

Q&As at the Financial Results Briefing for FY2021 1H of Lawson, Inc.

Date of holding	October 8, 2021 (Friday), 13:00–14:30
Attendees	Sadanobu Takemasu, President and CEO, Representative Director, Chairman of the Board Satoshi Nakaniwa, Member of the Board, Executive Managing Officer, Chief Financial Officer Tomoki Takanishi, Senior Vice President, Division Director of Financial Administration Division Kino Arai, General Manager, Investor Relations Dept.

Q : Was the downward revision of the unconsolidated results caused by the external environment or any other factors?

A : We had developed an initial plan in view of the social circumstances about the same as last year; however, we experienced stricter limitations on the flow of people and worse weather than we had expected. We are verifying the data on the renovated stores to promote renovation that is suitable for each store's features. Though it is difficult to forecast the social circumstances of the second half, we believe that sales by existing stores for the second half will reach 104% compared to the previous fiscal year after renovation of stores and strengthening of the product lineup.

Q : The renovation of stores led to an increase in sales. Isn't store renovation affected by the external environment? And will the effect of the store renovation continue?

A : We think that the stores will become what customers rely on in their daily lives by taking advantage of being located nearest to the daily lives of customers. We will promote store renovation so that the stores can be used by customers on a daily basis for three meals and daily necessities and can become robust enough to change with the external environment. In the test, the effect of the improvement in daily sales has been maintained after store renovation.

Q : In the Lawson Group Sweeping Transformation Executive Committee, are long-term approaches considered instead of short-term revenue? Does the company see the potential of vendors and logistics?

A : We think it is important to be continuously recognized highly by customers among convenience stores by responding to changes in customers' needs during the COVID-19 crisis. In this sense, we will develop not only measures for short-term recovery in sales but also medium- to long-term approaches by the Sweeping Transformation Executive Committee without fail. In addition, we are pushing ahead with bold actions for the optimization of vendors and overall logistics in the vendor distribution project of the Committee.

Q : Please describe the view of opening stores and expanding revenue in China.

A : When opening a large number of stores, it is important to develop human assets, including not only human assets for development that engage in the opening of stores but also human assets of supervisors who direct store management and human assets for product development. We have developed and prepared human assets for promoting the opening of

more stores with a focus on human asset development in China based on the experience in Japan, which has led to the current stores opened and our growth. We have the view of aiming for 10,000 stores and operating income of triple-digit billion yen in 2025.

Q : How do franchise owners have an incentive for the product lineup?

A : We feel that they have a strong incentive for the product lineup, and this trend has been particularly evident since October when the state of emergency was lifted. In addition, we are working on supply chain reform to optimize opportunity losses and disposal losses.

Q : I find the group branding project among the projects of the Sweeping Transformation Executive Committee. Does this project aim at group synergy with subsidiaries in good financial standing?

A : We have launched the group branding project in order to dispel the negative image of convenience stores under the business environment before the COVID-19 crisis, including the labor shortage, and to reaffirm as the Lawson Group the significance of the existence of convenience stores during the COVID-19 crisis. We are working on actions for making all Group members feel proud of working in the Lawson Group.

Q : The company faces a decrease in the profits of headquarters. What is the challenge in this situation? What is the difference in the measures under the Transformation Executive Committee from previous ones?

A : The Headquarters thinks it is important to increase the profits of franchisees. Therefore, it is working on measures for an increase in sales while reducing the cost of stores. In the Transformation Executive Committee, we will make a commitment to improving the investment effect based on careful verification of what has been carried out. We will aim at becoming a more muscular company by tackling challenges continuously so that we can gain customers' trust enough to be used by them on a daily basis.

Q : Please describe the business vision of Seijo Ishii toward 2025.

A : We have many options, such as opening stores in domestic areas where our stores are not located and expanding the business overseas. As the first step, we will promote business development making maximum use of the central kitchen that will start operation in the spring of 2022.

Q : Seen from the actual results of current daily sales, the Company does not seem to have achieved good results from the efforts. What does the Company think about that?

A : In the first half, while we met the demand for products for daily use under the circumstances of a decreased flow of people, sales of other core products were significantly affected by the decrease in the flow of people. In the second half, we will renovate stores into an ideal one, remodel kitchens, and develop products that include frozen foods to capture not only the demand for daily life products but also meet the demand created by an increase in the flow of people.