

Notification Regarding Changing Status of MC Subsidiary (Lawson, Inc.) into that of Equity-method Affiliate Company

Mitsubishi Corporation (MC) announces that it has determined to enter into a Master Agreement with KDDI Corporation (KDDI) to implement a tender offer for shares and other securities in Lawson, Inc. (Lawson), which is a MC's consolidated subsidiary, as well as two additional agreements, one being a Shareholders Agreement concerning joint operation of the Lawson Group following completion of the transactions, and the other being an Capital-and-Business-Alliance Agreement with both Lawson and KDDI. The execution of all three agreements has been officially announced by KDDI today.

Under the terms and conditions of the Master Agreement, MC has agreed not to tender its Lawson shares in the tender offer; however, in the event that upon completion of the tender offer KDDI fails to acquire all of Lawson shares (except for the shares held by MC and KDDI and the treasury stock held by Lawson), MC and KDDI plan to commence squeeze-out procedures to make MC and KDDI have full ownership of Lawson. It is anticipated that after the share consolidation pertaining to these squeeze-out procedures becomes effective, MC and KDDI will each have a 50% share of Lawson's voting rights, and as of the date that all terms and conditions of the Shareholders Agreement take effect, Lawson's status in MC Group shall change from MC's consolidated subsidiary to its equity-method affiliate.

Furthermore, if after completion of the tender offer and these squeeze-out procedures, Lawson's common stock will be delisted from the Tokyo Stock Exchange (TSE) Prime Market pursuant to the procedures of the TSE.

1. Background & Aims

The overarching objective of MC's latest management plan, Midterm Corporate Strategy 2024, is to leverage MC Group's collective capabilities to address societal challenges and continuously create significant shared value, which we have termed "MC Shared Value." As the plan outlines, one of the keys to achieving this objective is connecting our diverse businesses, intelligence, talent, and stakeholders.

One of MC's business groups is the Consumer Industry Group, the mission of which is "Connecting consumers with producers and real with digital, that together enhances quality of life." The group builds and utilizes such connections to not only forge cross-business collaborations, but also realize digital transformations aimed at increasing the efficiency of supply chains, as well as providing digital marketing for consumer-needs-driven products, services and information that deliver attractive consumer experiences and convenient, user-friendly services.

Within the Consumer Industry Group, the touchpoints derived from real retail chains centered around Lawson and digital services centered around Ponta respectively have been the source of its value creation and Lawson Group companies have been MC Group's most important downstream businesses for almost a quarter century.

Furthermore, MC recognizes that Lawson is playing a unique role as the important infrastructure essential for communities, with its nationwide network of approximately 14,600 stores delivering value to roughly 10 million customers every day. Many of those consumers depend on and benefit greatly from Lawson's broad range of operations, and these touchpoints and Lawson's customer base, are invaluable business assets which have every potential to form a solid foundation for new MC Group businesses in downstream fields.

However, amidst anticipated environmental changes surrounding retail businesses, including digital technology advancements, diverse consumer needs, future population decline, and intensified competition across various retail formats, we have come to recognize that service provisions connecting physical and digital realms will contribute to consumer value more than ever before.

We have come to realize that, over and above the challenges that the Lawson Group has taken on and the support by MC Group, in order to further increase Lawson's corporate value, MC needs to work closely with partners that possess robust customer bases and a wealth of digital know-how, which is why we have discussed and agreed on the joint management of Lawson with KDDI, a company that is equipped with such attributes and has established a

business alliance with Lawson since 2019.

MC will continue to provide consumers with useful and beneficial services, and create new customer experiences to support the development of healthy and prosperous regional communities, whilst seeking opportunities for further collaboration between MC's businesses in the fields of finance, advertising and healthcare and Lawson's businesses in the fields of urban development, power generation, mobility and energy.

