

Flash Report on the Consolidated Financial Results

for the Fiscal Year Ended February 29, 2020

April 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 the ordinary general meeting of shareholders: May 27, 2020

Scheduled date for submission of annual securities report: May 28, 2020

Scheduled date for payment of dividend: May 28, 2020

Supplementary materials for annual financial results: Yes

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

(Amounts less than one million yen are truncated)

1. Consolidated operating results for 2019 fiscal year (from March 1, 2019 to February 29, 2020)

(1) Consolidated operating results (cumulative)

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

	Gross operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended								
February 29, 2020	730,236	4.2	62,943	3.6	56,346	(2.3)	20,108	(21.4)
February 28, 2019	700,647	6.6	60,781	(7.7)	57,700	(11.4)	25,585	(4.6)

Note: Comprehensive income: Fiscal year ended February 29, 2020 17,586 million yen (32.8)%
Fiscal year ended February 28, 2019 26,173 million yen (9.5)%

	Profit per share	Diluted profit per share	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to gross operating revenue
	Yen	Yen	%	%	%
For the fiscal year ended					
February 29, 2020	200.95	200.84	7.3	4.2	8.6
February 28, 2019	255.71	255.59	9.3	5.1	8.7

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

Fiscal year ended February 29, 2020 571 million yen
Fiscal year ended February 28, 2019 320 million yen

(2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of				
February 29, 2020	1,357,732	275,347	20.0	2,707.08
February 28, 2019	1,342,329	281,982	20.6	2,763.54

Reference: Shareholders' equity: As of February 29, 2020 270,877 million yen
As of February 28, 2019 276,514 million yen

Note: Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28; February 16, 2018), etc. have been applied from the beginning of the fiscal year ended February 29, 2020 in preparing the consolidated financial statements. The standards have been retrospectively applied to the consolidated financial statements for the previous fiscal year.

(3) Consolidated cash flows

	Net cash provided by (used in) operating activities	Net cash provided by (used in) investing activities	Net cash provided by (used in) financing activities	Cash and cash equivalents at end of period
For the fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 29, 2020	202,703	(49,074)	(163,910)	343,583
February 28, 2019	128,594	(81,017)	277,937	354,236

2. Dividends

	Annual dividends per share					Total dividends for the year	Payout ratio	Ratio of dividends to shareholders' equity
	1Q	1H	3Q	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
2018 fiscal year	—	127.50	—	127.50	255.00	25,514	99.7	9.2
2019 fiscal year	—	75.00	—	75.00	150.00	15,009	74.6	5.5
2020 fiscal year (forecast)	—	—	—	—	—		—	

Note: Forecast of dividends for the fiscal year ending February 2021 is undetermined at this point.

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

The global spread of the novel coronavirus is having a considerable impact on the domestic and overseas business environment surrounding the Lawson Group. The Group is engaged in diverse business fields within and outside Japan, making it difficult to make a reasonable projection of its financial performance at this point. Therefore, the forecast of the Group's consolidated financial performance for the fiscal year ending February 2021 remains undetermined at this point.

Once it becomes possible to determine the forecast, it will be announced promptly.

4. Notes

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

Added: None

Excluded: None

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

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

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

3. Changes in accounting estimates: None

4. Retrospective restatements: None

(3) Number of shares outstanding (common stock)

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

As of February 29, 2020: 100,300,000 As of February 28, 2019: 100,300,000

2. Number of treasury shares at the end of year

As of February 29, 2020: 237,762 As of February 28, 2019: 241,897

3. Average number of shares during the year

As of February 29, 2020: 100,061,451 As of February 28, 2019: 100,057,042

Reference: Non-consolidated operating results for 2019 fiscal year (from March 1, 2019 to February 29, 2020)
Non-consolidated operating results (cumulative)

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

	Gross operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the fiscal year ended								
February 29, 2020	390,811	1.3	44,725	(2.2)	45,962	(10.7)	15,486	(50.0)
February 28, 2019	385,678	3.4	45,711	(10.4)	51,443	1.9	31,002	59.7

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

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

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

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1. Overview of Operating Results

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

During the fiscal year under review, or fiscal 2019 ended February 29, 2020, changes in society's needs resulting from an aging population, the prevalence of the nuclear family, the increasing number of working women, and the heightening awareness of healthy lifestyles are serving as a tailwind for the convenience store industry. Meanwhile, competition is intensifying across sector lines and circumstances surrounding franchise stores are also becoming increasingly challenging due to a labor shortage and rising personnel expenses. Given such a business environment, we have made efforts to raise store productivity by making maximum use of digital technology. Specifically, since 2015, we have been introducing a semi-automatic ordering system and new point-of-sale (POS) cash registers equipped with an automatic change dispenser function.

In April 2019, we formulated an action plan to reinforce our relationship with franchise stores and provide stronger support for them and announced our progress in November. Furthermore, we announced in February 2020 new short-, medium- and long-term initiatives to enhance the financial stability of our franchise stores, including supporting low-profit franchise store owners in operating multiple stores, helping develop store managers, and measures for new franchise owners. We will continue strengthening our partnerships with our franchise stores.

Due to the recent spread of the new coronavirus (COVID-19), changes have been observed in the sales of some merchandise as well as trends in customer visits. However, the impact of such changes on our financial results for the fiscal year under review was insignificant.

Furthermore, we also focused on improving our group-wide internal control system and addressing operating risks based on the 2019 Basic Policy for Improvement of Internal Control Systems. We will continue promoting internal control going forward.

Operating results by business segment were as follows:

(Domestic Convenience Store Business)

In our convenience store business, 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 and the use of plastics.

The consumption tax rate was raised in Japan from 8% to 10% on October 1, 2019, although certain items are subject to a reduced rate. At LAWSON stores, reduced tax rates are applied to food and beverage items, excluding those consumed within their eat-in areas, and alcoholic beverages. In addition, as part of the Japanese government's support scheme to alleviate the impact of the tax hike, customers making cashless payments at applicable LAWSON stores receive a 2% refund on their payment amount.

[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.

