(Note) These figures include stores operated by both Lawson, Inc. and Lawson Sanin, Inc. as well as LAWSON THREE F and LAWSON POPLAR brand stores.

[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 first quarter stood at 158 and 79 stores, respectively, with the total number of stores in Japan reaching 13,190 as of the end of May 2017.<sup>\*2</sup>

With regard to our partnership initiatives with other chain retailers in Japan, based on business integration agreements, we are planning to remodel 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.

In March 2017, we opened an ekinaka (in-station) LAWSON store in an Osaka Municipal Subway station, with more stores of the same format to be launched in phases through early-August 2017.

In April 2017, in the heart of Tokyo's Ginza district, a commercial area popular among overseas tourists, we opened the LAWSON GINZA SIX store offering a selection of quintessential Japanese souvenirs and other items to take home in addition to our conventional LAWSON store offerings.

Furthermore, by building partnerships with dispensing pharmacy and drug store chains, we offer not only OTC pharmaceuticals, cosmetics, and daily necessities, but also offer a more numerous assortment of merchandise than conventional LAWSON stores. The number of stores offering non-prescription drugs has reached 158 stores (includes 44 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of May 2017. Furthermore, the number of stores offering nursing care consultation services has reached 9 as of the end of May 2017. We will continue to engage in establishing convenience store models that address and deal with social changes such as the aging population and increased health awareness.

With respect to LAWSON STORE100, we continued to increase the product composition ratio of 100-yen items (excluding tax) by scaling down product portions to respond to customer needs for value, and strengthened our popular fruit and vegetable lineup.

\*2 The numbers of store openings and closings and total number of stores in Japan include stores operated by Lawson, Inc., Lawson Sanin, Inc. and three equity-method affiliates, Lawson Kochi, Inc., Lawson Minamikyushu, Inc. and Lawson Okinawa, Inc. as well as LAWSON THREE F and LAWSON POPLAR brand stores.

[Change in the Total Number of Domestic Stores]

	Total stores as of February 28, 2017	Change during period	Total stores as of May 31, 2017
LAWSON	12,172	81	12,253
NATURAL LAWSON	141	3	144
LAWSON STORE100	798	(5)	793
Total	13,111	79	13,190

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

[Number of LAWSON stores by prefecture (As of May 31, 2017)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	639	Ibaraki	197	Kyoto	335	Ehime	216
Aomori	236	Tokyo	1,591	Shiga	153	Tokushima	134
Akita	189	Kanagawa	876	Nara	129	Kochi	135
Iwate	168	Shizuoka	257	Wakayama	137	Fukuoka	476
Miyagi	227	Yamanashi	123	Osaka	1,074	Saga	69
Yamagata	105	Nagano	174	Hyogo	663	Nagasaki	106
Fukushima	133	Aichi	631	Okayama	173	Oita	179
Niigata	150	Gifu	169	Hiroshima	201	Kumamoto	145
Tochigi	156	Mie	132	Yamaguchi	121	Miyazaki	104
Gunma	116	Ishikawa	102	Tottori	138	Kagoshima	192
Saitama	603	Toyama	186	Shimane	149	Okinawa	212
Chiba	548	Fukui	110	Kagawa	131	Total (domestic)	13,190

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

[Other]

In May 2017, Lawson, Inc. concluded a shareholders' agreement with POPLAR Co., Ltd. to underwrite new shares in POPLAR through a third-party allocation. Subsequent to this acquisition of newly issued shares, Lawson, Inc. hold an 18.27% stake in POPLAR, and will further strengthen its business alliance with the company.

With regards to our efforts in home convenience, we will strive to enhance customer convenience by additionally partnering with other companies to establish an "Open Platform" based on the networks of LAWSON stores that offer a range of services encompassing ordering, collection, and home delivery.

Led by the Japanese Ministry of Economy, Trade and Industry, Lawson, Inc. and other domestic convenience store operators jointly issued the Declaration of Plan to Introduce 100 Billion Electronic Tags for Products in Convenience Stores. By using electronic tags, we aim to enhance store operating efficiency and continue to respond quickly to changing customer expectations.