2. Lawson, Inc.

(1) Name	Lawson, Inc.	
(2) Address	1-11-2, Osaki, Shinagawa-ku, Tokyo	
(3) Representative	Sadanobu Takemasu President & CEO Representative Director	
(4) Businesses	Franchise chain development of convenience store "Lawson".	
(5) Share Capital	58,506 million yen (as of August 31, 2023)	
(6) Date of Establishment	April 15, 1975	
(7) Major Shareholders and Shareholding Ratio (as of August 31, 2023)	Mitsubishi Corporation	50.11%
	The Master Trust Bank of Japan, Ltd. (trust account)	8.15%
	Custody Bank of Japan, Ltd. (trust account)	2.74%
	SMBC Nikko Securities Inc.	2.31%
	KDDI Corporation	2.11%
	NTT DOCOMO, INC.	2.09%
	Japan Securities Finance Co., Ltd.	1.73%
	JPMorgan Securities Japan Co., Ltd.	1.20%
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1.20%
	STATE STREET BANK AND TRUST COMPANY 505103 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	0.93%
(8) Relationships Between MC and Lawson	Capital Relationship	MC holds 50,150,100 shares of Lawson's common stock (the shareholding ratio is 50.11% of 100,078,370 shares which is equivalent to the total number of Lawson's issued common stock as of Jan 12th, 2024 (100,300,000 shares), less the number of the treasury shares held by Lawson as of the same date (221,630 shares)).
	Personnel Relationship	MC has one employee serving as an executive director, another serving as a non-executive director, and a number of other employees on secondment at Lawson.
	Business Relationship	MC has a business alliance agreement with Lawson covering nationwide convenience-store operations in Japan, overseas convenience-store operations, and joint undertakings in associated businesses. MC subsidiary Mitsubishi Shokuhin Co., Ltd. handles product sales for both Lawson's directly managed stores and franchise stores.
(9) Lawson's consolidated operating results and consolidated financial position for the last three years on an IFRS basis.		
Accounting Period	Fiscal Year Ended February 2023	
Total Assets	2,242,421 million yen	
Total Equity	253,858 million yen	
Gross Operating Revenue	1,000,385 million yen	

Core Operating Profit	64,311 million yen	
Profit Attributable to Owners of Parent	29,708 million yen	
Basic Earnings per Share	296.86 yen	
Total Dividends per Share	150 yen	
Lawson's consolidated operating results and consolidated financial position for the last three years on a JGAAP basis.		
Accounting Period	Fiscal Year Ended February 2021	Fiscal Year Ended February 2022
Consolidated Total Net Assets	272,931 million yen	278,473 million yen
Consolidated Total Assets	1,365,430 million yen	1,337,245 million yen
Consolidated Net Assets per Share	2,674.53 yen	2,726.97 yen
Consolidated Gross Operating Revenue	666,001 million yen	698,371 million yen
Consolidated Operating Income	40,876 million yen	47,096 million yen
Consolidated Ordinary Income	37,610 million yen	47,571 million yen
Profit Attributable to Owners of Parent	8,689 million yen	17,900 million yen
Consolidated Profit per Share	86.84 yen	178.87 yen
Total Dividends per Share	150 yen	150 yen

(Note) Lawson has prepared its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) since the fiscal year ended February 28, 2023.

3. KDDI Corporation

(1)	Name	KDDI Corporation	
(2)	Address	2-3-2, Nishishinjuku, Shinjuku-ku, Tokyo	
(3)	Representative	Makoto Takahashi President, Representative Director CEO	
(4)	Businesses	Telecommunications business	
(5)	Share Capital	141,852 million yen (as of December 31, 2023)	
(6)	Date of Establishment	June 1, 1984	
(7)	Total Equity	5,670,659 million yen (as of March 2023)	
(8)	Total Assets	11,923,522 million yen (as of March 2023)	
(9)	Major Shareholders and Shareholding Ratio (as of September 30, 2023)	The Master Trust Bank of Japan, Ltd. (trust account)	16.37%
		KYOCERA Corporation	16.00%
		Toyota Motor Corporation	12.08%
		Custody Bank of Japan, Ltd. (trust account)	6.96%
		STATE STREET BANK WEST CLIENT – TREATY 505234 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	1.55%
		JPMorgan Securities Japan Co., Ltd.	1.19%
		SSBTC CLIENT OMNIBUS ACCOUNT (standing proxy: Tokyo Branch, Hongkong Shanghai Banking Corporation, Ltd.)	1.05%
		JP MORGAN CHASE BANK 385781 (standing proxy: Settlement &	1.05%

