<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382
May 4, 2022

To Our Shareholders,

8-8, Nibancho, Chiyoda-ku, Tokyo
Seven & i Holdings Co., Ltd.
Ryuichi Isaka, Representative Director and President

CONVOCATION NOTICE OF THE 17TH ANNUAL SHAREHOLDERS' MEETING

Notice is hereby provided of the 17th Annual Shareholders' Meeting of Seven & i Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

As the COVID-19 pandemic has yet to be contained, we ask shareholders to be mindful of their own health, and those with feelings of lethargy to not feel obliged to attend and rather consider abstaining from attending the meeting.

Shareholders who do not plan to attend the meeting may exercise their voting rights in writing or by electronic method (via the Internet, etc.). You are kindly requested to examine the Shareholders' Meeting Reference Materials set out below, and exercise your voting right by 5:30 p.m. on May 25, 2022 (Wednesday) in accordance with Information about Exercising Your Voting Rights on pages 3 to 4.

Best regards,

Notes

1. Date: 10:00 a.m., May 26, 2022 (Thursday)

2. Place: Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo)
Conference Room

3. Purposes of this Annual Shareholders' Meeting

Matters to be Reported:

(1) Reporting on the substance of the Business Report, the substance of the Consolidated Financial Statements for the 17th fiscal year (from March 1, 2021 to February 28, 2022), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board.

(2) Reporting on the substance of the Financial Statements for the 17th fiscal year (from March 1, 2021 to February 28, 2022).

Matters to be Resolved:
Item No. 1: Appropriation of retained earnings
Item No. 2: Partial Amendment of the Articles of Incorporation
Item No. 3: Election of fifteen (15) Directors
Item No. 4: Election of three (3) Audit & Supervisory Board Members
Item No. 5: Partial revision of performance-based and stock-based compensation for Directors.

4. Matters Determined for Convocation

(1) Please be advised that if you redundantly exercise your voting right both in writing and by electronic method, the Company will only deem your exercise by electronic method valid. Also, please be advised that if you exercise your voting right multiple times by electronic method, the Company will only deem the substance of your final exercise to be valid.

(2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form, the Company will deem that you indicated your approval of the proposal.

(3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing or by electronic method of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

End

Any changes in the Shareholders' Meeting Reference Materials, Business Report, Financial Statements, or Consolidated Financial Statements will be posted on the Company's website (https://www.7andi.com/ir/st.html).

In order to prevent the spread of the COVID-19, attending shareholders may be asked to have their temperature taken; and those with a high temperature or those who appear to be unwell may be directed to a separate venue or forbidden from attending. In addition, we will request attending shareholders' cooperation, including wearing masks and alcohol sanitizing. Any other measures to prevent the spread of the COVID-19 and changes thereto will be posted on the Company's website (https://www.7andi.com/ir/stocks/general.html).

When you attend the Annual Shareholders' Meeting, please submit the enclosed Voting Instructions Form at the reception desk. In addition, please assist us in conserving resources by bringing with you this Convocation Notice.

Free samples will not be provided at Annual Shareholders' Meetings. Your understanding would be appreciated in this regard.

Information about Exercising Your Voting Rights

You may exercise your voting rights using one of the following three methods.

Exercise of voting rights by attending the Annual Shareholders' Meeting

You are kindly requested to exercise your voting rights by submitting the enclosed Voting Instructions Form to the Reception Desk at the Meeting.

Date of the Annual Shareholders' Meeting
10:00 a.m. Japan Standard Time (JST), May 26, 2022 (Thursday)

Exercise of voting rights by post

You are kindly requested to indicate your vote for or against the proposed actions on the enclosed Voting Instructions Form, and to return the completed Voting Instructions Form to the Company. You do not need to affix a stamp.

Deadline for exercise of voting rights by post
The Company must receive the completed Voting Instructions Form by 5:30 p.m. JST, May 25, 2022 (Wednesday).

Exercise of voting rights via the Internet

Follow the instructions on page 4 and input your vote for or against the proposed actions.

Deadline for exercise of voting rights via the Internet
The Company must receive your voting instructions by 5:30 p.m. JST, May 25, 2022 (Wednesday).

Handling of votes

(1) If you redundantly exercise your voting right both by the Voting Instructions Form (post) and via the Internet, the Company will only deem your exercise via the Internet valid. Also, if you exercise your voting right multiple times via the Internet, the Company will only deem the substance of your final exercise to be valid.
(2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form (post), the Company will deem that you indicated your approval of the proposal.
(3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing or by electronic method of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

Information about Exercising Your Voting Rights via the Internet

Scanning QR code®

You can simply login to the Voting Website for exercising voting rights without entering your login ID and temporary password printed on the Voting Instructions Form.

1. Please scan the QR code® located on the right side of the Voting Instructions Form.

   * "QR code" is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can login to the website only once by using QR code®.
If you wish to redo your vote or exercise your voting rights without using QR code®, please refer to the "Entering login ID and temporary password" on the right.

Entering login ID and temporary password

Voting Website:
https://evote.tr.mufg.jp/

1. Please access the Voting Website.
2. Enter your "login ID" and "temporary password" printed on the Voting Instructions Form.
3. Please register a new password.
4. Indicate your approval or disapproval by following the instructions on the screen.

Please confirm the following items if you exercise your voting rights via the Internet.

(1) Please note that service is not available between 2:00 a.m. and 5:00 a.m. (JST) each day.
(2) Costs (Internet connection charges, packet transmission fees, etc.) incurred in accessing the Voting Website (https://evote.tr.mufg.jp/) will be the responsibility of the shareholder.
(3) Depending on certain factors in the shareholder's Internet usage environment, it might not be possible to exercise voting rights. These factors include the use of a firewall, etc., in the Internet connection, the use of anti-virus software, and the use of a proxy server.

In case you need instructions for how to operate your personal computer/smartphone in order to exercise your voting rights via the Internet, please contact:
Mitsubishi UFJ Trust and Banking Corporation
Corporate Agency Department Help Desk
Tel: 0120-173-027 (Toll free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

Platform for Electronic Exercise of Voting Rights

Nominee shareholders such as trust and custody services banks (including standing proxies) who have made prior application to use the platform for the electronic exercise of voting rights that is operated by ICJ Inc. may use this platform.

Shareholders' Meeting Reference Materials

Item No. 1: Appropriation of retained earnings

It is proposed that retained earnings will be appropriated as described below:

The Company considers it fundamental to increase dividends per share in a stable and continuous manner. In addition, the Company will seek to make its capital policy more flexible, taking into account free cash flow, stock price, and other factors.

Matters concerning year-end dividends

It is proposed that the year-end dividends for the 17th fiscal year be paid as follows in consideration of the performance for the 17th fiscal year and the future business development, etc.

(1) Type of dividend property

It is proposed that the dividend property will be paid in monetary terms.

(2) Matters concerning the allocation of dividend property and the aggregate amount thereof

It is proposed that the amount of allocation will be ¥52 per share of the Company's common stock.

In such a case, the aggregate amount of dividends shall be ¥45,999,647,616.

Therefore, the annual dividends for the 17th fiscal year, including interim dividends of ¥48, shall be ¥100 per share.

(3) Date on which the dividends from retained earnings become effective

It is proposed that the dividends from retained earnings become effective on May 27, 2022.

Item No. 2: Partial Amendment of the Articles of Incorporation

1. Reason for amendment

Since the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) are to be enforced on September 1, 2022, the Company proposes to make the following changes to its Articles of Incorporation in preparation for the introduction of the system for providing informational materials for the Shareholders' Meeting in electronic format.

(1) Article 16, paragraph 1 in "Proposed amendments" below will stipulate that the Company shall take measures for providing information that constitutes the content of shareholders' meeting reference materials, etc. in electronic format.

(2) Article 16, paragraph 2 in "Proposed amendments" below will establish the provision to limit the scope of the items to be stated in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents.

(3) Since the provisions for Internet Disclosure and Deemed Provision of Shareholders' Meeting Reference Materials, Etc. (Article 16 of the current Articles of Incorporation) will no longer be required, they will be deleted.

(4) Accompanying the aforementioned establishment and deletion of provisions, supplementary provisions regarding the effective date, etc. will be established.

2. Details of amendments

The proposed amendments are as follows:

(Underlined portions indicate amendments.)

Current provisions of the Articles of Incorporation	Proposed amendments
Article 16 (Internet Disclosure and Deemed Provision of Shareholders' Meeting Reference Materials, Etc.) When the Company convenes a shareholders' meeting, if it discloses information that is to be stated or presented in the shareholders' meeting reference materials, business report, financial statements, consolidated financial statements, accounting audit report and audit report through the Internet in accordance with the provisions prescribed by the Ministry of Justice Order, it may be deemed that the Company has provided this information to shareholders.	(Deleted)
(Newly established)	Article 16 (Measures, etc. for Providing Information in Electronic Format) 1. When the Company convenes a shareholders' meeting, it shall take measures for providing information that constitutes the content of shareholders' meeting reference materials, etc. in electronic format. 2. Among items for which the measures for providing information in electronic format will be taken, the Company may exclude all or some of those items designated by the Ministry of Justice Order from statements in the paper-based documents to be delivered to shareholders who requested the delivery of paper-based documents by the record date of voting rights.

Current provisions of the Articles of Incorporation	Proposed amendments
(Newly established)	(Supplementary Provisions) 1. The amendment of Article 16 of the Articles of Incorporation shall be effective from September 1, 2022, the date of enforcement of the revised provisions provided for in the proviso to Article 1 of the Supplementary Provisions of the Act Partially Amending the Companies Act (Act No. 70 of 2019) (hereinafter referred to as the "Date of Enforcement"). 2. Notwithstanding the provisions of the preceding paragraph, Article 16 (Internet Disclosure and Deemed Provision of Shareholders' Meeting Reference Materials, Etc.) of the Articles of Incorporation shall remain effective regarding any shareholders' meeting held on a date within six months from the Date of Enforcement. 3. These Supplementary Provisions shall be deleted on the date when six months have elapsed from the Date of Enforcement or three months have elapsed from the date of the shareholders' meeting in the preceding paragraph, whichever is later.

Item No. 3: Election of fifteen (15) Directors

The terms of office of all thirteen (13) current Directors expire upon the conclusion of this Annual Shareholders' Meeting. The Company will increase the number of Directors by two (2) in order to make important decisions that support agile and decisive risk taking by diverse members and to appropriately fulfill the roles and responsibilities of the Board of Directors by carrying out a high level of supervision regarding effectiveness. Shareholders are therefore requested to elect fifteen (15) Directors. This proposal was approved at the Board of Directors meeting after its details were supported, after deliberation based on the "Guidelines for Directors and Audit & Supervisory Board Members" of the Company, by the "Nomination Committee," an advisory committee to the Board of Directors chaired by an Independent Outside Director and the majority of whose members is comprised of Independent Outside Directors.

Reference: Guidelines for Directors and Audit & Supervisory Board Members
https://www.7andi.com/library/ir/management/governance/jp/pdf/guidelines202112.pdf

The candidates for Directors are as follows:

Candidate No.	Name	Current position in the Company	Attendance at Board of Directors meetings			
1	Ryuichi Isaka	Representative Director and President Executive Officer and President	16/16	Reappointment		
2	Katsuhiro Goto	Representative Director and Vice President Executive Officer and Vice President	16/16	Reappointment		
3	Junro Ito	Director and Managing Executive Officer	16/16	Reappointment		
4	Yoshimichi Maruyama	Director and Managing Executive Officer	16/16	Reappointment		
5	Fumihiko Nagamatsu	Director	16/16	Reappointment		
6	Joseph Michael DePinto	Director	16/16	Reappointment		
7	Kunio Ito	Outside Director	16/16	Reappointment	Outside	Independent
8	Toshiro Yonemura	Outside Director	16/16	Reappointment	Outside	Independent
9	Tetsuro Higashi	Outside Director	15/16	Reappointment	Outside	Independent
10	Yoshiyuki Izawa			New appointment	Outside	Independent
11	Meyumi Yamada			New appointment	Outside	Independent
12	Jenifer Simms Rogers			New appointment	Outside	Independent
13	Paul Yonamine			New appointment	Outside	Independent
14	Stephen Hayes Dacus			New appointment	Outside	Independent
15	Elizabeth Miin Meyerdirk			New appointment	Outside	Independent

(Notes)
1. Attendance at meetings of the Board of Directors held in the 17th fiscal year is presented as attendance at Board of Directors meetings.
2. If all of the above candidates for Director are approved, the ratio of foreign national Directors will be 33.3% (5/15) and the ratio of female Directors will be 20.0% (3/15).
   *Rounded to one decimal place

3. Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Items No. 3 and No. 4 will be approved as originally proposed, are as shown on page 31.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">1</td><td>Ryuichi Isaka
(October 4, 1957)
* 15,412 shares
Reappointment
Term of office: 13 years and 0 months

Attendance at meetings
Board of Directors:
16/16 (100%)
Nomination Committee:
7/7 (100%)</td><td>Mar. 1980: Joined Seven-Eleven Japan Co., Ltd.
May 2002: Director of Seven-Eleven Japan Co., Ltd.
May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd.
May 2006: Managing Executive Officer of Seven-Eleven Japan Co., Ltd.
May 2009: Representative Director and President of Seven-Eleven Japan Co., Ltd.
Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd.
Director of the Company
Apr. 2016: Member of the Nomination and Compensation Committee of the Company
May 2016: Representative Director and President of the Company (incumbent)
Executive Officer and President of the Company (incumbent)
May 2020: Member of the Nomination Committee of the Company (incumbent)
(Important Concurrent Positions)
Director of 7-Eleven, Inc.</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Director]
He has overseas business experience and a broad range of knowledge of the retail industry cultivated as a president of a Group company and a director of the Company as well as a broad range of knowledge and experience in company management including the franchise business, marketing, and management administration, as well as sustainability (addressing environmental and social issues and so forth). Because we would like him to utilize this knowledge and experience to realize our management plans, and to maximize the Group’s corporate value through the generation of new business and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories, we would like to request his election as a Director.</td></tr>
</table>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
2	Katsuhiro Goto (December 20, 1953) * 15,040 shares Reappointment Term of office: 16 years and 8 months <u>Attendance at meetings</u> Board of Directors: 16/16 (100%) Nomination Committee: 7/7 (100%)	July 1989: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Ito-Yokado Co., Ltd. May 2003: Executive Officer of Ito-Yokado Co., Ltd. May 2004: Managing Director of Ito-Yokado Co., Ltd. Managing Executive Officer of Ito-Yokado Co., Ltd. Sept. 2005: Director of the Company Chief Administrative Officer (CAO) of the Company Mar. 2006: Managing Director of Ito-Yokado Co., Ltd. (newly incorporated company) Managing Executive Officer of Ito-Yokado Co., Ltd. May 2006: Director of Ito-Yokado Co., Ltd. Managing Executive Officer of the Company Director of Millennium Retailing, Inc. Aug. 2009: Director of Sogo & Seibu Co., Ltd. Apr. 2011: Senior Officer of the System Planning Department of the Company Nov. 2014: Head of the Information Management & Security Office of the Company Apr. 2016: Member of the Nomination and Compensation Committee of the Company May 2016: Representative Director and Vice President of the Company (incumbent) Executive Officer and Vice President of the Company (incumbent) In charge of Administrative Divisions and Omni-Channel of the Company June 2017: Director of Seven Bank, Ltd. (incumbent) Mar. 2018: General Manager of the Corporate Digital Strategy & Planning Division of the Company May 2020: Member of the Nomination Committee of the Company (incumbent) Mar. 2022: Director of Seven-Eleven Japan Co., Ltd. (incumbent) (Important Concurrent Positions) Director of Seven-Eleven Japan Co., Ltd. Director of Seven Bank, Ltd.
	[Reasons, etc. for Nomination as Candidate for Director] He has a broad range of knowledge of the retailing and financial industries cultivated as a director of the Company and its Group companies including a finance related subsidiary as well as a broad range of knowledge and experience in areas including advertising and branding, management administration, risk management, and so forth. Because we would like him to utilize this knowledge and experience to realize our management plans, and to advance Group function (strengthening the provision of high value added services and the function of administrative divisions), we would like to request his election as a Director.	