As a result, Domestic Convenience Store Business posted gross operating revenue of 108,385 million yen (up 5.5% from previous fiscal year) and segment profit of 13,092 million yen (down 9.4% from previous fiscal year.)

#### **(Seijo Ishii Business)**

The number of directly operated Seijo Ishii stores, a high-end supermarket chain offering quality foods, reached 135 as of the end of May 2017. Sales were strong, and in April 2017, we opened the Ikejiri Ohashi store as a new Seijo Ishii flagship store. Almost all products offered by Seijo Ishii are available at the spacious store, along with an unprecedented level of services, including the sale of pizza baked in a stone oven right on the premises.

We will continue to enhance the brand image and corporate value of SEIJO ISHII Co., Ltd., while absorbing

the company's product development expertise, knowhow acquired as a manufacturing retailer, and sales methods, to strengthen our Domestic Convenience Store Business.

As a result, Seijo Ishii Business posted gross operating revenue of 19,699 million yen (up 8.6% from previous fiscal year) and segment profit of 1,773 million yen (up 7.0% from previous fiscal year.)

**(Entertainment-related Business)**

With regards to Entertainment-related Business, Lawson HMV Entertainment, which forms the core of entertainment related business, posted a solid performance led by an increase in ticket sales and continued to secure top position in the ticketing industry. Regarding HMV stores that combine selling music CDs and DVDs, the third "HMV Record Shop," a used analog record and CD store, was opened in Kichijoji, and was well received. The number of HMV stores that sell music CDs and DVDs totaled 55 as of the end of May 2017. We will strive to offer an even wider selection of products and services to better respond to customer needs, for example, by expanding our entertainment business. In April 2017, United Cinemas Co., Ltd. opened a cinema complex in Aqua City Odaiba. United Cinemas Co., Ltd. operates a total of 39 sites with 353 screens (includes those under management contract) at its cinemas nationwide as of the end of May 2017.

As a result, Entertainment-related Business posted gross operating revenue of 19,096 million yen (up 11.1% from previous fiscal year) and segment profit of 1,316 million yen (up 39.7% from previous fiscal year).

**(Other Business)**

In addition to the aforementioned businesses, the Group is also involved in the Overseas Business and the Financial Services-related 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, and Wuhan. In Wuhan, where we marked our first anniversary in May 2017, the number stores exceeded 100 stores and will be expanded steadily. The total number of stores in China reached 1,093 as of the end of May 2017.



[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2017)	Change during period	Number of stores (As of May 31, 2017)
China Shanghai and surrounding area	665	37	702
China Chongqing	136	8	144
China Dalian	82	5	87
China Beijing	48	10	58
China Wuhan	72	30	102
Thailand	85	4	89
Indonesia	36	(1)	35
Philippines	30	—	30
United States of America Hawaii	2	—	2
Total	1,156	93	1,249

Lawson ATM Networks, Inc., which operates a Financial Services-related Business, continued contributing to consolidated results owing to an increase in the number of ATMs installed. We strengthened partnerships with new financial institutions bringing the total number of our financial institution partners to 88 nationwide (up 1 from previous fiscal year), including online banks, and the number of ATMs installed nationwide to 11,958 (up 46 from previous fiscal year) as of the end of May 2017.

As a result, Other Business posted gross operating revenue of 14,012 million yen (up 14.2% from previous fiscal year) and segment profit of 67 million yen (down 83.0% from previous fiscal year.)

Through Lawson Bank Preparatory Company, Inc., established in November 2016, we are continuing to work on establishing a bank by leveraging Lawson's past experience in financial services. We are proceeding on the assumption that approval from the relevant authorities will be obtained.

## **(2) Explanation Regarding Consolidated Financial Position**

Current assets increased by 36,243 million yen from the end of the previous fiscal year to 285,522 million yen, mainly reflecting an increase of 29,957 million yen in cash and deposits. Non-current assets increased by 7,299 million yen from the end of the previous fiscal year to 624,598 million yen, mainly reflecting an increase of 3,835 million yen in property and store equipment. Consequently, total assets increased by 43,543 million yen from the end of the previous fiscal year to 910,121 million yen.