With regard to our initiative to introduce self-checkout machines by leveraging the self-checkout function of the POS cash registers installed at all stores during the previous fiscal year, we will continue to introduce the machines at more stores. In January 2020, we temporarily closed 102 franchise stores nationwide during the New Year holidays as part of an experimental trial. Based on the results, we will discuss our initiatives for the next fiscal year.

[Merchandising and Service Strategies]

On the merchandise side, we focused on new product development and quality enhancement of our existing products with the aim of achieving compellingly superior taste. In the rice range, our new “Kinshari Onigiri Rice Ball” series featuring distinct and plump grains of rice, which was launched in April 2019, was hugely popular, and our “Akuma-no-onigiri” (meaning “devil’s rice ball”) series, now an iconic LAWSON product, also recorded solid sales. In the processed bread range, we revamped our sandwich range and captured a new type of meal demand by launching the new “SAND FULL” series, which resulted in continuous strong sales. In the counter fast food range, our revamped “L-Chiki” (fried chicken) series as well as standard and new seasonal products offered at “MACHI café” enjoyed popularity.

In our dessert range, “BASCHÉE” (Basque-style cheesecake) launched in March 2019 was received with great popularity, and hit products were also successively released from the “Uchi Café” dessert range, resulting in Lawson’s desserts garnering considerable attention. In the bakery products range, we launched, in March 2019, our “Machinopan” (meaning “town bakery”) series featuring meticulously selected basic ingredients and sophisticated production methods in a quest to offer items with exquisite texture and delicious fillings, while also revamping our existing standard products, which resulted in ongoing strong sales.

On the sales promotion side, we rolled out stamp campaigns and implemented effective measures to attract customers, including a smartphone stamp rally and the Wakuwaku speed lottery, by capitalizing on our strength in the entertainment field.

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

Fiscal year Product group	Previous fiscal year From March 1, 2018 to February 28, 2019		Current fiscal year From March 1, 2019 to February 29, 2020		YoY (%)
	Sales (Millions of yen)	Percentage of total (%)	Sales (Millions of yen)	Percentage of total (%)	
Processed foods	1,202,619	52.6	1,237,391	52.8	102.9
Fast foods	544,530	23.8	546,542	23.3	100.4
Daily delivered foods	329,545	14.4	351,442	15.0	106.6
Nonfood products	208,612	9.2	209,624	8.9	100.5
Total	2,285,308	100.0	2,345,000	100.0	102.6

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

[Store Development]

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

During the fiscal year under review, the total number of LAWSON, NATURAL LAWSON and LAWSON STORE100 stores opened in Japan stood at 554 stores. Meanwhile, we closed a total of 769 such stores in the country as a result of shutting down stores with low earnings and for other reasons. As of the end of February 2020, the total number of domestic stores was 14,444.*

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 222 stores (includes 49 pharmacy LAWSON stores equipped with drug-dispensing pharmacies) as of the end of February 2020. Moreover, the number of stores offering nursing care consultation services has reached 24 as of the end of February 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 323 as of the end of February 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 February 2020, we operate 145 NATURAL LAWSON stores and 742 LAWSON STORE100 stores.

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

[Change in the Total Number of Domestic Stores]

	Total stores as of February 28, 2019	Change during period	Total stores as of February 29, 2020
LAWSON	13,714	(157)	13,557
NATURAL LAWSON	139	6	145
LAWSON STORE100	806	(64)	742
Total	14,659	(215)	14,444

[Number of LAWSON stores by prefecture (As of February 29, 2020)]

Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores	Prefecture	Number of stores
Hokkaido	673	Ibaraki	223	Kyoto	322	Ehime	211
Aomori	270	Tokyo	1,715	Shiga	156	Tokushima	136
Akita	185	Kanagawa	1,088	Nara	138	Kochi	139
Iwate	175	Shizuoka	285	Wakayama	148	Fukuoka	517
Miyagi	252	Yamanashi	135	Osaka	1,123	Saga	74
Yamagata	114	Nagano	172	Hyogo	666	Nagasaki	111
Fukushima	162	Aichi	723	Okayama	202	Oita	188
Niigata	225	Gifu	180	Hiroshima	235	Kumamoto	159
Tochigi	199	Mie	138	Yamaguchi	116	Miyazaki	104
Gunma	243	Ishikawa	105	Tottori	139	Kagoshima	195
Saitama	689	Toyama	185	Shimane	145	Okinawa	239
Chiba	603	Fukui	110	Kagawa	132	Total (domestic)	14,444

(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]

On December 16, 2019, Lawson, Inc. concluded a capital business partnership agreement with KDDI Corporation to promote data marketing utilizing the customer bases of both companies and create new consumption experiences through the application of advanced technologies. Based on this partnership, Lawson and KDDI will combine KDDI's advanced technologies including 5G, the fifth-generation mobile communication system, with Lawson's 14,000-plus-strong real-store infrastructure to develop next-generation convenience store services involving data and financial offerings to create new consumption experiences for customers.

In February 2020, we commenced a pilot experiment involving checkout-free store service at the Lawson Fujitsu Shinkawasaki TS Store. By leveraging digital technology, the Lawson store allows customers to shop without the need to pay at a cash register.

As a result, Domestic Convenience Store Business posted gross operating revenue of 471,551 million yen (up 0.6% from previous fiscal year) and segment profit of 47,121 million yen (down 2.4% 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 154 as of the end of February 2020. Seijo Ishii's original quality prepared food continued to be supported by many customers, contributing to steady 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 93,119 million yen (up 7.4% from previous fiscal year) and segment profit of 8,348 million yen (up 12.6% from previous fiscal year).

(Entertainment-related Business)

With regard to our Entertainment-related Business, the ticketing business of Lawson Entertainment, Inc., which forms the core of the business, continued to secure top-class transaction value in the ticketing industry. In our product sales business, as of the end of February 2020, we operate 56 stores, mainly comprised of 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.

As of the end of February 2020, United Cinemas Co., Ltd., an operator of cinema complexes, operates cinema theaters at 43 sites nationwide, offering 389 screens including those operated on commission.

As a result, Entertainment-related Business posted gross operating revenue of 85,346 million yen (up 9.3% from previous fiscal year) and segment profit of 5,313 million yen (up 18.1% from 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.

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 as well as when certain usage conditions are achieved. As a result of such expanded services, credit card membership is seeing steady growth.