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">3</td><td>Junro Ito
(June 14, 1958)
* 3,173,003 shares
Reappointment
Term of office: 13 years and 0 months

Attendance at meetings
Board of Directors:
16/16 (100%)
Compensation Committee:
3/3 (100%)</td><td>Aug. 1990: Joined Seven-Eleven Japan Co., Ltd.
May 2002: Director of Seven-Eleven Japan Co., Ltd.
May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd.
Jan. 2007: Managing Executive Officer of Seven-Eleven Japan Co., Ltd.
May 2009: Director of the Company (incumbent)
Executive Officer of the Company
Senior Officer of the Corporate Development Department of the Company
Apr. 2011: Senior Officer of the CSR Management Department of the Company
May 2015: Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
May 2016: In charge of Group Corporate Support of the Company
July 2016: Senior Officer of the Corporate Support Department of the Company
Dec. 2016: Managing Executive Officer of the Company (incumbent)
Head of the Corporate Development Office of the Company
Mar. 2017: Director of Ito-Yokado Co., Ltd.
Mar. 2018: General Manager of the Corporate Development Division of the Company (incumbent)
July 2019: Outside Director of AIN HOLDINGS INC. (incumbent)
May 2020: Member of the Compensation Committee of the Company (incumbent)
Sept. 2021: Representative Director of Ito-Kogyo Co., Ltd. (incumbent)
(Important Concurrent Positions)
Outside Director of AIN HOLDINGS INC.
Representative Director of Ito-Kogyo Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Director]
He has overseas business experience and a broad range of knowledge of the retail industry cultivated as a director of the Company and its Group companies as well as a broad range of knowledge and experience in ESG (Environment, Social, Governance), risk management, accounting and finance, social marketing, and so forth.
Because we would like him to utilize this knowledge and experience to realize our management plans, to enhance its corporate value including non-financial aspects, and to smoothly execute group management, we would like to request his election as a Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">4</td><td>Yoshimichi Maruyama
(November 2, 1959)
* 1,800 shares
Reappointment
Term of office: 2 years and 0 months

<u>Attendance at meetings</u>
Board of Directors:
16/16 (100%)</td><td>Apr. 1982: Joined The Long-Term Credit Bank of Japan, Limited
July 2008: Joined the Company
May 2012: Senior Officer of the Risk Management Department of the Company
Nov. 2014: Senior Officer of the Information Management & Security Office of the Company
July 2016: Senior Officer of the Corporate Planning Department of the Company
Dec. 2016: Senior Officer of the Corporate Development Department of the Company
May 2017: Executive Officer of the Company
Senior Officer of the Finance Planning Department of the Company
Representative Director and President of SEVEN & i Financial Center Co., Ltd. (incumbent)
Oct. 2017: Representative Director and President of Seven & i Asset Management Co., Ltd.
Mar. 2018: General Manager of the Corporate Finance & Accounting Division of the Company (incumbent)
May 2020: Director of the Company (incumbent)
Mar. 2022: Managing Executive Officer of the Company (incumbent)
(Important Concurrent Positions)
Representative Director and President of SEVEN & i Financial Center Co., Ltd.
Director of 7-Eleven, Inc.</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Director]
He has business experience in a financial institution and a broad range of knowledge relating to the Group’s overall operations cultivated as a senior officer in the risk management division of the Company and the finance division of the Company as well as a broad range of knowledge and experience relating to risk management, finance and accounting, and so forth.
Because we would like him to utilize this knowledge and experience to realize our management plans, to stabilize the Group’s financial base, and to strengthen financial discipline, we would like to request his election as a Director.</td></tr>
</table>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
5	Fumihiko Nagamatsu (January 3, 1957) * 14,500 shares Reappointment Term of office: 4 years and 0 months Attendance at meetings Board of Directors: 16/16 (100%)	Mar. 1980: Joined Seven-Eleven Japan Co., Ltd. May 2004: Executive Officer of Seven-Eleven Japan Co., Ltd. Mar. 2014: Representative Director and Vice President of Nissen Holdings Co., Ltd. Mar. 2015: Executive Officer of the Company May 2017: Senior Officer of the Personnel Planning Department of the Company Dec. 2017: Executive Officer of Seven-Eleven Japan Co., Ltd. Mar. 2018: General Manager of the Corporate Personnel Planning Division of the Company Director of Seven-Eleven Japan Co., Ltd. Director of Seven & i Food Systems Co., Ltd. May 2018: Director of the Company (incumbent) Mar. 2019: Director and Vice President of Seven-Eleven Japan Co., Ltd. Apr. 2019: Representative Director and President of Seven-Eleven Japan Co., Ltd. (incumbent) (Important Concurrent Positions) Representative Director and President of Seven-Eleven Japan Co., Ltd. Director of 7-Eleven, Inc.
	[Reasons, etc. for Nomination as Candidate for Director] He has a broad range of knowledge of the retail industry cultivated as a president of a Group company and a director of the Company as well as a broad range of knowledge and experience relating to company management including the franchise business, management administration, personnel management, etc. Because we would like him to utilize this knowledge and experience to realize our management plans, to advance Group functions, and to pursue Group synergies, we would like to request his election as a Director.	

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
6	Joseph Michael DePinto (November 3, 1962) * 6,000 shares Reappointment Term of office: 7 years and 0 months Attendance at meetings Board of Directors: 16/16 (100%)	Sept. 1995: Joined Thornton Oil Corporation June 1999: Senior Vice President and Chief Operating Officer (COO) of Thornton Oil Corporation Mar. 2002: Joined 7-Eleven, Inc. Manager of 7-Eleven, Inc. Apr. 2003: Vice President and General Manager of Operations of 7-Eleven, Inc. Dec. 2005: Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. (incumbent) Aug. 2010: Director of Brinker International, Inc. (Non-Executive) Nov. 2013: Chairman of the Board of Brinker International, Inc. (Non-Executive) (incumbent) May 2015: Director of the Company (incumbent) Mar. 2021: Director of DHC Acquisition Corp. (Non-Executive) (incumbent) (Important Concurrent Positions) Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. Chairman of the Board of Brinker International, Inc. (Non-Executive) Director of DHC Acquisition Corp. (Non-Executive)
	[Reasons, etc. for Nomination as Candidate for Director] He has a broad range of knowledge of the international retail business cultivated as a president of our American Group company and as a director of the Company as well as a broad range of knowledge and experience relating to company management, the franchise business, management administration, marketing and so forth. Because we would like him to utilize this knowledge and experience to realize our management plans, to provide advice to the Company's Board of Directors from an international perspective, and to promote our global management, we would like to request his election as a Director.	

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">7</td><td>Kunio Ito
(December 13, 1951)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 8 years and 0 months

<u>Attendance at meetings</u>
Board of Directors:
16/16 (100%)
Nomination Committee:
7/7 (100%)
Compensation Committee:
3/3 (100%)</td><td>Apr. 1992: Professor, Faculty of Commerce and Management, Hitotsubashi University
Aug. 2002: Dean, Graduate School of Commerce and Management, Faculty of Commerce and Management, Hitotsubashi University
Feb. 2004: Associate Chancellor & Director, Hitotsubashi University
June 2005: Outside Director of Akebono Brake Industry Co., Ltd.
Dec. 2006: Professor, Graduate School of Commerce and Management, Hitotsubashi University
Apr. 2008: MBA Course Director, Graduate School of Commerce and Management, Hitotsubashi University
Senior Executive Program Director, Graduate School of Commerce and Management, Hitotsubashi University
June 2012: Outside Director of Sumitomo Chemical Company, Limited
June 2013: Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent)
May 2014: Outside Director of the Company (incumbent)
June 2014: Outside Director of Toray Industries, Inc. (incumbent)
Jan. 2015: Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University (incumbent)
Apr. 2015: Adjunct Professor, Graduate School of Commerce and Management, Hitotsubashi University
Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University
Mar. 2016: Chair of the Nomination and Compensation Committee of the Company
Apr. 2018: Adjunct Professor, Graduate School of Business Administration, Hitotsubashi University
May 2020: Chair of the Nomination Committee of the Company (incumbent)
Chair of the Compensation Committee of the Company (incumbent)
(Important Concurrent Positions)
Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University
Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD.
Outside Director of Toray Industries, Inc.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
He has a broad range of high level knowledge and experience regarding finance and accounting, economics including marketing and branding, ESG (Environment, Society, Governance), risk management, etc. cultivated through his long term work experience as a university professor and his abundant experience as an outside executive of other companies.
Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">8</td><td>Toshiro Yonemura
(April 26, 1951)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 8 years and 0 months

<u>Attendance at meetings</u>
Board of Directors:
16/16 (100%)
Nomination Committee:
7/7 (100%)</td><td>Apr. 1974: Joined the National Police Agency
Aug. 2005: Vice Superintendent General, Tokyo Metropolitan Police Department
Aug. 2008: Superintendent General, Tokyo Metropolitan Police Department
June 2011: Outside Audit & Supervisory Board Member, Jowa Holdings Company, Limited
Dec. 2011: Deputy Chief Cabinet Secretary for Crisis Management
Feb. 2014: Special Advisor to the Cabinet
May 2014: Outside Director of the Company (incumbent)
June 2014: Outside Director, Jowa Holdings Company, Limited (currently UNIZO Holdings Company, Limited)
Mar. 2016: Member of the Nomination and Compensation Committee of the Company
May 2020: Member of the Nomination Committee of the Company (incumbent)
Dec. 2021: Outside Director of Kansaidengyosha Co., Ltd. (incumbent)
(Important Concurrent Positions)
Outside Director of Kansaidengyosha Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
He has served such important positions as Superintendent General of the Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management, has served positions such as Chief Security Officer (CSO) of the Tokyo Organising Committee of the Olympic and Paralympic Games, and has a broad range of high level knowledge and experience regarding organizational management, risk management, etc.
Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve risk management and the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">9</td><td>Tetsuro Higashi
(August 28, 1949)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 4 years and 0 months