Current liabilities increased by 52,241 million yen from the end of the previous fiscal year to 409,024 million yen, mainly reflecting an increase of 70,607 million yen in deposits received, and a decrease of 29,750 million yen in short-term loans payable. Non-current liabilities increased by 2,230 million yen from the end of the previous fiscal year to 226,029 million yen, mainly reflecting an increase of 1,955 million yen in lease obligations. Consequently, total liabilities increased by 54,472 million yen from the end of the previous fiscal year to 635,053 million yen.

Net assets decreased by 10,928 million yen from the end of the previous fiscal year to 275,067 million yen, mainly reflecting decreases of 5,043 million yen and 3,468 million yen in non-controlling interests and retained earnings, respectively. Consequently, shareholders' equity ratio was 29.5%, down from 31.7% as of the end of the previous fiscal year.

## **(3) Explanation Regarding Forward-looking Statements**

Regarding the financial forecasts for the first half and full year of the current fiscal year ending February 28, 2018, the financial forecasts remain unchanged from those announced on April 12, 2017.

## 2. Consolidated Financial Statements and Main Notes

### (1) Consolidated Balance Sheet

As of February 28, 2017 and May 31, 2017

(Millions of yen)

	Previous fiscal year As of February 28, 2017	Current 1st Quarter As of May 31, 2017
<b>Assets</b>		
<b>Current assets:</b>		
Cash and deposits	68,115	98,072
Accounts receivable-due from franchised stores	39,982	41,537
Lease receivables	12,336	12,219
Merchandise	18,130	19,309
Accounts receivable-other	78,363	80,232
Deferred tax assets	3,907	2,590
Other	28,493	31,609
Allowance for doubtful accounts	(50)	(49)
<b>Total current assets</b>	<b>249,278</b>	<b>285,522</b>
<b>Non-current assets:</b>		
<b>Property and store equipment:</b>		
Buildings and structures, net	183,747	183,717
Tools, furniture and fixtures, net	18,581	18,400
Leased assets, net	110,472	113,666
Other, net	11,708	12,561
<b>Total property and store equipment</b>	<b>324,510</b>	<b>328,345</b>
<b>Intangible assets:</b>		
Software	37,567	39,715
Goodwill	46,041	45,215
Trademark right	10,691	10,537
Other	499	531
<b>Total intangible assets</b>	<b>94,800</b>	<b>95,999</b>
<b>Investments and other assets:</b>		
Long-term loans receivable	44,495	44,191
Guarantee deposits	95,594	97,482
Deferred tax assets	23,138	22,781
Other	35,728	36,787
Allowance for doubtful accounts	(968)	(988)
<b>Total investments and other assets</b>	<b>197,988</b>	<b>200,253</b>
<b>Total non-current assets</b>	<b>617,299</b>	<b>624,598</b>
<b>Total assets</b>	<b>866,577</b>	<b>910,121</b>

(Millions of yen)