As of the end of February 2020, the number of ATMs installed nationwide reached 13,353 (down 106 from previous fiscal year), with each ATM used 47.5 times a day on average. The total number of our financial institution partners increased to 124 nationwide (up 13 from previous fiscal year), including online banks.

As a result, Financial Services Business posted gross operating revenue of 34,089 million yen (up 11.5% from previous fiscal year) and segment profit of 3,088 million yen (up 38.9% from previous fiscal year).

(Other Business)

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

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

In the People's Republic of China, 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 2,646 as of the end of February 2020.

[Distribution of LAWSON Brand Stores Overseas by Region]

Country/Region	Number of stores (As of February 28, 2019)	Change during fiscal year	Number of stores (As of February 29, 2020)
China Shanghai and surrounding area	1,227	347	1,574
China Chongqing	198	37	235
China Dalian	146	46	192
China Beijing and surrounding area	108	45	153
China Shenyang	—	26	26
China Wuhan	308	93	401
China Hefei	20	30	50
China Changsha	—	15	15
Thailand	120	13	133
Indonesia	42	30	72
Philippines	39	26	65
United States of America Hawaii	2	—	2
Total	2,210	708	2,918

As a result, Other Business posted gross operating revenue of 57,275 million yen (up 26.1% from previous fiscal year) and segment loss of 929 million yen (down 42.6% from previous fiscal year).

(Measures to pursue Sustainable Development Goals (SDGs))

With the aim of achieving a sustainable society through Lawson’s business activities based on our corporate philosophy, “Creating Happiness and Harmony in Our Communities,” we established the SDGs Committee effective March 1, 2019. Based on our belief that striving to fulfill our “Three Promises” will likewise ultimately promote SDGs, we are making Group-wide efforts led by our SDGs Committee to conduct individual initiatives that solve social issues through our business activities.

Specifically, we identified issues having significant impacts on the environment, society and economy across our business activities including our value chains, selected specific issues that significantly impact society and the Lawson Group, and identified the social issues that should be prioritized. We then linked Lawson’s initiatives to the identified social issues, and determined our six material issues (materiality).

“6 Material Issues”

1. Providing safety/security-oriented overwhelmingly high value-added products and services friendly to society and the environment
2. Supporting health promotion for all people through products and stores
3. Providing comfortable work environment leading to job satisfaction
4. Supporting women, senior people as well as children’s growth
5. Coexisting synergistically with communities by serving as part of social infrastructure
6. Sustainable environment preservation activities toward carbon-free society

We are especially making focused efforts on addressing our sixth material issue, “sustainable environment preservation activities toward carbon-free society, by setting social and environmental key performance indicators (KPIs) as Goals for 2030 in three areas: (1) reducing food waste; (2) reducing plastic use (for containers, packaging and shopping bags); and (3) reducing CO2 emissions. Furthermore, toward Lawson’s Vision 2050, we are taking on difficult challenges to achieve high goals so that we can create a carbon-free society and contribute more to the ideal world that the SDGs aim to realize. To fulfill Lawson’s Vision 2050, we are looking back on what we have done so far and examining and discussing what we should do now to steadily proceed with our material issues and KPIs for 2030.

Issues	KPIs for 2030	KPIs for 2050
Reducing food waste	Reduce by 50% over 2018	Reduce by 100%
Reducing plastic use (for containers and packaging)	Reduce by 30% over 2017 (50% of materials used for Lawson’s original product containers and packaging are eco-friendly)	(100% of materials used for Lawson’s original product containers and packaging are eco-friendly)
Reducing plastic use (Plastic shopping bags)	Plastic shopping bags Reduce by 100% over 2017	—
Reducing CO ₂ emissions	Reduce by 30% over 2013	Reduce by 100%

To reduce food waste, for a period of 82 days from June 11 to August 31, 2019, we performed a food waste reduction experiment dubbed “Another Choice” at a total of 452 Lawson stores as of the end of August 2019 (216 stores in Ehime Prefecture and 236 in Okinawa Prefecture). Based on this experimental program, Lawson donated a total of 8,290,838 yen (3,254,673 yen in Ehime and 5,036,165 yen in Okinawa) to help provide meals for children during summer vacation.

To reduce plastic use, we started replacing the S-sized plastic cups used for iced coffee offered at “MACHI café” with paper cups and adopting lids with openings to eliminate the need for straws. Through such efforts, the amount of plastic used per cup is expected to be reduced by approximately 80%.

As it will become mandatory for retailers nationwide to charge fees for plastic bags from July 1, 2020, we are in the process of deciding on the specifications and price of our plastic bags and discussing related operations.

To prevent global warming and reduce electricity consumption, we have been installing chlorofluorocarbon CFC-free (CO₂ refrigerant) refrigerator/freezer systems. The number of stores equipped with such systems reached approximately 3,700 as of the end of February 2020, up 300 stores from the end of the previous fiscal year.

We also continued with our scholarship program for children from single-parent families, selecting 400 students to whom we provided scholarships in fiscal 2019. In addition, donations were collected for victims of typhoons Faxai and Hagibis, as well as for the reconstruction of Shuri Castle in Okinawa Prefecture, which had been destroyed in a fire, by placing fundraising boxes and accepting donations of reward points at Lawson Group stores in Okinawa.

As a member of society, we will continue to contribute to the promotion of SDGs through our measures to address social and environmental issues together with franchise stores, customers and business partners.

(2) Profit and Loss

In terms of operating results for the fiscal year, gross operating revenue increased to 730,236 million yen (up 4.2% from previous fiscal year), operating income totaled 62,943 million yen (up 3.6% from previous fiscal year), and ordinary income amounted to 56,346 million yen (down 2.3% from previous fiscal year). Profit attributable to owners of parent was 20,108 million yen (down 21.4% from previous fiscal year).

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

① Total assets, total liabilities, total net assets analysis

Current assets increased by 17,093 million yen from the end of the previous fiscal year to 636,697 million yen, mainly reflecting an increase of 38,152 million yen in accounts receivable-other and a decrease of 10,652 million yen in cash and deposits. Non-current assets decreased by 1,690 million yen from the end of the previous fiscal year to 721,035 million yen, mainly reflecting an increase of 10,638 million yen in property and store equipment, a decrease of 9,608 million yen in intangible assets and a decrease of 2,720 million yen in investments and other assets such as investment securities. Consequently, total assets increased by 15,402 million yen from the end of the previous fiscal year to 1,357,732 million yen.