<u>Attendance at meetings</u>
Board of Directors:
15/16 (93.75%)
Compensation Committee:
3/3 (100%)</td><td>Apr. 1977: Joined Tokyo Electron Limited
Dec. 1990: Corporate Director of Tokyo Electron Limited
Apr. 1994: Managing Corporate Director of Tokyo Electron Limited
June 1996: Representative Director, President of Tokyo Electron Limited
June 2003: Representative Director, Chairman of the Board of Tokyo Electron Limited
Apr. 2013: Representative Director, Chairman and President of Tokyo Electron Limited
June 2015: Representative Director, President of Tokyo Electron Limited
Jan. 2016: Corporate Director, Corporate Advisor of Tokyo Electron Limited
May 2018: Outside Director of the Company (incumbent)
June 2019: Outside Director of Ube Industries, Ltd. (currently UBE Corporation) (incumbent)
External Director of Nomura Real Estate Holdings, Inc. (incumbent)
May 2020: Member of the Compensation Committee of the Company (incumbent)
(Important Concurrent Positions)
Outside Director of UBE Corporation
External Director of Nomura Real Estate Holdings, Inc.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
He has business experience overseas, has served such important positions as Representative Director, Chairman and President, etc. of Tokyo Electron Limited, and has a broad range of high level knowledge and experience regarding international corporate management, management administration, finance, accounting, etc.
Because we would like him to utilize this knowledge and experience to realize our management and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">10</td><td>Yoshiyuki Izawa
(February 10, 1948)
* 0 shares
New appointment
Outside Director
Independent Director</td><td>Apr. 1970: Joined MITSUI & CO., LTD.
June 2000: Director of MITSUI & CO., LTD.
Apr. 2004: Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2007: Senior Executive Managing Officer of MITSUI & CO., LTD.
June 2007: Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD.
Apr. 2008: Representative Director, Executive Vice President of MITSUI & CO., LTD. (Retired in November 2009)
Dec. 2009: President and Representative Executive Officer of JAPAN POST BANK Co., Ltd.
June 2010: Director and Representative Executive Officer, Executive Vice President of JAPAN POST HOLDINGS Co., Ltd.
June 2013: Director of JAPAN POST HOLDINGS Co., Ltd.
May 2015: Chairman & CEO, Representative Director of BlackRock Japan Co., Ltd.
Apr. 2021: Director and Chairman of BlackRock Japan Co., Ltd. (Retired in March 2022)
(Important Concurrent Positions)
Not applicable.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
He has abundant overseas experience and a broad range of high level knowledge in international corporate management, business administration, finance and capital markets, as well as his experience as an investor, having served as a Representative Director of a trading company and a financial institution, and has served such important positions as Chairman & CEO, Representative Director of BlackRock Japan Co., Ltd.
Because we would like him to utilize this knowledge and experience to realize our sustainable growth and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">11</td><td>Meyumi Yamada
(August 30, 1972)
* 0 shares
New appointment
Outside Director
Independent Director</td><td>Apr. 1995: Joined KOEI KOGYO Co., Ltd.
May 1997: Joined Kiss Me Cosmetics Co., Ltd. (currently ISEHAN Co., Ltd.)
July 1999: Representative Director of istyle LLC
Apr. 2000: Representative Director of istyle Inc.
Dec. 2009: Director of istyle Inc. (incumbent)
May 2012: Representative Director and President of Cyberstar Co., Ltd.
Sept. 2015: Director of MEDIA GLOBE CO., LTD. (incumbent)
Mar. 2016: Representative Director and President of ISPartners Inc.
Sept. 2016: Director of Eat Smart, Inc.
June 2017: Outside Director of JAPAN POST INSURANCE Co., Ltd. (incumbent)
Outside Director of SEINO HOLDINGS CO., LTD. (incumbent)
Nov. 2019: Director of ISPartners Inc. (incumbent)
June 2021: Outside Director of Sompo Holdings, Inc. (incumbent)
(Important Concurrent Positions)
Director of istyle Inc.
Outside Director of JAPAN POST INSURANCE Co., Ltd.
Outside Director of SEINO HOLDINGS CO., LTD.
Outside Director of Sompo Holdings, Inc.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
She has a broad range of high level knowledge and experience in EC (e-commerce), DX (digital transformation), organizational management, marketing, sustainability, among others, which she has cultivated through the operation of “@cosme,” one of Japan’s largest cosmetics and beauty portal sites, and through starting up a women’s skill development and job hunting support business.
Because we would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request her election as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">12</td><td>Jenifer Simms Rogers
(June 22, 1963)
* 0 shares
New appointment
Outside Director
Independent Director</td><td>Sept. 1989: Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP)
Dec. 1990: Registered as Attorney at Law (the State of New York)
Feb. 1991: Joined Industrial Bank of Japan Limited (currently Mizuho Bank, Ltd.)
Dec. 1994: Joined Merrill Lynch Japan Securities Co., Ltd.
Nov. 2000: Merrill Lynch Europe Plc
July 2006: Merrill Lynch (Asia Pacific) Limited (currently Bank of America Corporation) (Hong Kong)
Nov. 2012: Vice President & General Counsel Asia of Asurion LLC (incumbent)
June 2015: External Director of Mitsui & Co., Ltd. (incumbent)
June 2018: Outside Director of Kawasaki Heavy Industries, Ltd. (incumbent)
June 2019: Outside Director of Nissan Motor Co., Ltd. (incumbent)
Jan. 2021: President of American Chamber of Commerce in Japan
(Important Concurrent Positions)
Vice President & General Counsel Asia of Asurion LLC
External Director of Mitsui & Co., Ltd.
Outside Director of Kawasaki Heavy Industries, Ltd.
Outside Director of Nissan Motor Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
She has experience working for international financial institutions as an In-House Counsel, as well as extensive experience as President of the American Chamber of Commerce in Japan and as an Outside Director at other companies, and through said experience she has cultivated a high level of insight into global legal and risk management, finance and accounting, and sustainability, etc.
Because we would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request her election as an Outside Director.</td></tr>
</table>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
13	Paul Yonamine (August 20, 1957) * 0 shares New appointment Outside Director Independent Director	June 1979: Joined Peat, Marwick, Mitchell & Co. (currently KPMG LLP) May 1983: Registered as U.S. Certified Public Accountant Apr. 1995: Managing Partner of KPMG LLP Hawaii Mar. 1997: Representative Partner of KPMG Global Solutions LLC (currently PwC Advisory LLC) Aug. 2001: Representative Partner and Chairman of KPMG Global Solutions LLC Apr. 2006: President and CEO of Hitachi Consulting Co., Ltd. May 2010: VP & CFO of IBM Japan, Ltd. Apr. 2013: Vice President of IBM Japan, Ltd. Jan. 2015: President of IBM Japan Mar. 2017: Director of GCA Corporation June 2017: Director of Central Pacific Bank July 2017: Director and Chairman of GCA Corporation Oct. 2018: Chairman & CEO of Central Pacific Financial Corp. (incumbent) Executive Chairman of Central Pacific Bank (incumbent) June 2019: Outside Director of Sumitomo Mitsui Banking Corporation (incumbent) Dec. 2020: Outside Director of circlace Inc. (incumbent) (Important Concurrent Positions) Chairman & CEO of Central Pacific Financial Corp. Executive Chairman of Central Pacific Bank Outside Director of Sumitomo Mitsui Banking Corporation Outside Director of circlace Inc.
	[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.] He has a broad range of high level knowledge and experience in DX (digital transformation), organizational management, and finance and accounting, etc. cultivated through his extensive management experience at consulting firms, as President of IBM Japan, Ltd. and as CEO of overseas financial institutions, among others. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.	

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">14</td><td>Stephen Hayes Dacus
(November 7, 1960)
* 0 shares
New appointment
Outside Director
Independent Director</td><td>Sept. 1983: Joined Northrop Corporation (currently Northrop Grumman Corporation)
Sept. 1985: Joined Coopers & Lybrand L.L.P. (currently Pricewaterhouse Coopers)
Mar. 1994: Joined Mars, Incorporated
June 2001: CEO of MasterFoods Ltd.
Sept. 2005: Senior Vice President of FAST RETAILING CO., LTD.
July 2007: Senior Vice President of Walmart Stores, Inc.
Apr. 2010: Executive Vice President of Walmart Japan Holdings G.K. (currently Seiyu Holdings Co., Ltd.)
June 2011: CEO of Walmart Japan Holdings G.K.
Oct. 2015: Outside Director of Sushiro Global Holdings Co.,Ltd. (currently FOOD & LIFE COMPANIES LTD.)
July 2016: Chairman and Representative Director of Sushiro Global Holdings Co.,Ltd.
May 2019: Non-executive Director of Hana Group SAS
June 2019: CEO of Hana Group SAS
July 2020: Chairman of the Supervisory Board of Hana Group SAS (incumbent)
Nov. 2021: Chairman of Daiso California L.L.C. (incumbent)
(Important Concurrent Positions)
Chairman of the Supervisory Board of Hana Group SAS
Chairman of Daiso California L.L.C.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
He has served as a corporate executive officer in the retail industry and other industries both in the U.S. and Japan, and has a broad range of high level knowledge and experience in corporate management, marketing, finance and accounting, etc. cultivated through abundant global business experience. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history, position, area of responsibility, and important concurrent positions</th></tr>
<tr><td rowspan="2">15</td><td>Elizabeth Miin Meyerdirk
(December 1, 1981)
* 0 shares
New appointment
Outside Director
Independent Director</td><td>June 2003: Joined Morgan Stanley
Aug. 2005: Joined TCMI, Inc.
Feb. 2009: Senior Director of MedeAnalytics, Inc.
July 2009: Associate Vice President of MedeAnalytics, Inc.
Feb 2011: Senior Director of Practice Fusion, Inc.
Jan. 2012: Vice President of Practice Fusion, Inc.
Mar. 2012: Vice President of viagogo Entertainment, Inc.
June 2015: Uber Technologies, Inc.
Head of Strategy & Business Development, a division of Uber Eats, Uber Technologies, Inc.
June 2018: Uber Technologies, Inc.
Senior Director & Head of Strategy & Business Development of Uber Eats, a division of Uber Technologies, Inc.
Sept. 2019: Uber Technologies, Inc.
Head of Uber Eats Ads Marketplace, a division of Uber Eats, Uber Technologies, Inc.
Dec. 2020: Chairwoman & CEO of Hey Favor, Inc. (incumbent)
(Important Concurrent Positions)
Chairwoman & CEO of Hey Favor, Inc.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
She has a broad range of high level knowledge and experience in DX (digital transformation), marketing, finance and accounting, and other fields, cultivated through her experience as a founding member of Uber Eats, a division of Uber Technologies, Inc. in the United States and her management of e-commerce companies and other positions, in the United States.
Because we would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request her election as an Outside Director.</td></tr>
</table>

(Notes)

1. The Company established the “Nomination Committee,” chaired by an Independent Outside Director and the majority of which is comprised of Independent Outside Directors, as an advisory committee to the Board of Directors. The Committee has been utilizing the more diverse range of knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members to ensure further objectivity and transparency in procedures for deciding the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, “officers, etc.”) and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination Committee” since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the committee as an advisory committee to the Board of Directors.
2. “New appointment” indicates new candidates for Director, and “Reappointment” indicates reappointed candidates for Director.
3. “Outside Director” indicates candidates for Outside Director, and “Independent Director” indicates those candidates for Director who are independent officers as stipulated by the Tokyo Stock Exchange.
4. There is no special relationship of interest between each of the above candidates and the Company.
5. Messrs. Kunio Ito, Toshiro Yonemura, Tetsuro Higashi, Yoshiyuki Izawa, Mses. Meyumi Yamada, Jenifer Simms Rogers, Messrs. Paul Yonamine, Stephen Hayes Dacus, and Ms. Elizabeth Miin Meyerdirk satisfy the requirements for nomination for the office of Outside Director. In addition, Messrs. Kunio Ito, Toshiro Yonemura, Tetsuro Higashi, Yoshiyuki Izawa, Mses. Meyumi Yamada, Jenifer Simms Rogers, Messrs. Paul Yonamine, Stephen Hayes Dacus, and Ms. Elizabeth Miin Meyerdirk are neither a spouse nor relative within the third degree of relationship, etc., of the business administrators or officer of the Company or the specified relation business associates of the Company.
6. During her tenure at JAPAN POST INSURANCE Co., Ltd., where Ms. Meyumi Yamada has served as an Outside Director since June 2017, a case has come to light concerning policy transfers, etc. that may have caused disadvantage to customers by not complying with their wishes. Although the company received an administrative action from the Financial Services Agency on December 27, 2019, based on the Insurance Business Act and other relevant laws, Ms. Yamada has been fulfilling her responsibilities by making proposals from the perspective of legal compliance and customer compliance management, and by making proposals for customer protection and prevention of recurrence after the incident was discovered. Subsequently, the company’s Board of Directors

receives regular reports on the progress of the business improvement plan and appropriately monitors the content and progress of various initiatives.

7. The Company has concluded an agreement with each of the Outside Directors as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts. If the new appointments/reappointments of the candidates for Outside Director are approved, the Company intends to conclude or continue its liability limitation agreement with each of them.
8. The Company has entered into a directors' and officers' liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company; the contract is scheduled to be renewed in September 2022. Each of the candidates above who are incumbent Directors is currently insured under the contract, and if the new appointment/reappointment of the above candidates for Director is approved, they will be insured under the contract. The brief overview of the said insurance contract is as follows:
   (1) Scope of the insured individuals
   Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)
   (2) The ratio of premiums to be actually borne by the insured individuals
   The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.
   (3) Outline of insured events covered by the said insurance
   The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.
9. Messrs. Kunio Ito, Toshiro Yonemura, and Tetsuro Higashi are Independent Directors in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company.
10. The Company intends to designate Mr. Yoshiyuki Izawa, Mses. Meyumi Yamada, Jenifer Simms Rogers, Messrs. Paul Yonamine, Stephen Hayes Dacus, and Ms. Elizabeth Miin Meyerdirk as Independent Directors in accordance with the rules of the Tokyo Stock Exchange, and accordingly intends to submit a report to the Tokyo Stock Exchange. In addition, each of the said candidates satisfy the independence standards for outside officers established by the Company.
11. The Company uses the independence standards established by the financial instruments exchanges as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members, and with respect to the de minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible, "transactions" are "less than 1% of the non-consolidated revenues from operations of the Company for the most recent accounting period," and "donations" are "less than ¥10 million," in the most-recent business year of the Company.
12. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
13. Attendance at meetings of the Board of Directors and other meetings is the status of attendance during the 17th fiscal year.
14. The brief personal history, etc. of each of the above candidates is as of April 19, 2022.

Item No. 4: Election of three (3) Audit & Supervisory Board Members

The terms of office of current Audit & Supervisory Board Members Yoshitake Taniguchi, Kazuhiro Hara and Mitsuko Inamasu expire upon the conclusion of this Annual Shareholders' Meeting.

Shareholders are therefore requested to elect three (3) Audit & Supervisory Board Members.

This proposal was approved at the Board of Directors meeting after its details were supported, after deliberation based on the "Guidelines for Directors and Audit & Supervisory Board Members" of the Company, by the "Nomination Committee," an advisory committee to the Board of Directors chaired by an Independent Outside Director and the majority of which is comprised of Independent Outside Directors. The Audit & Supervisory Board's prior consent was obtained for the submission of this proposal.

Reference: Guidelines for Directors and Audit & Supervisory Board Members
https://www.7andi.com/library/ir/management/governance/jp/pdf/guidelines202112.pdf.

The candidates for Audit & Supervisory Board Member are as follows:

Candidate No.	Name	Current position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings			
1	Nobutomo Teshima	Executive Officer			New appointment		
2	Kazuhiro Hara	Outside Audit & Supervisory Board Member	16/16	27/27	Reappointment	Outside	Independent
3	Mitsuko Inamasu	Outside Audit & Supervisory Board Member	16/16	27/27	Reappointment	Outside	Independent

(Notes)

1. Attendance at meetings of the Board of Directors and Audit & Supervisory Board held in the 17th fiscal year is presented as attendance at Board of Directors meetings and attendance at Audit & Supervisory Board meetings, respectively.
2. Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Items No. 3 and No. 4 will be approved as originally proposed, are as shown on page 31.