	Clearing Services Department, Mizuho Bank, Ltd.)		
	Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.		0.93%
	STATE STREET BANK AND TRUST COMPANY 505103 (standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)		0.88%
(10) Relationship Between MC and KDDI	Capital Relationship	Not Applicable	
	Personnel Relationship	Not Applicable	
	Business Relationship	MC has a business alliance agreement with Lawson, KDDI, and menu, Inc.	
	Status of Relationship with Related Parties	Not Applicable	

4. No. of Shares Transferred, Value of Transfer, and Shares Held After Transfer

(1) Lawson's Common Stock Held by MC Prior to Transfer	50,150,100 shares (50.11% of voting rights)
(2) Method of Transfer	KDDI plans to purchase any fractions of less than one share of its common stock in Lawson that result from the Share Consolidation pertaining to the squeeze-out procedures following completion of the tender offer. MC will not tender its own Lawson shares in the tender offer.
(3) No. of Shares Transferred	Fractions of less than one share of MC's common stock in Lawson that result from the Share Consolidation.
(4) Transfer Price	Amount obtained by multiplying the tender offer price (10,360 yen) by the number of shares equivalent to the fractions of less than one share of MC's common stock in Lawson that result from the Share Consolidation.
(5) Lawson's Common Stock Held by MC After Transfer	1 share (50.00% of voting rights) The Share Consolidation will bring Lawson's total number of outstanding shares to 2.

5. Method

After the share consolidation pertaining to the squeeze-out procedures becomes effective, MC and KDDI will each have 50% voting rights in Lawson, the status of which shall change from MC subsidiary to MC equity-method affiliate as of the date that all applicable terms and conditions of the shareholders agreement take effect.

6. Schedule

(1) Date of Resolution	February 6, 2024
(2) Date of Shareholders Agreement	February 6, 2024
(3) Commencement Date of Tender Offer (tentative)	Around April 2024
(4) Effective Date of Share Consolidation (tentative)	Around August 2024
(5) Effective Date of All Applicable Terms and Conditions of Shareholders Agreement (tentative)	Around September 2024

7. Outlook

As the completion of the tender offer and subsequent squeeze-out procedures will result in Lawson's status changing from MC consolidated subsidiary to MC equity-method affiliate, MC plans to recognize gains including the revaluation gain of 123.3 billion yen (after tax) with respect to the remaining equity in Lawson in the next consolidated accounting year; however, P/L estimates and actual performance figures may differ due to book-value changes and other discrepancies at the time of the said status change.

8. Agreement Summaries

Please find below summaries of the three agreements that were signed today. More details on each agreement can be found in the press release announced by KDDI today, entitled "Notice Regarding Planned Commencement of Tender Offer for Shares of Lawson, Inc. (Securities Code: 2651) and the Execution of the Capital and Business Alliance Agreement."

(1) Master Agreement

An agreement between MC and KDDI stipulating the terms and conditions on the transactions for Lawson's privatization, including a tender offer to be conducted by KDDI, the restriction on MC's tendering its own Lawson shares in the tender offer, and the squeeze-out procedures following completion of the tender offer.

(2) Shareholders Agreement

An agreement between MC and KDDI stipulating Lawson's organization and management following the completion of the transactions mentioned in (1) above, as well as the terms and conditions on the transfer of Lawson stock and other covenants. The applicable terms and conditions of the Shareholders Agreement shall take effect after the effective date of the Share Consolidation pertaining to the squeeze-out procedures, which results in MC and KDDI each obtaining a 50% share of Lawson's voting rights.

(3) Capital-and-Business-Alliance Agreement

An agreement among MC, KDDI and Lawson stipulating details of a capital alliance among MC, KDDI and Lawson, and collaboration by the three parties to maximize Lawson's corporate value, expand the business foundations of both MC and Lawson, and create new value. The agreement also outlines the specific roles and aims of each party in the three focal areas of "Real," "Digital," and "Green" businesses.