Current liabilities decreased by 36,559 million yen from the end of the previous fiscal year to 561,963 million yen, mainly reflecting a decrease of 86,750 million yen in short-term loans payable, a decrease of 50,000 million yen in current portion of long-term loans payable and an increase of 61,291 million yen in deposits received. Non-current liabilities increased by 58,597 million yen from the end of the previous fiscal year to 520,421 million yen, mainly reflecting an increase of 50,000 million yen in long-term loans payable. Consequently, total liabilities increased by 22,037 million yen from the end of the previous fiscal year to 1,082,385 million yen.

Net assets decreased by 6,634 million yen from the end of the previous fiscal year to 275,347 million yen, mainly reflecting a decrease of 2,379 million yen in capital surplus and a decrease of 1,852 million yen in valuation difference on available-for-sale securities. Consequently, shareholders' equity ratio was 20.0%, down from 20.6% as of the end of the previous fiscal year.

Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28; February 16, 2018), etc. have been applied from the beginning of the fiscal year ending February 29, 2020 in preparing the consolidated financial statements. Related information regarding the consolidated financial position at the end of the fiscal year was calculated based on an analysis in comparison with the consolidated financial statements for the previous fiscal year after retrospectively applying the standards.

② Cash flows during fiscal year 2019

Cash and cash equivalents at February 29, 2020 decreased by 10,652 million yen from the end of the previous fiscal year to 343,583 million yen.

Net cash provided by operating activities was 202,703 million yen, an increase of 74,108 million yen from the previous fiscal year, mainly because of an increase (decrease) in accounts payable-other, an increase (decrease) in deposits received, a net decrease (increase) in call loans for banking business and a net increase (decrease) in call money for banking business.

Net cash used in investing activities was (49,074) million yen, a decrease of 31,943 million yen from the previous fiscal year, mainly because of a decrease in purchase of property and store equipment and purchase of intangible assets.

Net cash used by financing activities was (163,910) million yen, a decrease of 441,848 million yen from the previous fiscal year, mainly because of a decrease in proceeds from long-term loans payable and a decrease in short-term loans payable.

(Reference) Trends in cash flow indicators

	2017 fiscal year	2018 fiscal year	2019 fiscal year
Shareholders' equity ratio (%)	30.6	20.6	20.0
Shareholders' equity ratio on market value basis (%)	77.7	50.3	42.2
Interest-bearing debt/cash flow ratio (years)	2.1	4.7	2.6
Interest coverage ratio (times)	55.5	46.4	50.6

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

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

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

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

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

(4) Future Outlook

The global spread of the novel coronavirus is having a considerable impact on the domestic and overseas business environment surrounding the Lawson Group. The Group is engaged in diverse business fields within and outside Japan, making it difficult to make a reasonable projection of its financial performance at this point. Therefore, the forecast of the Group's consolidated financial performance for the fiscal year ending February 2021 remains undetermined at this point.

Once it becomes possible to determine the forecast, it will be announced promptly.

2. Basic Approach to Selection of Accounting Standards

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

3. Consolidated Financial Statements and Main Notes

(1) Consolidated Balance Sheet

As of February 28, 2019 and February 29, 2020

(Millions of yen)

	Previous fiscal year As of February 28, 2019	Current fiscal year As of February 29, 2020
Assets		
Current assets:		
Cash and deposits	354,240	343,587
Accounts receivable-due from franchised stores	47,179	47,366
Lease receivables	19,120	17,876
Merchandise	20,862	20,985
Accounts receivable-other	120,969	159,122
Other	57,355	47,802
Allowance for doubtful accounts	(124)	(42)
Total current assets	619,603	636,697
Non-current assets:		
Property and store equipment:		
Buildings and structures-net	207,755	201,526
Tools, furniture and fixtures-net	16,056	20,093
Land	9,052	8,913
Leased assets-net	146,880	146,235
Construction in progress	2,223	1,825
Other-net	331	14,343
Total property and store equipment	382,300	392,938
Intangible assets:		
Software	49,791	45,151
Goodwill	46,836	42,381
Trademark right	9,468	8,849
Other	576	680
Total intangible assets	106,672	97,063
Investments and other assets:		
Investment securities	31,140	28,665
Long-term loans receivable	44,024	42,488
Guarantee deposits	107,034	107,193
Deferred tax assets	30,995	34,378
Other	21,395	18,938
Allowance for doubtful accounts	(835)	(630)
Total investments and other assets	233,753	231,033
Total non-current assets	722,726	721,035
Total assets	1,342,329	1,357,732

(Millions of yen)

	Previous fiscal year As of February 28, 2019	Current fiscal year As of February 29, 2020
Liabilities		
Current liabilities:		
Accounts payable-trade	123,408	129,397
Short-term loans payable	126,600	39,850
Current portion of long-term loans payable	50,000	—
Lease obligations	38,750	45,610
Accounts payable-other	101,995	94,848
Income taxes payable	6,683	7,915
Deposits received	131,804	193,096
Provision for bonuses	4,263	4,667
Other	15,015	46,577
Total current liabilities	598,522	561,963
Non-current liabilities:		
Long-term loans payable	260,000	310,000
Lease obligations	131,441	136,665
Deferred tax liabilities	550	521
Provision for retirement benefits to executive officers and audit and supervisory board members	300	282
Net defined benefit liability	15,125	16,245
Asset retirement obligations	31,102	35,335
Other	23,303	21,370
Total non-current liabilities	461,824	520,421
Total liabilities	1,060,347	1,082,385
Net assets		
Shareholders' equity:		
Capital stock	58,506	58,506
Capital surplus	46,984	44,605
Retained earnings	166,187	165,081
Treasury shares	(1,028)	(1,011)
Total shareholders' equity	270,649	267,181
Accumulated other comprehensive income:		
Valuation difference on available-for-sale securities	3,349	1,496
Revaluation reserve for land	(566)	(207)
Foreign currency translation adjustments	3,930	3,341
Remeasurements of defined benefit plans	(848)	(934)
Total accumulated other comprehensive income	5,865	3,695
Subscription rights to shares	215	255
Non-controlling interests	5,251	4,214
Total net assets	281,982	275,347
Total liabilities and net assets	1,342,329	1,357,732