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history and position</th></tr>
<tr><td rowspan="2">1</td><td>Nobutomo Teshima
(June 15, 1962)
* 0 shares
New appointment</td><td>Oct. 1991: Joined Seven-Eleven Japan Co., Ltd.
Feb. 2008: General Manager of the Accounting Administrative Department of Seven-Eleven Japan Co., Ltd.
Jan. 2013: Senior Officer of the Operational Support Department of the Company
Sept. 2017: Senior Officer of the Accounting Management Department of the Company
Mar. 2018: Executive Officer and Senior Officer of the Accounting Management Department of the Company
Mar. 2019: Executive Officer and Senior Officer of the Auditing Office of the Company (incumbent)
Mar. 2021: Audit & Supervisory Board Member of York-Benimaru Co., Ltd. (incumbent)
(Important Concurrent Positions)
Audit & Supervisory Board Member of York-Benimaru Co., Ltd.</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Audit & Supervisory Board Member]
He has extensive knowledge and experience in finance and accounting, risk management, and information technology, etc., as well as a broad range of knowledge of the Group’s overall operations, which he cultivated as a senior officer in the Accounting Management Department and Auditing Office. Because we would like him to contribute this knowledge and experience to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, create medium- to long- term corporate value, and respond to social trust, we would like to request his election as an Audit & Supervisory Board Member.</td></tr>
</table>

<table>
<tr><th>Candidate No.</th><th>Name
(Date of birth)
* Number of shares of the Company owned
Term of office</th><th>Brief personal history and position</th></tr>
<tr><td rowspan="2">2</td><td>Kazuhiro Hara
(February 25, 1954)
* 0 shares
Reappointment
Outside Audit & Supervisory Board Member
Independent Audit & Supervisory Board Member
Term of office: 4 years and 0 months

Attendance at meetings
Board of Directors:
16/16 (100%)
Audit & Supervisory Board:
27/27 (100%)</td><td>Aug. 1983: Joined Chuo Accounting Office
Mar. 1985: Registered as a Certified Public Accountant
July 2007: Joined Ernst & Young ShinNihon (currently Ernst & Young ShinNihon LLC)
July 2016: Director of Hara Certified Accounting Office (incumbent)
Nov. 2016: Registered as a Certified Tax Accountant
Director of Hara Kazuhiro Tax Accountant Office (incumbent)
Sept. 2017: Representative Director of Hara Consulting Office
May 2018: Outside Audit & Supervisory Board Member of the Company (incumbent)
(Important Concurrent Positions)
Certified Public Accountant
Certified Tax Accountant</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Outside Audit & Supervisory Board Member]
He has abundant experience and technical knowledge related to finance, accounting, tax and risk management as a certified public accountant and certified tax accountant.
Because we would like him to contribute this knowledge and experience to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, create medium- to long- term corporate value, and respond to social trust, we would like to request his election as an Outside Audit & Supervisory Board Member.</td></tr>
</table>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history and position
3	Mitsuko Inamasu (March 15, 1976) * 0 shares Reappointment Outside Audit & Supervisory Board Member Independent Audit & Supervisory Board Member Term of office: 4 years and 0 months Attendance at meetings Board of Directors: 16/16 (100%) Audit & Supervisory Board: 27/27 (100%)	Oct. 2000: Registered as an Attorney at Law (Tokyo Bar Association) Joined Hattori Law Office (incumbent) May 2018 Outside Audit & Supervisory Board Member of the Company (incumbent) (Important Concurrent Positions) Attorney at Law
	[Reasons, etc. for Nomination as Candidate for Outside Audit & Supervisory Board Member] She has abundant experience and technical knowledge related to corporate legal affairs in general, including digital-related affairs, and risk management as an attorney at law. Because we would like her to contribute this knowledge and experience to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, create medium- to long-term corporate value, and respond to social trust, we would like to request her election as an Outside Audit & Supervisory Board Member.	

(Notes)

1. The Company established the “Nomination Committee,” chaired by an Independent Outside Director and the majority of which is comprised of Independent Outside Directors, as an advisory committee to the Board of Directors. The Committee has been utilizing the more diverse range of knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members to ensure further objectivity and transparency in procedures for deciding the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, “officers, etc.”) and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination Committee” since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the committee as an advisory committee to the Board of Directors.
2. “New appointment” indicates new candidates for Audit & Supervisory Board Member, and “Reappointment” indicates reappointed candidates for Audit & Supervisory Board Member.
3. “Outside” indicates candidates for Outside Audit & Supervisory Board Member, and “Independent” indicates those candidates for Audit & Supervisory Board Member who are independent officers as stipulated by the Tokyo Stock Exchange.
4. There is no special relationship of interest between each of the above candidates and the Company.
5. Mr. Kazuhiro Hara and Ms. Mitsuko Inamasu satisfy the requirements for nomination for the office of Outside Audit & Supervisory Board Member. In addition, Mr. Kazuhiro Hara and Ms. Mitsuko Inamasu are neither a spouse nor relative within the third degree of relationship, etc., of the business administrators or officer of the Company or the specified relation business associates of the Company.
6. The Company has concluded an agreement with each of the Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts. If the new appointments/reappointments of the candidates for Outside Audit & Supervisory Board Members are approved, the Company intends to conclude or continue its liability limitation agreement with each of them.
7. The Company has entered into a directors’ and officers’ liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company; the contract is scheduled to be renewed in September 2022. Each of the candidates above who are incumbent Audit & Supervisory Board Members is currently insured under the contract, and if the new appointment/reappointment of the above candidates for Audit

& Supervisory Board Member is approved, they will be insured under the contract. The brief overview of the said insurance contract is as follows:

(1) Scope of the insured individuals
Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)

(2) The ratio of premiums to be actually borne by the insured individuals
The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.

(3) Outline of insured events covered by the said insurance
The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.

8. Mr. Kazuhiro Hara and Ms. Mitsuko Inamasu are Independent Directors in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company. The Company uses the independence standards established by the financial instruments exchanges as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members, and with respect to the de minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible, "transactions" are "less than 1% of the non-consolidated revenues from operations of the Company for the most recent accounting period," and "donations" are "less than ¥10 million," in the most-recent business year of the Company.
9. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
10. Attendance at meetings of the Board of Directors and other meetings is the status of attendance during the 17th fiscal year.
11. The brief personal history, etc. of each of the above candidates is as of April 19, 2022.

[Reference] Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Members after this Annual Shareholders' Meeting

Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Items No. 3 and No. 4 will be approved as originally proposed, are as follows:

Name	Title	Management and Industry Experience				Management Skills, Knowledge, etc.					
		CEO Experience	Retail Experience	International Business Experience	Financial Business Experience	Organizational Management/	Marketing /Branding	DX/IT/ Security	Finance and Accounting	Risk Management/ Crisis Response/ Legal	Sustainability
Ryuichi Isaka	Representative Director and President	●	●	●		●	●				●
Katsuhiro Goto	Representative Director and Vice President		●		●	●	●	●			
Junro Ito	Director		●			●				●	●
Yoshimichi Maruyama	Director				●				●	●	
Fumihiko Nagamatsu	Director	●	●			●	●				
Joseph Michael DePinto	Director	●	●	●		●	●	●			
Kunio Ito	Independent Outside Director					●	●	●	●	●	●
Toshiro Yonemura	Independent Outside Director					●		●		●	
Tetsuro Higashi	Independent Outside Director	●		●		●			●		
Yoshiyuki Izawa	Independent Outside Director	●		●	●	●			●		●
Meyumi Yamada	Independent Outside Director	●	●			●	●	●			●
Jenifer Simms Rogers	Independent Outside Director			●	●				●	●	●
Paul Yonamine	Independent Outside Director	●		●	●	●		●	●		
Stephen Hayes Dacus	Independent Outside Director	●	●	●		●	●		●		
Elizabeth Miin Meyerdirk	Independent Outside Director	●	●	●			●	●	●		
Noriyuki Habano	Standing Audit & Supervisory Board Member		●				●			●	
Nobutomo Teshima	Standing Audit & Supervisory Board Member		●					●	●	●	
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member								●	●	
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member							●		●	
Kaori Matsuhashi (Real name: Kaori Hosoya)	Independent Outside Audit & Supervisory Board Member					●			●	●	

* The above table is not an exhaustive list of the knowledge and experience each person can offer.

* The ratio of foreign national Directors will be 33.3% (5/15) and the ratio of female Directors will be 20.0% (3/15). (Rounded to one decimal place)

Item No. 5: Partial revision of performance-based and stock-based compensation for Directors

1. Reasons for the proposal and reasons such compensation has been deemed appropriate
   At the 1st Annual Shareholders' Meeting held on May 25, 2006, the Company resolved that the compensation of the Company's Directors shall not exceed ¥1 billion per year (however, not including the employee salaries paid to Directors who serve concurrently as employees). At the 14th Annual Shareholders' Meeting held on May 23, 2019, separate from such compensation upper limit, the Company received approval for introduction of a stock-based compensation system (hereinafter the "System"), under which the Company shares and an amount of money equivalent to the converted value of the Company shares (collectively, the "Company Shares") are to be delivered and provided ("Delivered" or "Delivery," as the case may be) to the Company's Directors (excluding Outside Directors; the same applies hereinafter with respect to this proposal), and the System has continued operation until now. In this proposal, we would like to ask for a partial revision of the System, as follows.

   The System was introduced in order to further clarify the link between the compensation, etc. for Directors and the Company's business performance and stock price, and to enhance the motivation of the Directors to contribute to the improvement of medium- and long-term corporate value, and sharing interests with the Company's shareholders. It is a performance-based and stock-based compensation system in which eligible Directors receive Company Shares according to position and business performance targets each fiscal year. Eligible Directors are granted points at a certain time each year during the trust period, and points to be granted will be calculated by multiplying the standard points based on their position by a performance-based coefficient based on the degree of achievement of performance targets in each fiscal year.

   In the calculation of the performance-based coefficient, consolidated operating income, etc., had been used as an indicator to evaluate the degree of achievement of performance targets, however, in light of the basic financial policy and consolidated financial numerical targets set forth in the Medium-Term Management Plan announced in July 2021, the indicator to be used for evaluation has been changed. In addition, in order to increase the ratio of stock-based compensation in Directors' compensation with the aim of further motivating Directors to contribute to the improvement of medium- and long-term corporate value, the Company will increase the maximum amount of money to be contributed by the Company and the upper limit to the number of Company shares (including shares which will be subject to conversion into cash) to be Delivered to Directors. The Company believes that this will lead to further sharing of interests with the Company's shareholders.

   If this proposal is approved, the Company plans to revise the policy for determining compensation for Directors and Audit & Supervisory Board Members as described in the attachment to the Convocation Notice for this Annual Shareholders' Meeting on pages 59-64 in a manner consistent with this proposal (please refer to the revised policy announced on April 19, 2022 in "Revision of Compensation System and Compensation Policy for Directors and Audit & Supervisory Board Members of the Company"). Changes to the System are necessary and reasonable in order to grant compensation, etc. to Directors individually in line with the said policy, and have been deliberated by the Compensation Committee, whose chairman and a majority of its members are independent Outside Directors, and whose members are Directors other than Representative Directors. And, as stated above, changes to the System are intended to further clarify the link between the compensation, etc. of Directors and the Company's business performance and stock price, and to maintain the objective from the time of its introduction of enhancing the motivation of Directors to contribute to the improvement of the medium-and long-term corporate value of the Company, which we believe is appropriate.

   There are to be four (4) Directors eligible for the System at the conclusion of this Annual Shareholders' Meeting, subject to approval of Item No. 3 as drafted.

2. Amount and details of compensation, etc. under the revised System

Details of the previous plan will be partially revised as follows (the main revisions to the plan are underlined).

(1) Overview of the System

The System is a stock-based compensation system under which the Company shares are acquired through a trust using funds contributed by the Company, and whereby the Company Shares are Delivered to Directors through the trust. (Details are as provided for in (2) below and thereafter.)

(i) Individuals eligible for Delivery of the Company Shares subject to this proposal	The Company's Directors (excluding Outside Directors)

(ii) Effect of the Company shares subject to this proposal on the total number of shares issued	
Maximum amount of money to be contributed by the Company (As provided for in (2) below)	· Total of ¥1,200 million covering three (3) fiscal years · However, a total of ¥1,000 million covering four fiscal years, with respect to the period of coverage started from the fiscal year ended February 2020 (for shares required for these four fiscal years, shares acquired from the stock market in July 2019 can be appropriated; accordingly, there will be no cash which will be contributed additionally during the current fiscal year).
Upper limit to the number of Company shares to be Delivered to Directors (including shares which will be subject to conversion into cash) (As provided for in (3) below)	• The upper limit of the total points to be granted to Directors per fiscal year is 80,000 points. (1 point = The ratio of the number of shares converted into one share of the Company's common stock, to the total number of the Company's issued shares (as of February 28, 2022, after excluding treasury shares), is approximately 0.01%.) • The Company shares will be acquired from the stock market or the Company (disposition of treasury stock). However, the trust established in 2019 (set forth in (2) below) will be acquired from the stock market; therefore, there will be no dilution.

(iii) Details of conditions for achieving business performance targets (As provided for in (3) below)	• Vary between 0% and 200% depending on the achievement level of business performance targets and other factors • Indicators used to evaluate the achievement level of performance targets shall be determined separately at a Board of Directors meeting, from among consolidated ROE, consolidated EPS, CO_2 emissions, employee engagement, etc.

(iv) Timing with respect to Delivery of the Company Shares to Directors (As provided for in (4) below)	Upon retirement

(2) Maximum amount of money to be contributed by the Company

The System's period of coverage (the "Covered Period") will be three (3) fiscal years that the Company designated as the period for evaluating the achievement level of medium- and long-term business performance targets. The Company is to contribute trust money[*1] up to a total of ¥1,200 million as compensation during the three (3) fiscal years, and is to establish a trust (the "Trust") for the stock-based compensation during the three-year trust period (this includes extension of the trust period as described in paragraph 4 of this section (2); the same applies hereinafter), whereby the beneficiaries are the Directors who have satisfied the beneficiary requirements (retirement from the position of Director, non-involvement in misconduct, etc.).

However, with respect to the initial Covered Period started from the fiscal year ended February 2020, the Trust has been established for a trust period of four years by contributing

trust money up to a total compensation of ¥1,000 million(*2) for the said four fiscal years, which is the total for the fiscal year ended February 29, 2020, the remaining period of the Medium-Term Management Plan that was announced by the Company on May 23, 2019, and the three consecutive fiscal years comprising the period for evaluating the Company's achievement level of medium- and long-term business performance targets. Note that, even if this proposal is approved and authorized, with respect to the shares necessary for the fiscal year ending February 28, 2023, which was set as the initial Covered Period (including shares to be delivered as a transitional measure from stock options), the shares that have already been acquired from the stock market in July 2019 can be appropriated: accordingly, there will be no cash which will be contributed additionally during the current fiscal year.
Pursuant to the instructions of the trust administrator, the Trust is to acquire the Company shares from the stock market or the Company (disposition of treasury stock; acquired from the stock market with respect to the initial Covered Period), using trust money. During the Covered Period, the Company is to grant points to Directors as stipulated in (3) below, and is to accordingly conduct Delivery of Company Shares equivalent to such points from the Trust.
In lieu of establishing the Trust anew, the Trust may continue to be used by modifying the trust agreement and entrusting additional funds at the expiration of the Covered Period of the Trust. In such case, the trust period is to be extended for a further three (3) years, and the Company is to make additional contributions of trust money within a total of ¥1,200 million. Meanwhile, the Company is to continue granting points and conducting Delivery of Company Shares to Directors during the extended trust period. However, if such additional contributions are to be made, if there are any Company shares (excluding the Company shares equivalent to points granted to Directors that are yet to be Delivered) and money remaining in the trust assets (the "Residual Shares") as of the last day of the trust period prior to the extension, the sum of the amount of Residual Shares and additional trust money to be contributed is to be within ¥1,200 million.

(*1) The amount of trust money is to include not only funds for the Trust to acquire shares during the trust period, but also trust fees and trust expenses.
(*2) The amount was calculated at ¥200 million per year for the three fiscal years from the fiscal year ended February 28, 2020 to the fiscal year ended February 28, 2022, which have already passed, and ¥400 million for the fiscal year ending February 28, 2023.