	Previous fiscal year As of February 28, 2017	Current 1st Quarter As of May 31, 2017
<b>Liabilities</b>		
<b>Current liabilities:</b>		
Accounts payable-trade	110,834	129,210
Short-term loans payable	31,180	1,430
Current portion of long-term loans payable	575	575
Lease obligations	28,012	28,999
Accounts payable-other	59,734	56,115
Income taxes payable	9,876	4,155
Deposits received	103,156	173,764
Provision for bonuses	3,427	2,432
Other	9,985	12,341
<b>Total current liabilities</b>	<b>356,783</b>	<b>409,024</b>
<b>Non-current liabilities:</b>		
Long-term loans payable	56,703	56,703
Lease obligations	99,983	101,939
Deferred tax liabilities	957	1,386
Provision for retirement benefits to executive officers and audit and supervisory board members	332	331
Net defined benefit liability	13,083	13,281
Asset retirement obligations	26,958	27,230
Other	25,779	25,157
<b>Total non-current liabilities</b>	<b>223,798</b>	<b>226,029</b>
<b>Total liabilities</b>	<b>580,581</b>	<b>635,053</b>
<b>Net assets</b>		
<b>Shareholders' equity:</b>		
Capital stock	58,506	58,506
Capital surplus	49,083	46,642
Retained earnings	165,162	161,693
Treasury shares	(1,210)	(1,210)
<b>Total shareholders' equity</b>	<b>271,541</b>	<b>265,632</b>
<b>Accumulated other comprehensive income:</b>		
Valuation difference on available-for-sale securities	274	366
Revaluation reserve for land	(618)	(618)
Foreign currency translation adjustment	4,610	4,418
Remeasurements of defined benefit plans	(927)	(890)
<b>Total accumulated other comprehensive income</b>	<b>3,338</b>	<b>3,276</b>
<b>Subscription rights to shares</b>	<b>314</b>	<b>400</b>
<b>Non-controlling interests</b>	<b>10,800</b>	<b>5,757</b>
<b>Total net assets</b>	<b>285,995</b>	<b>275,067</b>
<b>Total liabilities and net assets</b>	<b>866,577</b>	<b>910,121</b>

## (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 28, 2017 and the first quarter of the fiscal year ending February 28, 2018

	Previous 1st Quarter From March 1, 2016 to May 31, 2016	Current 1st Quarter From March 1, 2017 to May 31, 2017
	(Millions of yen)	
<b>Gross operating revenue</b>	148,911	159,216
<b>Net sales</b>	58,127	64,384
<b>Cost of sales</b>	39,756	44,055
<b>Gross profit</b>	18,371	20,328
<b>Operating revenue:</b>		
Income from franchised stores	66,872	70,509
Other operating revenue	23,911	24,322
<b>Total operating revenue</b>	90,783	94,832
<b>Operating gross profit</b>	109,155	115,160
Selling, general and administrative expenses	91,703	98,908
<b>Operating income</b>	17,451	16,252
<b>Non-operating income:</b>		
Interest income	201	174
Share of profit of entities accounted for using equity method	169	180
Compensation income	45	169
Other	489	211
<b>Total non-operating income</b>	906	735
<b>Non-operating expenses:</b>		
Interest expenses	496	478
Loss on cancellation of leases	371	254
Loss on disaster	407	—
Other	406	272
<b>Total non-operating expenses</b>	1,681	1,005
<b>Ordinary income</b>	16,676	15,982
<b>Extraordinary income:</b>		
Gain on sales of shares of subsidiaries and associates	—	302
<b>Total extraordinary income</b>	—	302
<b>Extraordinary losses:</b>		
Loss on sales of non-current assets	52	149
Loss on retirement of non-current assets	742	734
Impairment loss	356	205
<b>Total extraordinary losses</b>	1,151	1,088
<b>Profit before income taxes</b>	15,524	15,196
Income taxes-current	3,040	3,317
Income taxes-deferred	3,464	2,066
<b>Total income taxes</b>	6,505	5,384
<b>Profit</b>	9,019	9,812
<b>Profit attributable to non-controlling interests</b>	195	214
<b>Profit attributable to owners of parent</b>	8,823	9,597

## Consolidated Statement of Comprehensive Income

For the first quarter of the fiscal year ended February 28, 2017 and the first quarter of the fiscal year ending February 28, 2018

	(Millions of yen)	
	Previous 1st Quarter From March 1, 2016 to May 31, 2016	Current 1st Quarter From March 1, 2017 to May 31, 2017
<b>Profit</b>	9,019	9,812
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(554)	92
Foreign currency translation adjustment	(444)	(187)
Remeasurements of defined benefit plans	6	37
<b>Total other comprehensive income</b>	(991)	(57)
<b>Comprehensive income</b>	8,027	9,754
Comprehensive income attributable to		
Owners of parent	7,866	9,535
Non-controlling interests	160	219

**(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)**

The Company and its domestic consolidated subsidiaries are applying "Implementation Guidance on Recoverability of Deferred Tax Assets" (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, revised March 28, 2016) from the first quarter of the fiscal year ending February 28, 2018.