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

For the fiscal years ended February 28, 2019 and February 29, 2020

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Gross operating revenue	700,647	730,236
Net sales	288,579	302,843
Cost of sales	198,040	205,746
Gross profit	90,539	97,097
Operating revenue:		
Income from franchised stores	302,136	314,260
Other operating revenue	109,931	113,132
Total operating revenue	412,067	427,393
Operating gross profit	502,607	524,490
Selling, general and administrative expenses	441,825	461,547
Operating income	60,781	62,943
Non-operating income:		
Interest income	714	651
Share of profit of entities accounted for using equity method	320	571
Compensation income	382	680
Penalty income	322	408
Other	1,716	1,381
Total non-operating income	3,456	3,692
Non-operating expenses:		
Interest expenses	2,768	4,006
Loss on cancellation of leases	1,655	3,675
Other	2,113	2,607
Total non-operating expenses	6,538	10,289
Ordinary income	57,700	56,346
Extraordinary income:		
Gain on sales of investment securities	738	164
Total extraordinary income	738	164
Extraordinary losses:		
Loss on sales of non-current assets	224	508
Loss on retirement of non-current assets	4,141	6,120
Impairment loss	13,891	18,722
Other	303	840
Total extraordinary losses	18,561	26,191
Profit before income taxes	39,876	30,319
Income taxes-current	18,328	12,814
Income taxes-deferred	(4,015)	(2,563)
Total income taxes	14,313	10,250
Profit	25,562	20,068
Profit attributable to non-controlling interests	(22)	(39)
Profit attributable to owners of parent	25,585	20,108

Consolidated Statement of Comprehensive Income

For the fiscal years ended February 28, 2019 and February 29, 2020

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Profit	25,562	20,068
Other comprehensive income		
Valuation difference on available-for-sale securities	1,264	(1,852)
Foreign currency translation adjustment	(673)	(543)
Remeasurements of defined benefit plans	19	(86)
Total other comprehensive income	610	(2,481)
Comprehensive income	26,173	17,586
Comprehensive income attributable to		
Owners of parent	26,204	17,579
Non-controlling interests	(31)	7

(3) Consolidated Statement of Changes in Equity

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

(Millions of yen)

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

(Millions of yen)

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

Current fiscal year ended February 29, 2020 (From March 1, 2019 to February 29, 2020)

(Millions of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	58,506	46,984	166,187	(1,028)	270,649
Cumulative effects of changes in accounting policies			(593)		(593)
Restated balance	58,506	46,984	165,593	(1,028)	270,056
Changes of items during period					
Change in ownership interest of parent due to transactions with non-controlling shareholders		(2,375)			(2,375)
Dividends of surplus			(20,262)		(20,262)
Change of scope of consolidation					—
Profit attributable to owners of parent			20,108		20,108
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares					—
Capital increase of consolidated subsidiaries					—
Increase by corporate division					—
Tax effect adjustment on change in equity of prior period					—
Reversal of revaluation reserve for land			(358)		(358)
Exercise of subscription rights to shares (Delivery of treasury shares)		(3)		18	14
Net changes of items other than shareholders' equity					
Total changes of items during period	—	(2,379)	(512)	17	(2,874)
Balance at end of current period	58,506	44,605	165,081	(1,011)	267,181

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	3,349	(566)	3,930	(848)	5,865	215	5,251	281,982
Cumulative effects of changes in accounting policies								(593)
Restated balance	3,349	(566)	3,930	(848)	5,865	215	5,251	281,388
Changes of items during period								
Change in ownership interest of parent due to transactions with non-controlling shareholders								(2,375)
Dividends of surplus								(20,262)
Change of scope of consolidation								—
Profit attributable to owners of parent								20,108
Purchase of treasury shares								(0)
Disposal of treasury shares								—
Capital increase of consolidated subsidiaries								—
Increase by corporate division								—
Tax effect adjustment on change in equity of prior period								—
Reversal of revaluation reserve for land								(358)
Exercise of subscription rights to shares (Delivery of treasury shares)								14
Net changes of items other than shareholders' equity	(1,852)	358	(589)	(86)	(2,169)	39	(1,037)	(3,167)
Total changes of items during period	(1,852)	358	(589)	(86)	(2,169)	39	(1,037)	(6,041)
Balance at end of current period	1,496	(207)	3,341	(934)	3,695	255	4,214	275,347

(4) Consolidated Statement of Cash Flows

For the fiscal years ended February 28, 2019 and February 29, 2020

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Net cash provided by (used in) operating activities:		
Profit before income taxes	39,876	30,319
Depreciation and amortization	66,844	79,183
Impairment loss	13,891	18,722
Interest income	(714)	(651)
Interest expenses	2,768	4,006
Loss on retirement of non-current assets	4,141	6,120
Decrease (increase) in notes and accounts receivable-trade	(2,707)	(205)
Decrease (increase) in accounts receivable-other	(38,404)	(38,388)
Increase (decrease) in notes and accounts payable-trade	5,752	6,116
Increase (decrease) in accounts payable-other	41,109	(7,013)
Increase (decrease) in deposits received	22,179	61,292
Increase (decrease) in net defined benefit liability	876	783
Net decrease (increase) in call loans for banking business	(20,000)	10,000
Net increase (decrease) in call money for banking business	—	19,000
Other-net	13,785	28,226
Subtotal	149,400	217,512
Interest income received	671	632
Interest expenses paid	(2,771)	(4,006)
Income taxes paid	(18,706)	(11,435)
Net cash provided by (used in) operating activities	128,594	202,703
Net cash provided by (used in) investing activities:		
Purchase of property and store equipment	(43,284)	(33,851)
Purchase of intangible assets	(18,060)	(10,931)
Purchase of investment securities	(5,756)	(129)
Proceeds from sales of investment securities	7,157	243
Purchase of shares of subsidiaries and associates	(3,597)	(2,246)
Payments of long-term loans receivable	(7,388)	(5,960)
Collection of long-term loans receivable	5,110	5,735
Payments for guarantee deposits	(24,239)	(18,023)
Proceeds from collection of guarantee deposits	18,428	17,836
Purchase of long-term prepaid expenses	(5,752)	(796)
Payments for transfer of business	(2,730)	—
Other-net	(904)	(950)
Net cash provided by (used in) investing activities	(81,017)	(49,074)