(3) Calculation method and upper limit to the number of Company Shares to be Delivered to Directors
The number of Company Shares to be Delivered to Directors is to be determined based on the cumulative number of points to be granted(*3) on the basis of factors such as their positions and levels of achievement relative to business performance targets for each fiscal year during the Covered Period.
One (1) point is to be equivalent to one (1) share of the Company's common stock, and if the Company shares in the Trust increase or decrease due to a share split or share consolidation, etc., the Company is to adjust the number of Company shares to be Delivered in proportion to the increase or decrease.

(*3) Standard points based on their position are granted in a range of 0 to 200%, depending on the achievement level of targets for each target fiscal year, for indicators such as consolidated ROE, consolidated EPS, CO_2 emissions and employee engagement, which are determined separately at a Board of Directors meeting.

The upper limit to the number of points granted to Directors is to be 80,000 points per fiscal year. As such, the upper limit with respect to the total number of Company shares to be acquired by the Trust is to be the number of shares equivalent to the maximum number of

points to be granted per fiscal year multiplied by three (3), the number of years of the trust period (240,000 shares per trust period).
However, up to 160,000 points have been separately granted as a transitional measure from the stock options in the fiscal year ended February 29, 2020. Accordingly, the total number of Company shares acquired by the Trust, which is to be initially set, will be up to the number of shares (360,000 shares) equivalent to the total of (i) 120,000 points, which are the total points granted for the three (3) fiscal years which have already past, (ii) 80,000 points, which are the total points granted for the fiscal year ending February 28, 2023, and (iii) 160,000 points, which have been granted as a transitional measure from the stock options. This upper limit of the number of shares to be acquired is set by referring to the latest stock price, etc., in light of the maximum amount of trust money described in (2) above.

(4) Overview of method, timing and other conditions with respect to Delivery of the Company Shares to Directors
Upon retirement (for reasons other than death), a Director who satisfies the beneficiary requirements is to receive Delivery of the Company Shares calculated based on (3) above, by following the procedures prescribed for settlement of the beneficial interests. At that time, such Directors are to receive delivery of the Company shares in a number equivalent to a certain ratio of the number of cumulative points (shares less than one unit are to be rounded up). Meanwhile, Company shares in a number equivalent to the remaining cumulative points are to be converted into cash within the Trust, and the Directors are to receive money equivalent to the amount converted to cash from the Trust.
If a Director who satisfies the beneficiary requirements passes away during the trust period, the Company shares that correspond to the cumulative number of points granted at the time of his/her death are to be converted entirely into cash within the Trust, and the heir of said Director is to receive money equivalent to the amount converted to cash from the Trust.
In addition, if an eligible Director under the System commits a material illegal or unlawful act, no shares under this System shall be Delivered to such Director (malus) or the Company may request that such Director refund money corresponding to the shares delivered to him/her (clawback).

(5) Voting rights pertaining to Company shares held by the Trust
Voting rights pertaining to the Company shares held by the Trust are not to be exercised during the trust period to ensure the neutrality of the Company's management.

(6) Other details of the System
Other details regarding the System are to be determined by the Board of Directors whenever there are matters that involve establishing the Trust, modifying the trust agreement and entrusting additional funds to the Trust.

Attached Documents

Business Report (March 1, 2021 to February 28, 2022)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 17th fiscal year, the domestic and overseas economies continued to pick up, despite evidence of some weakness, with the effect of the spread of vaccinations and measures implemented by various government, while overall conditions remained difficult due to the emergence of new COVID-19 variants. However, the outlook for domestic consumer spending remains uncertain, partly due to the spread of the Omicron strain.

In this environment, we set our basic stance: “We aim to contribute to local communities both in Japan and overseas by providing new experiences and values, from the customer’s point of view.” To realize our ideal Group image for 2030: “A world-class global distribution group that leads distribution innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology.”, we announced our “Medium-Term Management Plan 2021-2025” in July 2021, and we will continue focusing on generating medium-to-long-term corporate value and realizing sustainable business growth under the Plan.

Effective May 14, 2021, 7-Eleven, Inc. acquired from Marathon Petroleum Corporation (U.S.A.) shares and other equity interests in a convenience store and fuel retail businesses operated primarily under the Speedway brand. Those business have since been included in the scope of consolidation.

Consequently, our consolidated results in the 17th fiscal year were as follows.

Revenues from operations were ¥8,749.7 billion (up 51.7% YOY), operating income came to ¥387.6 billion (up 5.8% YOY), ordinary income was ¥358.5 billion (up 0.3% YOY), and net income attributable to owners of parent was ¥210.7 billion (up 17.6% YOY).

Group sales, which include the total store sales of Seven-Eleven Japan Co., Ltd., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc., were ¥14,243.2 billion (up 29.0% YOY). In addition, due to foreign exchange rate fluctuations during the 17th fiscal year, revenues from operations and operating income increased by ¥158.0 billion and ¥4.6 billion, respectively.

Overview of business by segment

As the Group changed the classification of its reportable segments in the 17th fiscal year, figures for the previous fiscal year used in year-on-year comparisons below are those restated in accordance with the classifications after the change.

Domestic convenience store operations

Revenues from operations: ¥873.239 billion (up 1.7% YOY)
Operating income: ¥223.396 billion (down 4.4% YOY)

Seven-Eleven Japan (SEJ) is currently implementing its Action Plan, announced in April 2019, targeting the sustainable growth of franchisees. Under the Plan, SEJ continues working to create an environment where franchisees can focus on their business operations with peace of mind. In addition, the impact of COVID-19 has caused commercial areas to shrink in size and highlighted growing differences in customer needs among individual stores. In the 17th fiscal year, we focused on strengthening our response to one-stop shopping demand, expanding our assortment of high-value-added merchandise, and stepping up promotions to increase the frequency of store visits and attract new customers. To address growing demand for delivery services, we increased the number of stores handling “7NOW,” a service that allows customers to order items via smartphone and have them delivered to a designated location in as little as 30 minutes. With a view to meeting diversifying needs and providing convenience to all communities, meanwhile, we have worked to realize sustainable growth throughout the value chain, including franchisees and business partners.

As a result, existing store sales in the 17th fiscal year increased year on year, due to a rebound from the previous fiscal year when consumers refrained from going out to prevent the spread of COVID-19, although sales remained weak due to unseasonable weather in the summer, which had a downward impact on consumption. Total sales of all stores in the chain (the sum of sales from directly managed stores and franchisees) amounted to ¥4,952.7 billion (up 1.7% YOY). However, operating income decreased to ¥223.0 billion (down 4.4% YOY), due to lower merchandise gross profit margins resulting from changes in merchandise sales trends and an increase in selling, general, and administrative expenses.

Overseas convenience store operations

Revenues from operations: ¥5,194.327 billion (up 130.5% YOY)
Operating income: ¥159.866 billion (up 62.0% YOY)

In North America, personal consumption continued growing amid an increase in the consumer price index, stemming from the implementation of various government policies and other factors, despite of new outbreaks of COVID-19.

In response to changing lifestyles, 7-Eleven, Inc. strove to expand new services by increasing the number of stores that offer the “7NOW” delivery service, digital wallet, mobile checkout, and other solutions. At the same time, it continued focusing on developing and selling fast food and private brand merchandise.

On May 14, 2021, 7-Eleven, Inc. acquired from Marathon Petroleum Corporation (U.S.A.) shares and other equity interests in the convenience store and fuel retail businesses operated primarily under the Speedway brand. Since then, the Speedway business has been included in the scope of consolidation. The acquisition of Speedway is aimed at creating further synergies, and all processes related to its integration, including management, operations, and employee awareness initiatives, have proceeded smoothly.

As a result, merchandise sales at existing stores in the United States on a U.S. dollar basis for the 17th fiscal year were higher than those in the previous fiscal year, and total store sales, comprising both corporate and franchised store sales, were ¥6,463.9 billion (up 89.7% YOY). Operating income came in at ¥224.8 billion (up 88.6% YOY).

Superstore operations

Revenues from operations: ¥1,810.728 billion (down 0.0% YOY)
Operating income: ¥18.791 billion (down 36.7% YOY)

Ito-Yokado Co., Ltd., operator of general merchandise stores, continued promoting business and store structural reforms in the 17th fiscal year. Sales of food merchandise, which grew in the previous fiscal year in line with stay-at-home demand, remained high as Ito-Yokado Co., Ltd. meticulously responded to changing customer needs in the 17th fiscal year.

Existing store sales, including tenants, increased year on year, partly in reaction to the previous fiscal year's shortening of operating hours and partial tenant closures at Ario. However, Ito-Yokado's operating income declined to ¥1.6 billion (down 79.2% YOY), partly due to fixed costs related to closures stemming from the spread of COVID-19, which were treated as special losses in the previous fiscal year.

During the 17th fiscal year, sales from the existing stores of food supermarket operator York-Benimaru Co., Ltd. decreased year on year, with operating income of ¥14.7 billion (down 11.1% YOY), affected by, among other things, a recoil from the previous fiscal year, which saw firm stay-at-home demand as consumers refrained from dining out.

Department and specialty store operations

Revenues from operations: ¥712.282 billion (up 4.0% YOY)
Operating income: ¥(8.153) billion (down ¥9.291 billion YOY)

In order to promote its large-scale commercial base strategy, which is a key element of the Group Strategy, the Group integrated its "Department store operations" and "Specialty store operations" segments into a single segment, called "Department and specialty store operations."

For department store operations, existing store sales increased year on year due to a rebound from the previous fiscal year, which saw shortened operating hours and restrictions on the number of customers entering stores. As for restaurant operations, however, business conditions remained challenging due to shortened operating hours and restrictions on the serving of alcoholic beverages continuing in the 17th fiscal year.

As a result, the Department and specialty store operations segment posted an operating loss of ¥8.1 billion, down ¥9.2 billion from the previous fiscal year.

On September 1, 2021, Sogo & Seibu Co., Ltd. merged with Seven & i Asset Management Co., Ltd., which was the property management company for the Seibu Ikebukuro main store.

In addition, based on the idea regarding the business portfolio that was presented in the "Medium-Term Management Plan 2021-2025," effective March 1, 2022, the Company transferred to ABC-MART, INC. all issued shares of Oshman's Japan Co., Ltd. held by the Company.

Financial services operations

Revenues from operations: ¥194.399 billion (down 2.3% YOY)
Operating income: ¥37.549 billion (down 21.9% YOY)

As of the end of the 17th fiscal year, the number of ATMs of Seven Bank, Ltd. installed in Japan had increased to 26,194 units (up 508 units from the previous fiscal year-end). Meanwhile, the average daily transactions per ATM was 96.7 transactions (up 7.0 YOY), due to a rebound from the previous fiscal year when consumers refrained from going out to prevent the spread of COVID-19, as well as an increase in the number of cash charge transactions at ATMs as consumers opted for various cashless payments. Consequently, the total number of ATM transactions during the 17th fiscal year increased from the previous fiscal year. Cash and bank deposits of Seven Bank, Ltd. were ¥934.6 billion, which includes cash to be held in ATMs.

Revenues from operations for the Others segment were ¥20.3 billion, an increase of ¥3.0 billion from the previous fiscal year, and operating loss for the Others segment was ¥0.1 billion, a decrease of ¥0.4 billion from the previous fiscal year.

<u>Eliminations and corporate</u>

Revenues from operations: ¥(55.567) billion (up ¥1.642 billion YOY)
Operating income: ¥(43.681) billion (up ¥17.901 billion YOY)

Expenses and costs associated primarily with the construction of a group-wide shared platform were recorded. As a result, operating loss was ¥43.6 billion, an increase of ¥17.9 billion in comparison to the previous fiscal year.

(2) Capital expenditures and fundraising

Total capital expenditures in the 17th fiscal year were ¥439.6 billion. The funds required for these expenditures were appropriated from loans from the financial institutions and from funds on hand.

Business segment	Capital expenditures (Millions of yen)
Domestic convenience stores	99,801
Overseas convenience stores	178,435
Superstores	62,139
Department and specialty stores	15,090
Financial services	37,323
Others	2,323
Eliminations and corporate	44,516
Total	439,630

(Notes)
1. The amounts above include guaranty deposits and advances for store construction.
2. The amount for eliminations and corporate is an aggregate of eliminated intersegment transactions and the Company's capital expenditures.

(3) Trends in assets and profit/loss in the 17th fiscal year and the most recent three fiscal years

Trends in the corporate group's assets and profit/loss

Item	14th fiscal year March 1, 2018 to February 28, 2019	15th fiscal year March 1, 2019 to February 29, 2020	16th fiscal year March 1, 2020 to February 28, 2021	17th fiscal year March 1, 2021 to February 28, 2022
Revenues from operations	Millions of yen 6,791,215	Millions of yen 6,644,359	Millions of yen 5,766,718	Millions of yen 8,749,752
Net income attributable to owners of parent	Millions of yen 203,004	Millions of yen 218,185	Millions of yen 179,262	Millions of yen 210,774
Net income per share	Yen 229.50	Yen 246.95	Yen 203.03	Yen 238.68
Total assets	Millions of yen 5,795,065	Millions of yen 5,996,887	Millions of yen 6,946,832	Millions of yen 8,739,279
Net assets	Millions of yen 2,672,486	Millions of yen 2,757,222	Millions of yen 2,831,335	Millions of yen 3,147,732
Net assets per share	Yen 2,850.42	Yen 2,946.83	Yen 3,022.68	Yen 3,375.50

(Notes)
1. Net income per share is calculated on the basis of the average number of shares issued during the fiscal year, excluding the number of treasury stock. Net assets per share is calculated on the basis of the total number of shares issued at the end of the fiscal year (the number of shares excluding the number of treasury stock).
2. The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidance effective from the beginning of the 15th fiscal year. The results for the 14th fiscal year are those after retrospective application.

(4) Corporate reorganization measures, etc.

(i) 7-Eleven, Inc. acquires interests related to the convenience store business and other business of Marathon Petroleum Corporation

For the purpose of strategic expansion of the store network, etc., 7-Eleven, Inc. acquired from Marathon Petroleum Corporation convenience store and fuel retail businesses mainly under the Speedway brand in the United States (excluding certain fuel retail operations with direct dealers and certain other businesses), completing a transaction on May 14, 2021 to acquire the shares and other equity interests in a number of companies that operate said businesses, through SEI Speedway Holdings, LLC, which was incorporated as a wholly owned subsidiary of 7-Eleven, Inc. In connection with the acquisition of said shares and other equity interests, the Federal Trade Commission approved the consent order on June 25, 2021 regarding the sale of certain stores.