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Net cash provided by (used in) financing activities:		
Net increase (decrease) in short-term loans payable	90,260	(86,750)
Proceeds from long-term loans payable	260,000	50,000
Repayments of long-term loans payable	(6,044)	(50,000)
Repayments of lease obligations	(40,682)	(53,318)
Cash dividends paid	(25,514)	(20,262)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(3,521)
Other-net	(80)	(59)
Net cash provided by (used in) financing activities	277,937	(163,910)
Effect of exchange rate change on cash and cash equivalents	(1,409)	(371)
Net increase (decrease) in cash and cash equivalents	324,105	(10,652)
Cash and cash equivalents at beginning of period	30,120	354,236
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	10	—
Cash and cash equivalents at end of period	354,236	343,583

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

Not Applicable.

(Accounting Policies for the Preparation of Consolidated Financial Statements)

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 21

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

Of the above subsidiaries, Lawson Sanin, Inc. was merged into Lawson, Inc. effective March 1, 2020.

(2) Names of nonconsolidated subsidiaries and others

(Domestic)	LAWSONWILL, Inc. Seikaken, Inc. Lawson Syuhan, Inc. TOKYO EUROPE TRADE CO., LTD. Lawson Travel, Inc. Lawson Digital Innovation Inc.
(Foreign)	Lawson USA Hawaii, Inc. Jiangsu Lawson, Inc. Lawson Philippines, Inc. LAWSON (TIANJIN) INC. SLV Retail Company Limited Shenyang LAWSON Inc.

(Reasons for exclusion from the scope of consolidation)

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

2. Application of the equity method

(1) Equity-method associates: 3

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

(2) Nonconsolidated subsidiaries and entities excluded from the scope of the equity-method application

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

3. Fiscal year end of the consolidated subsidiaries

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

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

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

4. Summary of Significant Accounting Policies

(1) Valuation basis and method for significant assets

① Securities:

Marketable securities and investments in securities:

Available-for-sale securities:

Securities whose market value is readily determinable:

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

Other:

Stated at cost determined by the moving-average method.

② Inventories:

Merchandise:

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

(2) Depreciation method of depreciable significant assets

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

Mainly computed by the straight-line method.

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

② Intangible assets (except for leased assets):

Computed by the straight-line method.

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

- ③ Leased assets:
 - Leased assets related to finance leases that do not transfer ownership of leased property
 - The Company applies the straight-line method using the lease term as the useful life and a residual value of zero.

- (3) Accounting standard for significant reserves
 - ① Allowance for doubtful accounts:
 - Allowance for doubtful accounts is provided at the amount of possible losses from uncollectible receivables based on the actual rate of losses from bad debt for ordinary receivables and on estimated recoverability for specific doubtful receivables.
 - ② Provision for bonuses:
 - Provision for bonuses is provided for payments of employees' bonuses based on the estimated amounts.
 - ③ Provision for retirement benefits to executive officers and audit & supervisory board members:
 - Provision for retirement benefits to executive officers of the Company and audit & supervisory board members of consolidated subsidiaries is recorded under internal regulations.

- (4) Accounting method for retirement benefits
 - ① Period attributable method of estimated amount of retirement benefits
 - In calculating retirement benefit obligation, in order to attribute estimated amount of retirement benefits in the period up to the end of the current fiscal year, it is based on the benefit formula basis.
 - ② Cost treatment method of actuarial difference and prior service cost
 - Prior service cost is amortized starting the fiscal year incurred mainly on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their recognition.
 - Actuarial differences are mainly amortized from the following fiscal year on a straight-line basis over a certain period (10 years) within an average remaining service period of employees at the time of their recognition.
 - Certain consolidated subsidiaries apply the simplified method to estimate the amount required for voluntary resignations at the end of the fiscal year as the retirement benefit liability in order to calculate net defined benefit liability and retirement benefit expenses.

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

- (6) Amortization method and period of goodwill
 - Goodwill is amortized on a straight-line basis over the relevant years, depending on the reason for the occurrence of goodwill, with a maximum of 20 years.

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

- (8) Other significant items related to the preparation of consolidated financial statements
 - ① Accounting for consumption tax:
 - Consumption tax and local consumption tax are accounted for using the tax exclusion method.
 - ② Adoption of consolidated taxation system:
 - The Company and certain consolidated subsidiaries in Japan adopt the consolidated taxation system.

(Changes in Accounting Policies)

The Company's foreign consolidated subsidiaries have applied International Financial Reporting Standard 16 (IFRS 16) "Leases" from the first quarter of the fiscal year ended February 29, 2020, meaning the Company recognizes all applicable leases as assets and liabilities on the consolidated balance sheet, in principle.

The impact of the application of IFRS 16 on the Company's consolidated financial statements is immaterial.

(Unapplied Accounting Standards, etc.)

(The Company and its domestic consolidated subsidiaries)

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

(1) Outline

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

Step 1: Identify the contracts with a customer.

Step 2: Identify the performance obligations in the contract.

Step 3: Determine the transaction price.

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

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

(2) Scheduled date of application

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

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

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

- "Accounting Standard for Fair Value Measurement" (ASBJ Statement No.30; July 4, 2019)
- "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31; July 4, 2019)
- "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9; July 4, 2019)
- "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10; July 4, 2019)

(1) Outline

To improve comparability with international accounting standards, "Accounting Standard for Fair Value Measurement" and "Implementation Guidance on Accounting Standard for Fair Value Measurement" (hereinafter, "Accounting Standard for Fair Value Measurement, etc.") have been developed as guidance on how to measure fair value. "Accounting Standard for Fair Value Measurement, etc." will be applied in determining the fair value of the following items.