(ii) Partial transfer of shares in Francfranc Corporation

After deliberation from the perspective of Group synergy with Francfranc Corporation and affinity with the Group's strategies, etc., the Company has transferred its holdings of common stock in BALS INTERNATIONAL LIMITED, the parent company of Francfranc Corporation, to Blue Wedge Limited on August 31, 2021. The Company also bought back some shares of Francfranc Corporation's common stock held by the Company. As a result of these actions, the Company's equity stake in Francfranc Corporation became 23.5%.

(iii) Merger of Sogo & Seibu Co., Ltd. and Seven & i Asset Management Co., Ltd.

By integrating the real estate management and business operations related to Sogo & Seibu Co., Ltd., aiming to further improve the corporate value of the department store business, including alliances with external parties, Sogo & Seibu Co., Ltd. and Seven & i Asset Management Co., Ltd. were merged on September 1, 2021 with Sogo & Seibu Co., Ltd. being the surviving company.

(iv) Absorption-type split between the Company and Ito-Yokado Co., Ltd. and York Co., Ltd.

For the purpose of promoting Group food strategy as part of the Group strategy, by strengthening cooperation with Ito-Yokado Co., Ltd. and York Co., Ltd., the Company aims to build a common infrastructure for the Group and thus to realize a high-quality and efficient product supply system. To this end, the Company transferred a portion of the rights and obligations of the management business of its wholly owned subsidiary Peace Deli Co., Ltd. to Ito-Yokado Co., Ltd. and York Co., Ltd. as succeeding companies through simple absorption-type company split effective on September 1, 2021. As a result, Ito-Yokado Co., Ltd. and York Co., Ltd. each own 30.0% of Peace Deli Co., Ltd, which were 100% owned by the Company.

(v) Establishment of 7-Eleven International LLC

In order to grow the 7-Eleven brand worldwide and to provide greater value and support to existing international licensees through the collaborative creation of a partnership between the two companies, Seven-Eleven Japan Co., Ltd. (SEJ) and 7-Eleven, Inc., a capital increase of 7-Eleven International LLC incorporated by 7-Eleven, Inc. on June 22, 2021 was undertaken between SEJ's controlling owned subsidiary SEJ Asset Management & Investment Company and 7-Eleven, Inc., transferring the interests between them, and by December 31, 2021, each company owned 50.0% of 7-Eleven International LLC.

(vi) Absorption-type merger of Life Foods Co., Ltd. by York-Benimaru Co., Ltd.

York-Benimaru Co., Ltd. aims to strengthen integrated manufacturing and sales business model of its high-growth delicatessen, to secure a competitive edge in the severe market environment expected to continue, and to achieve sustainable growth as a food supermarket that proposes lifestyle solutions, and on March 1, 2022, it merged its wholly owned subsidiary Life Foods Co., Ltd. through absorption-type merger with York-Benimaru Co., Ltd. as the surviving company.

(vii) Transfer of shares of Oshman’s Japan Co., Ltd.

Having determined that it will contribute to the promotion of the growth and efficiency of Oshman’s Japan Co., Ltd., on February 10, 2022, the Company entered into an agreement with ABC-MART, INC. to transfer all of the issued shares of Oshman’s Japan Co., Ltd. held by the Company, and it transferred the shares on March 1, 2022.

(5) Status of major subsidiaries (as of February 28, 2022)

(i) Status of major subsidiaries

Business segment	Company name	Paid-in capital	Capital contribution ratio (%)
Domestic convenience stores	Seven-Eleven Japan Co., Ltd.	¥17,200 million	100.0
Overseas convenience stores	7-Eleven, Inc.	US$17 thousand	100.0
Superstores	Ito-Yokado Co., Ltd.	¥40,000 million	100.0
	York-Benimaru Co., Ltd.	¥9,927 million	100.0
Department and specialty stores	Sogo & Seibu Co., Ltd.	¥20,500 million	100.0
	Seven & i Food Systems Co., Ltd.	¥3,000 million	100.0
	Nissen Holdings Co., Ltd.	¥11,873 million	100.0
Financial services	Seven Bank, Ltd.	¥30,724 million	46.4

(Notes)

1. The capital contribution ratio in 7-Eleven, Inc., Nissen Holdings Co., Ltd., and Seven Bank, Ltd. is indirect holdings.
2. The status of specified wholly owned subsidiaries as of the last day of the 17th fiscal year is as follows.

Name of specified wholly owned subsidiaries	Address of specified wholly owned subsidiaries	Book value of shares of specified wholly owned subsidiaries held by the Company and its wholly owned subsidiaries	Total assets of the Company
Seven-Eleven Japan Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	¥680,212 million	¥2,561,080 million
Ito-Yokado Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	¥568,831 million	

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 173 consolidated subsidiaries and 24 equity-method affiliates.

(6) Issues to be resolved

Business conditions surrounding the Group are changing dramatically at an ever-quickening pace. In Japan, customers' lifestyles and values are becoming more diversified in line with the changing times, along with ongoing social structural changes, such as declining birthrates, aging population, decreasing number of households, and increasing number of dual-income households. On the other hand, the employment environment is expected to remain challenging in light of rising minimum wages and the expansion of social insurance application. Meanwhile, social issues related to climate change, marine pollution, food loss, and sustainable procurement are becoming more serious, both in Japan and abroad. Being members of society, companies are facing the situation that they will have to put their efforts to solve these issues more seriously than ever.

COVID-19, which has swept the globe since 2020, has had a major impact on consumer markets, prompting us to fundamentally re-examine the significance of our businesses. The Group views the changes in customer consumption behavior and the impact on the supply chain caused by COVID-19 not as transient factors but as a "tide of consumption" that will lead us into a new future. Accordingly, we are thoroughly analyzing changes in consumption, values, working environments, and industrial structures caused by COVID-19, and we are working on a Group-wide basis to ensure prompt responses.

Group's priority strategies of the "Medium-Term Management Plan 2021-2025"

(i) Overseas CVS business operation strategy: Challenges of new "growth areas"

In the overseas convenience store operations, 7-Eleven, Inc., which operates 7-Eleven business in the United States, has been accelerating its growth since 2000, and in recent years has come to play a key role in the Group's profit growth. 7-Eleven, Inc. has developed various merchandise to enhance its quality while expanding its 7NOW last-mile service through digital transformation. In the process, it has successfully renewed the image of traditional convenience stores in the United States and expanded its customer base.

In addition, 7-Eleven, Inc. has completed its acquisition of shares and other equity interests in the convenience store business and other businesses from U.S. company Marathon Petroleum Corporation, and integration of the Speedway business is progressing smoothly. The Speedway business has strong brand loyalty and customer-attraction power thanks to favorable store locations, and we will strive to maximize and accelerate synergies by introducing fast food and private brand merchandise from 7-Eleven, Inc. to Speedway stores. We will also strengthen our merchandise supply system by establishing a new supply chain. At the same time, along with strengthening the food business, we will promote the establishment of a sustainable business structure and improvement of profitability. That will be achieved by adapting to a decarbonized society through lowering the dependence on gasoline and accommodating the shift to EVs. Going forward, we will continue focusing on strengthening store openings in North America, including through M&As, in order to maintain the competitive edge of our network.

Furthermore, we established 7-Eleven International LLC to enhance the value of 7-Eleven as a global brand through U.S.-Japan cooperation. It will drive the collaboration between Seven-Eleven Japan Co., Ltd and 7-Eleven, Inc. to further strengthen ties with existing licensees, promote store openings in new areas, and expand global collaboration.

(ii) Domestic convenience store operation strategy: Opening the next "convenience" door

The impact of COVID-19 has caused consumer behavior to change and commercial areas to shrink in size while highlighting growing differences in customer needs among individual stores. Rather than adopting uniformity across all stores, Seven-Eleven Japan Co., Ltd. works to provide more meticulous offerings tailored to the needs of each store. To this end, we are utilizing the Group's economies of scale to increase direct imports and joint procurement of fresh food and other items while using the Group's common infrastructure to expand joint development of meal kits and the like. At the same time, we have begun to expand our merchandise assortment by utilizing the superstore operations', including Ito-Yokado Co., Ltd., knowledge on tracking of production, sourcing merchandise, and production management, as well as its supply chain. We have also been innovating store layouts in response to changes in merchandise assortments, and since fiscal year ended February 28, 2021, we have stepped up introduction of new layouts to meet changing customer needs. In addition, Seven-Eleven Japan Co., Ltd. will strengthen merchandise development and provide support for improving store productivity, and its online convenience store service will be newly branded as 7NOW to focus on last-mile initiatives and creating new customer experiences through customer relationship management (CRM).

We will also promote structural reforms of unprofitable stores and more precise and efficient selection of candidate sites for new store openings. At the same time, we will actively develop and test next-generation stores and accelerate efforts to enter a new growth trajectory.

(iii) Group food strategy: Challenge of "food" expected now

While the domestic consumer market is shrinking due to falling birthrates and the aging population, the share of food merchandise in household expenditures is increasing. The Group has built various forms of infrastructure and accumulated significant know-how until today, including a merchandise development system that emphasizes quality and a supply chain and logistics system that maximizes the value of merchandise in terms of taste and freshness.

Going forward, in the food category, which represents a common foundation underpinning the Group's businesses, we aim at realizing a high-quality, efficient merchandise supply system. To this end, we will further refine the private brand merchandise "Seven Premium," which is driving our competitiveness, due to its innovativeness, brand awareness, and customer appeal; utilize common infrastructure, including centralized kitchens and process centers; and exploit the Group's economies of scale to promote overseas procurement (direct importing) and other efforts. We will continue to contribute to enriching the eating lifestyles of our customers by further promoting initiatives that utilize Group synergies.

(iv) Large-scale commercial base strategy: Create an abundant "lifestyle hubs"

In the current Medium-Term Management Plan 2021-2025, we have positioned the strategy for large-scale commercial base as a "strategy aiming for depth." Under the Plan, we will strive to improve the value of each commercial base by creating stores that meet the needs of each region.

Ito-Yokado Co., Ltd. has been re-examining the commercial areas of stores undergoing structural reforms while revising merchandise assortment to meet regional needs and proposing various merchandise for different lifestyle scenes, and has achieved a certain level of success in the process. Going forward, it will transform its online supermarket service into its large-scale centers and collaborate with its Tokushimaru mobile supermarkets to strengthen mobile sales. We will complete business structural reforms by the end of the fiscal year ending February 28, 2023, including closing unprofitable stores and optimizing the allocation of personnel. Meanwhile, we will utilize the knowledge of production tracking, merchandise sourcing, and production management, as well as supply chain to improve the competitiveness and corporate value of the Group. At the same time, we will focus on our regrowth strategy in order to strengthen the profitability of Ito-Yokado Co., Ltd.

Sogo & Seibu Co., Ltd. is proceeding with store structural reforms by introducing and entrenching real estate management services. Going forward, it will strengthen external sales and expand commercial and other non-store businesses to meet the needs of affluent customers. However, with the continuous challenge in business environment, we are currently under a strategic review, as part of the re-evaluation of our business portfolio, which will be mentioned later

(v) Last mile initiatives

The spread of COVID-19 has dramatically increased the need for delivery and mobile sales services. In response, the Group will expand our efforts through establishing the system of merchandise development and its supply to meet wide-ranging customer needs. Those efforts include mobile sales, which serve as key infrastructure for local communities, regular deliveries with online supermarkets, which are increasingly handled by our large-scale centers, and Seven-Eleven Japan Co., Ltd.'s online convenience stores, which is newly branded as 7NOW, by maximizing our advantage of having multiple business formats.

(vi) Digital/finance strategy: Expand customer contact points and build robust security infrastructure

To strengthen contact points with customers, who represent a valuable foundation for the entire Group, we are promoting digital transformation (DX) to create new experiences and values. Our DX strategy has two main purposes. The first is to increase work productivity through digital technology and thus enable human resources to focus on highly creative tasks that only humans can perform. The second is to provide customers with unprecedented levels of convenience and other new experiences and values. To this end, we are working to strengthen relationships with individual customers by utilizing data provided by customers mainly through 7iD, the Group's common ID, for our CRM and the like. We are also working to enhance the functionality of last-mile and other services.

In the financial services, we will leverage our customer contact points, made stronger through the aforementioned initiatives, to develop financial products and services that contribute to provide new value to customers across retail and finance.

Furthermore, to build a robust security infrastructure, we have revised our Basic Policy on Information Security, under which we are helping each Group operating company build its own security environment while performing control assessments and other tasks. Under the supervision of the Information Management Committee, we will strengthen the Group-wide security and constantly review our security measures in line with advances in digital technology. We are committed to rigorously protecting the safety and security within the Group.

Ongoing reassessment of business portfolio

Our Medium-Term Management Plan 2021-2025 clearly defines our business portfolio approach, which is to maximize the Group's corporate value by constantly reassessing our business portfolio and accelerating actions to achieve optimal outcomes. Based on the efficiency and growth potential of each business, we will restructure businesses in fields earmarked for priority structural reforms by undertaking drastic restructuring, tightening investment discipline, and leveraging Group synergies to increase profits. We will then identify businesses that are struggling to increase corporate value adequately within the Group and consider the "best owners" of such businesses. As a Group, we will continue reassessing our business portfolio, including by shifting management resources to priority growth fields.

Solid management foundation to support our strategy

(i) Realizing a sustainable society

To date, the Group has been proactive in its efforts to resolve social issues and enhance corporate value, both of which are fundamental to management. In 2012, we signed the United Nations Global Compact and have since worked continuously to put its 10 principles into practice. We also identified "Five Material Issues" that are highly compatible with our business areas. Following dialogue with our stakeholders, we revised this into "Seven Material Issues" in March 2022. We are addressing such issues while linking them to the 17 Sustainable Development Goals (SDGs) set forth by the United Nations. Through these efforts, we are working through our core businesses to create a new business model that takes social issues and priority issues as its starting points.

* Seven Material Issues
- Create a livable society with local communities through various customer touchpoints
- Provide safe, reliable, and healthier merchandise and services
- Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts
- Achieve a society in which diverse people can actively participate
- Improve work engagement and environment for people working in Group businesses
- Create an ethical society through dialogue and collaboration with customers
- Achieve a sustainable society through partnerships

In May 2019, we announced our "GREEN CHALLENGE 2050" environmental declaration, which sets four key themes: reduction of CO_2 emissions, measures against plastic, measures against food loss and for food recycling, and sustainable procurement. As we address these themes, we are working to realize a sustainable society in cooperation with customers, local communities, business partners, and other stakeholders.

In addition, communities are becoming increasingly concerned about the human rights efforts of companies as their activities become more global in nature. The Group has been working to protect human rights under its Corporate Action Guidelines, and it has recently established the Seven & i Group Human Rights Policy. We will continue encouraging employees, supply chain partners, and local communities to work with us as we step up our efforts to respect human rights.

Reference: Sustainability https://www.7andi.com/sustainability/

(ii) Further strengthening corporate governance

With respect to corporate governance, to date, we have been constantly striving to improve and expand corporate governance based on dialogue with all stakeholders. In May 2020, the existing Nomination & Compensation Committee was separated into the Nomination Committee and the Compensation Committee, each with a majority of independent outside directors. This is one example of improvements aimed at ensuring management transparency and objectivity. We will continue working to enhance information disclosure through a wide range of tools, including print media and the Internet, and to make dialogue with the stakeholders even more fruitful. Since 2021 the Group has used a skills matrix to select members of the Board of Directors with a view to ensure that they have the requisite knowledge, experience, competence, and diversity, to further promote our Group's medium- to long-term initiatives upon enhancing corporate value.

In addition to these efforts, we will further improve the diversity of the Board of Directors and increase the number of independent outside directors to a majority. This is to build a governance system suitable for aiming to become a world-class global distribution group, which is our Group image for 2030.

Our aim is to achieve sustainable growth in the global market and increase corporate value over the medium to long term. The Board of Directors will continue making appropriate and important decisions, conducting highly effective oversight, and appropriately fulfilling roles and responsibilities.

Moreover, we are further strengthening our financial discipline in accordance with our basic financial policy, as both revenue and investment opportunities are expanding globally. Regarding shareholder returns, we will consider flexible shareholder returns based on stable and continuous improvement of dividends per share, taking into consideration free cash flow, stock price, and other factors.

(iii) Human resource measures linked to management strategy

Human resources are the source of the Group's growth potential. In particular, we believe that management measures and human resource strategy are inseparable and must be linked in order to promote DX and global strategies and enhance both social and corporate value. Accordingly, we pursue a human resource measures that is integrated with our management strategy, and we will not only seek human resources with specialized knowledge and skills from outside the Group but also actively develop them within the Group.

By actively providing employees with opportunities for growth, we aim to develop human resources who continue to learn and improve their skills on their own, thereby achieving mutual growth for both employees and the Group.

Having launched the Diversity & Inclusion Promotion Project, we have established frameworks to create environments that allow diversity and differences among workers and support flexible work styles. We will focus particular attention on fostering an organization and corporate culture where women and other diverse human resources can play active roles, taking into consideration the nature of the Group's main business, which welcomes many female customers.

The Group is committed to achieving sustainable growth by enhancing corporate value over the medium and long terms. To this end, we will continue strengthening Group synergies to further expand the Group's strengths while providing more value and appropriate returns on profits to all stakeholders.

(7) Scope of principal businesses (as of February 28, 2022)

The Group is centered on the retail industry and comprises 198 companies (including the Company itself), with the Company as a pure holding company. The Group's principal business activities are domestic convenience store operations, overseas convenience store operations, superstore operations, department and specialty store operations, and financial services operations.

Business segments, names of major Group companies, and numbers of companies are as follows. This segmentation is the same as that used in the segment information section.

Business segments	Names of major Group companies
Domestic convenience stores (9 companies)	Seven-Eleven Japan Co., Ltd. SEVEN-ELEVEN OKINAWA Co., Ltd. 7dream.com Co., Ltd. Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. TOWER BAKERY CO., LTD.*1
Overseas convenience stores (114 companies)	7-Eleven, Inc. SEJ Asset Management & Investment Company SEI Speedway Holdings, LLC Speedway LLC 7-Eleven International LLC SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) Co., Ltd. SEVEN-ELEVEN (TIANJIN) CO., LTD. SHAN DONG ZHONG DI CONVENIENCE CO., LTD.*1
Superstores (21 companies)	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd.*2 York Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd. K.K. Sanei K.K. York Keibi IY Foods K.K. Seven Farm Co., Ltd. Peace Deli Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd.*1 DAIICHI CO., LTD.*1
Department and specialty stores (28 companies)	Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. AKACHAN HONPO CO., LTD. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd.*3 Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD. Nissen Holdings Co., Ltd. Nissen Co., Ltd. SCORE Co., Ltd. MARRON STYLE Co., Ltd. Francfranc Corporation*1 Tower Records Japan Inc.*1 Nissen Credit Service Co., Ltd.*1

Business segments	Names of major Group companies
Financial services (15 companies)	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. Bank Business Factory Co., Ltd. Seven Payment Service, Ltd. FCTI, Inc. TORANOTEC Ltd.*1
Others (9 companies)	Seven & i Create Link Co., Ltd. Seven & i Net Media Co., Ltd. Seven Culture Network Co., Ltd. Yatsugatake Kogen Lodge Co., Ltd. Terube Ltd. I ing Co., Ltd.*1 PIA Corporation*1
Corporate (1 company)	SEVEN & i Financial Center Co., Ltd.

(Notes)

*1 TOWER BAKERY CO., LTD., SHAN DONG ZHONG DI CONVENIENCE CO., LTD., Tenmaya Store Co., Ltd., DAIICHI CO., LTD., Francfranc Corporation, Tower Records Japan Inc., Nissen Credit Service Co., Ltd., TORANOTEC Ltd., I ing Co., Ltd., and PIA Corporation are affiliates.

*2 Life Foods Co., Ltd. ceased to exist as of March 1, 2022 as a result of its absorption-type merger with York-Benimaru Co., Ltd.

*3 Oshman's Japan Co., Ltd. was excluded from the Company's scope of consolidation due to the transfer of shares as of March 1, 2022.

(8) Principal business locations (as of February 28, 2022)

(i) The Company

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo

(ii) Principal subsidiaries

(Domestic convenience stores)

Seven-Eleven Japan Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 427 stores

(Overseas convenience stores)

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 5,809 stores

(Note)
The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2021.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 128 stores

York-Benimaru Co., Ltd.

- Head office: 5-42, Yashimamachi, Koriyama, Fukushima
- Corporate stores: 237 stores

(Department and specialty stores)

Sogo & Seibu Co., Ltd.

- Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 10 stores

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Main office: 4-5, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 507 stores

Nissen Holdings Co., Ltd.

- Head office: 26 Nishikujoinmachi, Minami-ku, Kyoto

(Financial services)

Seven Bank, Ltd.

- Head office: 6-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo

(9) Status of employees (as of February 28, 2022)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Domestic convenience stores	9,179 employees	53 employees (decrease)
Overseas convenience stores	49,141 employees	25,428 employees (increase)
Superstores	14,376 employees	369 employees (decrease)
Department and specialty stores	7,500 employees	638 employees (decrease)
Financial services	1,806 employees	102 employees (increase)
Others	664 employees	20 employees (increase)
Corporate (shared)	969 employees	170 employees (increase)
Total	83,635 employees	24,660 employees (increase)

(Notes)

1. The number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).
2. In addition to the number of employees listed above, the Company and its Group companies employ 87,122 part-time employees (monthly average based on a 163-hour working month).
3. The number of employees for corporate (shared) is the number of employees of the Company.
4. The increase in the number of employees in Overseas convenience store is mainly due to the acquisition by 7-Eleven, Inc. of shares and other equity interests in Speedway LLC and 20 other companies.
5. Business segment classifications were changed from the 17th fiscal year and regarding the change from the previous fiscal year-end, comparison was made after reclassifying the figures for the previous fiscal year into the new business segment classifications.

(ii) Status of employees of the Company

	Number of employees	Change from the previous fiscal year-end	Average age	Average number of years of continuous service
Males	717 employees	114 employees (increase)	43 years 7 months	15 years 4 months
Females	252 employees	56 employees (increase)	40 years 1 month	15 years 2 months
Total or average	969 employees	170 employees (increase)	42 years 8 months	15 years 4 months

(Notes)

1. Most of the Company’s employees have been transferred from Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd. or Denny’s Japan Co., Ltd. (merged into Seven & i Food Systems Co., Ltd. on September 1, 2007). The average number of years of continuous service is the total of the number of years of continuous service at each company.
2. In addition to the number of employees listed above, the Company employs 15 part-time employees (monthly average based on a 163-hour working month).
3. The increase in the number of the Company’s employees is due to the promotion of DX (digital transformation) strategies.

(10) Status of major lenders (as of February 28, 2022)

Lender	Amount borrowed (Millions of yen)
Sumitomo Mitsui Banking Corporation	362,914
Japan Bank for International Cooperation	298,974
MUFG Bank, Ltd.	232,016
Mizuho Bank, Ltd.	152,221

(11) Other important items regarding the current state of the corporate group

None.

2. Items Regarding Shares (as of February 28, 2022)

(1) Number of shares authorized to be issued: 4,500,000,000 shares

(2) Number of shares issued: 886,441,983 shares

(Note)
The number of shares issued includes 1,833,375 shares of treasury stock.

(3) Number of shareholders: 74,741

(4) Major shareholders (Top 10)

Name of shareholders	Number of shares (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	133,146	15.1
Ito-Kogyo Co., Ltd.	70,701	8.0
Custody Bank of Japan, Ltd. (Trust account)	49,696	5.6
SMBC Nikko Securities Inc.	32,762	3.7
Nippon Life Insurance Company	17,672	2.0
Masatoshi Ito	16,799	1.9
VALUEACT CAPITAL MASTER FUND L.P.	16,761	1.9
MITSUI & CO., LTD.	16,222	1.8
Custody Bank of Japan, Ltd. (Trust account 4)	15,260	1.7
JAPAN SECURITIES FINANCE CO., LTD.	15,073	1.7

(Note)
The calculation of the percentage of shares held does not include shares of treasury stock. The shares of treasury stock do not include 1,469 thousand shares held by the “Board Incentive Plan (BIP) Trust” (the “BIP Trust”) and the “ESOP Trust for Granting Stock” (the “ESOP Trust”).

(5) Other important matters relating to shares

With regard to compensation, etc., to further clarify the link with business performance and stock price, and to enhance motivation to contribute to the improvement of medium- and long-term corporate value and sharing interests with shareholders, the Company has introduced the “BIP Trust” for Directors (excluding Outside Directors) of the Company and the certain consolidated subsidiaries (hereinafter the “Subject Subsidiaries”) and the “ESOP Trust” for Executive Officers of the Company and the Subject Subsidiaries.

As of February 28, 2022, the number of the Company’s shares held by “BIP Trust” and “ESOP Trust” was 834 thousand shares and 635 thousand shares, respectively.

3. Items Regarding Share Subscription Rights

(1) Overview, etc. of the share subscription rights held by Directors or Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 28, 2022)

Name of share subscription rights issue		15th share subscription rights issue	17th share subscription rights issue
Date of resolution for issue		July 7, 2015	July 7, 2016
Number of share subscription rights		281*[1]	165*[1]
Class and number of shares to be acquired upon exercise of the share subscription rights		28,100*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)	16,500*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥533,000 per subscription right	¥361,300 per subscription right
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 29, 2016 to August 5, 2035	From February 28, 2017 to August 3, 2036
Exercise conditions		*[2]	*[2]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1

Name of share subscription rights issue		19th share subscription rights issue	21st share subscription rights issue
Date of resolution for issue		July 6, 2017	July 5, 2018
Number of share subscription rights		161*[1]	182*[1]
Class and number of shares to be acquired upon exercise of the share subscription rights		16,100*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)	18,200*[1] common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥369,800 per subscription right	¥380,600 per subscription right
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2018 to August 4, 2037	From February 28, 2019 to August 3, 2038
Exercise conditions		*[2]	*[2]
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1

(Notes)
*1. The total number of share subscription rights at the time of granting them to Directors of the Company is shown.

*2. Exercise conditions are as follows:

(i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a Director or executive officer of the Company, or as a Director or executive officer of a subsidiary of the Company.

(ii) Regardless of the condition set forth in (i) above, in the event that a Shareholders' Meeting of the Company (if a resolution of the Shareholders' Meeting is not required, then in the event that the Company's Board of Directors) approves a resolution for approval of a merger agreement in which the Company is the dissolved company or a resolution for approval of a share exchange agreement or a share transfer plan resulting in the Company becoming a wholly owned subsidiary of another company, then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the resolution was approved.

(iii) If the share subscription right holder is a Director or executive officer of a subsidiary of the Company, then regardless of the condition set forth in (i) above, in the event that the company in question ceases to be a subsidiary of the Company (including but not limited to circumstances resulted from internal reorganization or the transfer of stock), then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the company in question ceases to be a subsidiary of the Company.

(iv) The share subscription right holder is to exercise at one time all of the share subscription rights allotted.

(v) If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for exercising the share subscription rights by the heir shall be as set forth in the agreement referred to in (vi) below.

(vi) Other conditions shall be as set forth in the "Share Subscription Rights Allotment Agreement" entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

(2) Overview, etc. of the share subscription rights granted to employees, etc. during the 17th fiscal year as compensation for the performance of their duties

None.

4. Items Regarding the Company's Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (as of February 28, 2022)

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Representative Director and President	Ryuichi Isaka	Member of the Nomination Committee of the Company Director of Seven-Eleven Japan Co., Ltd. Director of 7-Eleven, Inc.
Representative Director and Vice President	Katsuhiro Goto	Member of the Nomination Committee of the Company Director of Seven Bank, Ltd.
Director	Junro Ito	Member of the Compensation Committee of the Company General Manager of the Corporate Development Division of the Company Outside Director of AIN HOLDINGS INC. Representative Director of Ito-Kogyo Co., Ltd.
Director	Kimiyoshi Yamaguchi	Member of the Compensation Committee of the Company General Manager of the Corporate Communication Division of the Company Director of Sogo & Seibu Co., Ltd.
Director	Yoshimichi Maruyama	General Manager of the Corporate Finance & Accounting Division of the Company Representative Director and President of SEVEN & i Financial Center Co., Ltd. Director of 7-Eleven, Inc.
Director	Fumihiko Nagamatsu	Representative Director and President of Seven-Eleven Japan Co., Ltd. Director of 7-Eleven, Inc.
Director	Shigeki Kimura	In charge of the President Office of the Company In charge of Group Cooperation of the Company Director of Seven-Eleven Japan Co., Ltd.
Director	Joseph Michael DePinto	Director & President & CEO of 7-Eleven, Inc. Chairman of the Board (Non-Executive) of Brinker International, Inc. Director (Non-Executive) of DHC Acquisition Corp.
Director	Yoshio Tsukio	Member of the Nomination Committee of the Company President and Representative, Tsukio Research Institute
Director	Kunio Ito	Chair of the Nomination Committee of the Company Chair of the Compensation Committee of the Company Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. Outside Director of Toray Industries, Inc.
Director	Toshiro Yonemura	Member of the Nomination Committee of the Company Outside Director of Kansaidengyosha Co., Ltd.
Director	Tetsuro Higashi	Member of the Compensation Committee of the Company Outside Director of Ube Industries, Ltd. External Director of Nomura Real Estate Holdings, Inc.
Director	Kazuko Rudy (Real name: Kazuko Kiriyama)	Member of the Compensation Committee of the Company Representative Director of WITAN ACTEN Co., Ltd. Outside Director of TOPPAN FORMS CO., LTD.