- Financial instruments set forth in "Accounting Standard for Financial Instruments"
- Inventories held for trading purposes set forth "Accounting Standard for Measurement of Inventories"

(2) Scheduled date of application

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

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

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

(Changes in Presentation)

(Changes resulting from application of “Partial Amendments to Accounting Standard for Tax Effect Accounting”)

The Company has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28; February 16, 2018) from the beginning of the fiscal year ended February 29, 2020. Consequently, “Deferred tax assets” are presented under “Investments and other assets” and “Deferred tax liabilities” are presented under “Non-current liabilities.”

As a result, 4,394 million yen that was presented as “Deferred tax assets” under “Current assets” and 160 million yen that was presented as “Deferred tax liabilities” under “Non-current liabilities” in the Consolidated Balance Sheet for the previous fiscal year are now presented as 30,995 million yen of “Deferred tax assets” under “Investments and other assets” and 550 million yen of “Deferred tax liabilities” under “Non-current liabilities.”

(Consolidated Statement of Income)

In the “Non-operating income” section, “Dividend income” was presented separately in the previous fiscal year. Due to a decline in financial materiality, “Dividend income” is now included in “Other”. “Penalty income” was included in “Other” in the previous fiscal year. In order to enhance the clarity of the consolidated financial statements from the current fiscal year, “Penalty income” is now separately presented. To reflect these changes in method of presentation, the Consolidated Statement of Income for the previous fiscal year has been reclassified.

As a result, in the “Non-operating income” section, 319 million yen that was presented as “Dividend income” and 1,720 million yen that was presented as “Other” in the Consolidated Statement of Income for the previous fiscal year are now presented as 322 million yen of “Penalty income” and 1,716 million yen of “Other.”

In the “Non-operating expenses” section, “Loss on disaster” was presented separately in the previous fiscal year. Due to a decline in financial materiality, “Loss on disaster” is now included in “Other”. To reflect these changes in method of presentation, the Consolidated Statement of Income for the previous fiscal year has been reclassified.

As a result, in the “Non-operating income” section, 817 million yen that was presented as “Loss on disaster” and 1,296 million yen that was presented as “Other” in the Consolidated Statement of Income for the previous fiscal year is now presented as 2,113 million yen of “Other.”

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

(Millions of yen)

	Previous fiscal year As of February 28, 2019	Current fiscal year As of February 29, 2020
Accumulated depreciation	342,857	366,817

***2. Investments in associates**

(Millions of yen)

	Previous fiscal year As of February 28, 2019	Current fiscal year As of February 29, 2020
Investment securities (stocks)	17,591	18,717
(Investment amount for jointly-controlled companies)	(980)	(956)
Investment securities (bonds)	207	68
Other (other equity investments)	705	1,800
(Investment amount for jointly-controlled companies)	(584)	(799)

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

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

Revaluation method:

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

Date of revaluation: February 28, 2002

(Millions of yen)

	Previous fiscal year As of February 28, 2019	Current fiscal year As of February 29, 2020
Difference between book value and market value of the revalued land as of balance sheet date	151	81

***4. Overdraft and loan commitment agreements**

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

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

(Millions of yen)

	Previous fiscal year As of February 28, 2019	Current fiscal year As of February 29, 2020
Total overdraft limit and loan commitment	220,000	220,000
Amount utilized	79,800	3,000
Unutilized balance	140,200	217,000

(Notes to Consolidated Statement of Income)

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

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Employees' salaries and allowances	61,078	62,324
Provision for bonuses	3,437	3,860
Retirement benefit expenses	2,632	2,722
Rents	132,739	133,880
Depreciation	66,735	79,069

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

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Buildings and structures	149	505
Tools, furniture and fixtures	72	2
Others	2	—
Total	224	508

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

(Millions of yen)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Buildings and structures	3,367	4,872
Tools, furniture and fixtures	154	363
Leased assets	586	867
Software	28	17
Others	4	0
Total	4,141	6,120

*4 Impairment loss

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

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

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

(Millions of yen)

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

Category by non-current assets

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

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

Current fiscal year (From March 1, 2019 to February 29, 2020)

(Millions of yen)

Category by use	Location	Assets	Impairment loss
Stores	Tokyo	Buildings; tools, furniture and fixtures; and others	2,533
	Osaka	"	1,689
	Others	"	13,434
Other	—	Land	116
	—	Software	947
	—	Goodwill	—
Total	—	—	18,722

Category by non-current assets

Buildings and structures	10,774	million yen
Tools, furniture and fixtures	708	"
Land	116	"
Leased assets	6,104	"
Software	947	"
Goodwill	—	"
Other	70	"

The recoverable amount of the asset groups is the higher of net selling price or value in use. The net selling price of land was calculated based on the value appraised by a real estate appraiser or contract price, and the value in use was calculated by discounting estimated future cash flows mainly using a discount rate of 3.8%.

(Notes to Consolidated Statement of Comprehensive Income)

* The components of other comprehensive income for the years ended February 28, 2019 and February 29, 2020 were as follows:

	(Millions of yen)	
	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Valuation difference on available-for-sale securities		
Gain or loss arising during the period	2,473	(2,509)
Reclassification adjustments to profit or loss	(675)	(120)
Amount before income tax effect	1,797	(2,630)
Income tax effect	(532)	778
Valuation difference on available-for-sale securities	1,264	(1,852)
Foreign currency translation adjustment		
Gain or loss arising during the period	(673)	(543)
Foreign currency translation adjustment	(673)	(543)
Remeasurements of defined benefit plans		
Gain or loss arising during the period	(177)	(334)
Reclassification adjustments to profit or loss	202	177
Amount before income tax effect	25	(157)
Income tax effect	(6)	70
Remeasurements of defined benefit plans	19	(86)
Total other comprehensive income	610	(2,481)

(Notes to Consolidated Statement of Changes in Equity)

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

1. Number of shares of outstanding stock and treasury shares

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

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

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

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

3. Dividend

1) Dividend payment

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

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

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

Current fiscal year (From March 1, 2019 to February 29, 2020)

1. Number of shares of outstanding stock and treasury shares

	Number of shares at the beginning of the period (thousands of shares)	Increase during the period (thousands of shares)	Decrease during the period (thousands of shares)	Number of shares at the end of the period (thousands of shares)
Outstanding stock Common stock	100,300	—	—	100,300
Treasury shares Common stock (*)	241	0	4	237

(*) The increase in treasury shares of 0 thousand shares resulted from purchases of stock of less than one share unit.
The decrease in treasury shares of 4 thousand shares resulted from the exercise of stock option rights.

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

Classification	Terms of stock acquisition rights	Class and number of shares subject to stock acquisition rights					Balance at end of the current period (Millions of yen)
		Class	Number (shares)				
			Beginning of the period	Increase during the period	Decrease during the period	End of the period	
Issuing company (Parent company)	Stock acquisition rights (ordinary stock options)	—	—	—	—	—	255
Total		—	—	—	—	—	255

3. Dividend

1) Dividend payment

Date of resolution	Class of shares	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
The General meeting of shareholders (May 21, 2019)	Common stock	12,757	127.50	February 28, 2019	May 22, 2019
Directors' meeting (October 9, 2019)	Common stock	7,504	75.00	August 31, 2019	November 8, 2019

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

Plan for resolution is as follows.

Date of resolution	Class of shares	Source of dividend	Dividend payment (millions of yen)	Dividend per share (yen)	Record date	Effective date
The General meeting of shareholders (May 27, 2020)	Common stock	Retained earnings	7,504	75.00	February 29, 2020	May 28, 2020

(Notes to Consolidated Statement of Cash Flows)

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

	(Millions of yen)	
	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Cash and deposits	354,240	343,587
Time deposits for which the deposit period exceeds three months	(4)	(4)
Cash and cash equivalents	354,236	343,583

2. Description of significant non-cash transactions

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

	(Millions of yen)	
	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Assets and liabilities related to finance lease transactions	58,842	50,007

2) Significant asset retirement obligations are as follows.

	(Millions of yen)	
	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Significant asset retirement obligations	2,385	5,363

(Segment Information)

1. Outline of reportable segments

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

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

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

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

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

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

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

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

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

3. Information on net sales, and profit or loss by reportable segment
 Previous fiscal year (From March 1, 2018 to February 28, 2019)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Total (Note 3)
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment- related Business	Financial Services Business				
Gross operating revenue								
Sales to external customers	462,632	86,672	76,661	30,355	44,324	700,647	—	700,647
Internal sales or transfers between segments	6,059	—	1,408	216	1,080	8,765	(8,765)	—
Total	468,692	86,672	78,070	30,572	45,404	709,412	(8,765)	700,647
Segment profit	48,262	7,413	4,499	2,223	(1,618)	60,781	—	60,781
Segment assets	893,711	66,421	70,354	386,266	25,236	1,441,989	(99,660)	1,342,329
Other								
Depreciation	52,265	1,843	2,245	4,594	1,480	62,429	—	62,429
Amortization of goodwill	2,417	1,437	501	—	59	4,415	—	4,415
Investments in associates	5,008	—	—	—	—	5,008	—	5,008
Increase in non-current assets	47,106	688	1,332	8,493	3,724	61,344	—	61,344

(Notes)

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

Current fiscal year (From March 1, 2019 to February 29, 2020)

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Total (Note 3)
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment- related Business	Financial Services Business				
Gross operating revenue								
Sales to external customers	465,333	93,119	83,960	31,646	56,176	730,236	—	730,236
Internal sales or transfers between segments	6,218	—	1,385	2,443	1,098	11,145	(11,145)	—
Total	471,551	93,119	85,346	34,089	57,275	741,382	(11,145)	730,236
Segment profit	47,121	8,348	5,313	3,088	(929)	62,943	—	62,943
Segment assets	908,974	71,903	69,736	395,854	42,497	1,488,965	(131,232)	1,357,732
Other								
Depreciation	57,755	1,887	2,365	6,401	6,333	74,743	—	74,743
Amortization of goodwill	2,443	1,437	501	—	57	4,440	—	4,440
Investments in associates	5,099	—	—	—	—	5,099	—	5,099
Increase in non-current assets	33,165	1,045	2,771	2,586	5,213	44,782	—	44,782

(Notes)

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

(Related information)

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

1. Information by product and service

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

2. Information by geographical area

(1) Net sales

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

(2) Property and store equipment

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

3. Information by major customer

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

Current fiscal year (From March 1, 2019 to February 29, 2020)

1. Information by product and service

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

2. Information by geographical area

(1) Net sales

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

(2) Property and store equipment

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

3. Information by major customer

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

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

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

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

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

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

(Millions of yen)

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

Current fiscal year (From March 1, 2019 to February 29, 2020)

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

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

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

(Millions of yen)

	Reportable segment				Others	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment-related Business	Financial Services Business				
Impairment loss	18,359	17	73	—	272	18,722	—	18,722

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

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

(Millions of yen)

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

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

Current fiscal year (From March 1, 2019 to February 29, 2020)

(Millions of yen)

	Reportable segment				Others	Total	Adjustments	Total
	Domestic Convenience Store Business	Seijo Ishii Business	Entertainment-related Business	Financial Services Business				
Balance at end of fiscal year	13,654	20,958	7,185	—	583	42,381	—	42,381

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

(Information on gain on negative goodwill by reportable segment)

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

Not applicable.

Current fiscal year (From March 1, 2019 to February 29, 2020)

Not applicable.

(Per Share Information)

	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Net assets per share	2,763.54 yen	2,707.08 yen
Profit per share	255.71 yen	200.95 yen
Diluted profit per share	255.59 yen	200.84 yen

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

Item	Previous fiscal year From March 1, 2018 to February 28, 2019	Current fiscal year From March 1, 2019 to February 29, 2020
Profit per share		
Profit attributable to owners of parent (millions of yen)	25,585	20,108
Amount not attributable to common shareholders (millions of yen)	—	—
Profit attributable to common stock (millions of yen)	25,585	20,108
Average number of common stock during the fiscal year (thousands of shares)	100,057	100,061
Diluted profit per share		
Profit attributable to owners of parent adjustment (millions of yen)	—	—
Increase in number of outstanding common shares (thousands of shares)	47	58
(Subscription rights to shares) (thousands of shares)	(47)	(58)
Summary of issuable shares not included in the computation of diluted profit per share, since these securities are not dilutive.	—	—

(Significant Subsequent Events)

Not applicable.