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Standing Audit & Supervisory Board Member	Noriyuki Habano	Audit & Supervisory Board Member of Ito-Yokado Co., Ltd. Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd.
Standing Audit & Supervisory Board Member	Yoshitake Taniguchi	Audit & Supervisory Board Member of Seven-Eleven Japan Co., Ltd. Audit & Supervisory Board Member of York Co., Ltd.
Audit & Supervisory Board Member	Kazuhiro Hara	Certified Public Accountant Certified Tax Accountant
Audit & Supervisory Board Member	Mitsuko Inamasu	Attorney at Law
Audit & Supervisory Board Member	Kaori Matsuhashi (Real name: Kaori Hosoya)	Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd.

(Notes)

1. Since establishing the "Nomination and Compensation Committee" with an Independent Outside Director as the Chair to be an advisory committee to the Board of Directors in 2016, the Company has been utilizing the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members to ensure objectivity and transparency in the procedures for deciding the nomination and compensation of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers, thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. Subsequently, responding to feedback from shareholders and investors, and as a result of deliberations through effectiveness evaluations of the Company's Board of Directors, the Company has decided to make the following improvements, effective since the 15th Annual Shareholders' Meeting held on May 28, 2020, to utilize a more diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in committee deliberations and further improve their objectivity and transparency: (1) the Nomination Committee and the Compensation Committee are separated; (2) each committee is composed of three Independent Outside Directors and two Directors who are not Outside Directors (the majority of committee members are Independent Outside Directors); and (3) internal committee members of the Compensation Committee are selected from among Directors other than Representative Directors. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member respectively act as observers at the "Nomination Committee" and the "Compensation Committee" (hereinafter referred to as the "Committees") since their deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the Committees as advisory committees to the Board of Directors.

   In the 17th fiscal year, the "Nomination Committee" and the "Compensation Committee" held seven meetings and three meetings, respectively. Each of the meetings was attended by all members who should be present.

2. Representative Director and President Ryuichi Isaka resigned from his position as a Director of Seven-Eleven Japan Co., Ltd. on February 28, 2022.

3. Audit & Supervisory Board Member Kaori Matsuhashi retired from her position as an Outside Audit & Supervisory Board Member of Kakaku.com, Inc. on June 17, 2021.

4. Directors Yoshio Tsukio, Kunio Ito, Toshiro Yonemura, Tetsuro Higashi, and Kazuko Rudy are Outside Directors.

5. Audit & Supervisory Board Members Kazuhiro Hara, Mitsuko Inamasu, and Kaori Matsuhashi are Outside Audit & Supervisory Board Members.

6. Standing Audit & Supervisory Board Member Yoshitake Taniguchi and Audit & Supervisory Board Members Kazuhiro Hara and Kaori Matsuhashi have the following expertise with regard to finance and accounting:

   ・Standing Audit & Supervisory Board Member Yoshitake Taniguchi was engaged in operations relating to finance and accounting in the finance and accounting division in the Company and its Group companies for a total period of eight (8) years or more.

   ・Audit & Supervisory Board Member Kazuhiro Hara is a certified public accountant and certified tax accountant.

   ・Audit & Supervisory Board Member Kaori Matsuhashi is a certified public accountant.

7. All Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors or Audit & Supervisory Board Members in accordance with the rules of the Tokyo Stock Exchange.

8. The Company has concluded an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts.

9. The Company has entered into a directors' and officers' liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. Directors and Audit & Supervisory Board Members will be insured under the contract. The brief overview of the said insurance contract is as follows:

(1) Scope of the insured individuals

Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)

(2) The ratio of premiums to be actually borne by the insured individuals

The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.

(3) Outline of insured events covered by the said insurance

The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.

10. In the 17th fiscal year, Directors Tetsuro Higashi and Kazuko Rudy both attended 15 out of 16 meetings of the Board of Directors, and the other Directors attended 16 out of 16 meetings. Each Audit & Supervisory Board Member attended 16 out of 16 meetings of the Board of Directors and 27 out of 27 meetings of the Audit & Supervisory Board during the 17th fiscal year.

11. Executive officers of the Company as of February 28, 2022 were as follows:

Position	Name
Executive Officer and President	Ryuichi Isaka
Executive Officer and Vice President	Katsuhiro Goto
Managing Executive Officer	Junro Ito
Executive Officer	Kimiyoshi Yamaguchi
Executive Officer	Yoshimichi Maruyama
Managing Executive Officer	Tomihiro Saegusa
Managing Executive Officer	Takuji Hayashi
Managing Executive Officer	Yukio Mafune
Managing Executive Officer	Seiichiro Ishibashi
Executive Officer	Masaki Saito
Executive Officer	Nobutomo Teshima
Executive Officer	Mayumi Tsuryu
Executive Officer	Minoru Matsumoto
Executive Officer	Shinya Ishii
Executive Officer	Hidekazu Nakamura
Executive Officer	Nobuyuki Miyaji

(2) Compensation, etc. of Directors and Audit & Supervisory Board Members

(i) Policies and procedures in determining the compensation of Directors and Audit & Supervisory Board Members

Purpose of the establishment of policy on compensation of Directors and Audit & Supervisory Board Members

(1) Development of compensation of Directors and Audit & Supervisory Board Members based on the "Basic Views on Corporate Governance"

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group's corporate value over the medium and long term in order to ensure the trust of various stakeholders, based on the Corporate Creed of the Company. Based on this basic views on corporate governance, the Company considers a compensation system for Directors and Audit & Supervisory Board Members to be one of the important mechanisms to further increase the motivation and morale of Directors and Audit & Supervisory Board Members, and to appropriately take risks for the sake of the continued growth of medium- and long-term corporate value and the sustainable growth of the Group, and constructs and operates this system.

(2) History of compensation system of the Company and introduction of a new stock-based compensation system

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and granted bonuses and stock options for stock-linked compensation to Directors as performance-based compensation.

However, the Board of Directors and the Nomination and Compensation Committee have continuously reviewed the effective compensation system in line with the Company's business status from the viewpoint of (1) above.

Through these examinations, for the purposes of further clarifying the link between the compensation of Directors and Audit & Supervisory Board Members and business performance and stock price, enhancing the motivation to contribute to the improvement of medium- and long-term corporate value, and sharing interests with shareholders, the Company decided to establish a new "Policy on Compensation of Directors and Audit & Supervisory Board Members" in April 2019, including the transition from the existing stock options for stock-linked compensation to a new stock-based compensation system more closely linked to medium- and long-term business performance, and made partial revisions in February 2021. In order to utilize a more diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in committee deliberations and further improve their objectivity and transparency, the Company has separated the former Nomination and Compensation Committee into the Nomination Committee and the Compensation Committee effective since the Annual Shareholders' Meeting held on May 28, 2020, and decided that each committee chair and the majority of committee members shall be Independent Outside Directors, and decided that committee members of the Compensation Committee shall be selected from among Directors other than Representative Directors.

《Policy on Compensation of Directors and Audit & Supervisory Board Members》

1. Basic views on compensation for Directors and Audit & Supervisory Board Members

The Company considers the compensation system for Directors and Audit & Supervisory Board Members of the Company (in this Policy, "officers") to be "an important mechanism to appropriately take risks for the sake of the continued growth of the medium- and long-term corporate value and sustainable growth of the Group, based on our basic views on corporate governance," and builds and operates the system based on the points set forth below.

◇ Emphasis is placed on the link between the financial results and corporate value of the Group, and establishing a system that further increases the motivation and morale to contribute to improved financial results and increased corporate value continuously over the medium to long term.

◇ To secure highly capable human resources who will support enhanced corporate governance through appropriate oversight and auditing of operational execution, provide compensation levels and systems commensurate with responsibilities.

◇ Ensure the objectivity and transparency of the compensation decision process, and establish a compensation system trusted by all stakeholders.

◇ With regard to the design of a specific compensation system for officers, continue to consider tailoring it more appropriately in light of future trends in legal systems and society.

2. Compensation levels

The levels of compensation for officers will be determined, taking into consideration various fundamentals in the business content and the business environment of the Company, with reference to the compensation levels of officers in major companies of the same size as the Company based on market capitalization and operating income levels, etc.

3. Compensation composition

(1) Operating Directors

(a) Compensation composition ratios

The compensation composition ratios for operating Directors (*) are as follows:

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
60%	20%	20%

← Money compensation → ← Stock-based compensation →

* Calculated under the assumption that bonuses and stock-based compensation are based on a standard compensation amount.

(b) Composition

(i) Fixed Compensation

- A fixed monetary compensation commensurate with the responsibilities of each position will be paid.
- Compensation will be paid monthly during the term of office.

(ii) Performance-based compensation (bonuses)

- Short-term incentive compensation will be a performance-based compensation that varies based on the Company's business performance and individual evaluations, etc., for the relevant fiscal year.
- Compensation will be paid annually after the Company's business performance and individual evaluations, etc., for the relevant fiscal year have been confirmed.
- The Key Performance Indicators (KPIs) for performance-based compensation (bonuses) are per the table below. While evaluating the degree of improvement of profit-making capability in the main business, for incorporating the shareholders' viewpoint, consolidated ROE and consolidated net income are also used together as KPIs.

Key Performance Indicators for performance-based compensation (bonuses)

KPIs	Ratio	Purpose of evaluation
(a) Consolidated Operating Income	60%	Evaluation of the degree of improvement of the capability of making profit
(b) Consolidated ROE	20%	Evaluation of profitability against equity
(c) Consolidated Net Income	20%	Evaluation of the degree of achievement of budgeted net income

(iii) Stock-based compensation

- Medium- and long-term incentive compensation will be a performance-based and stock-based compensation that varies based on the Company's business performance, management indicators, non-financial indicators, etc. (introduction of the BIP Trust system as a stock-based compensation system was resolved at the Annual Shareholders' Meeting held in May 2019).
- Performance-based and stock-based compensation will enhance sharing profits and risks with our shareholders who have medium- and long-term perspectives by providing points during the term of office based on which shares will be delivered.
- The covered period will be four fiscal years starting from the fiscal year ended February 29, 2020.
- Shares will be delivered to Directors upon their retirement.
- Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a performance-based coefficient and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPIs for stock-based compensation are per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators, and in order to evaluate that these can be achieved by strengthening the capability for making profit by the main business, consolidated operating income is also used together as a KPI.
- The Company, aiming for the balance of corporate value and social value, added a target to reduce the amount of CO_2 emissions under the environmental declaration called "GREEN CHALLENGE 2050" made in May 2019, as an indicator of the KPIs for stock-based compensation from the fiscal year ended February 28, 2021.

Key Performance Indicators for stock-based compensation

KPIs	Ratio	Purpose of evaluation
(a) Consolidated Operating Income	40%	Evaluation of the degree of improvement of the capability for making profit
(b) Consolidated ROE	40%	Evaluation of profitability against equity
(c) Consolidated EPS	20%	Evaluation of net income from shareholders' viewpoint
(d) CO_2 Emissions	*See the formula below	Evaluation of the degree of promotion of reducing the environmental burden

*Formula of the performance-based coefficient:

Performance-based coefficient = ｛(a)＋(b)＋(c)｝ × (d)

(a) "Consolidated operating income" related coefficient × 40%

(b) "Consolidated ROE" related coefficient × 40%

(c) "Consolidated EPS" related coefficient × 20%

(d) "CO_2 emissions" related coefficient

- When evaluating KPIs, the range of compensation of Representative Directors is set wider by using different performance-based coefficients from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.
- If an eligible Director commits a material illegal or unlawful act, no shares under this system will be delivered to such Director (malus) or the Company may request that such Director refund money corresponding to the shares delivered to him/her (clawback).

(2) Outside Directors and Audit & Supervisory Board Members

(a) Compensation composition ratios

The compensation composition ratios for Outside Directors and Audit & Supervisory Board Members are as follows:

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
100%		

← Money compensation →

(b) Composition

Fixed Compensation

- With an emphasis on further strengthening the independence of Outside Directors and Audit & Supervisory Board Members from management, the compensation of Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation. Performance-based compensation (bonuses and stock-based compensation) will not be paid to Outside Directors and Audit & Supervisory Board Members.

- Compensation will be paid monthly during the term of office.

4. Compensation Governance

(1) Compensation Committee

The Company has established a compensation committee (in this Policy, the "Compensation Committee") to ensure objectivity and transparency in the procedures for deciding the compensation of officers, etc. (referring in this Policy to Directors, Audit & Supervisory Board Members, and executive officers). The committee's chair and the majority of its members are Independent Outside Directors, and all of its members are Directors other than Representative Directors.

(2) Method of determining compensation

This Policy, a basic policy on compensation of officers, has been determined by the Board of Directors through deliberations by the Compensation Committee. Based on this Policy, the amount of compensation of each Director is deliberated by the Compensation Committee in accordance with the evaluation of each Director's function, degree of contribution, and the Group's results, as well as the degree of achievement of KPIs, and then determined by the Board of Directors to whom the Compensation Committee reports, and who makes determinations based on the reports of the Compensation Committee.

The compensation of each Audit & Supervisory Board Member is determined through discussions by the Audit & Supervisory Board Members.

5. Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of officers is decided within the following compensation limits, determined at the Shareholders' Meeting.

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and no severance payments will be paid.

(1) Directors

- Monetary compensation

  Not more than ¥1 billion per year (not including employee salaries paid to Directors who serve concurrently as employees)

  (Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)

- Stock-based compensation

  3 fiscal years/not more than ¥600 million (not more than ¥200 million per fiscal year)
  Limit on the points granted per fiscal year: 40,000 points (1 point = 1 share of common stock)
  (Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)

(2) Audit & Supervisory Board Members

- Monetary compensation

  Not more than ¥200 million per year
  (Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)

(Note) The portion stating “the Board of Directors to whom the Compensation Committee reports” in 4. (2) in the above policy was previously “the Representative Director and President, who is entrusted with such responsibility by the Board of Directors to whom the Compensation Committee reports,” but this was changed by resolution of the Board of Directors meeting held on April 7, 2022.

(ii) Aggregate amount of compensation, etc. regarding the 17th fiscal year

Classification of Directors/Audit & Supervisory Board Members	Number of eligible Directors/Audit & Supervisory Board Members	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		
			Fixed compensation	Performance-based compensation	
				Bonus	Stock-based compensation (BIP Trust)
Directors (excluding Outside Directors)	8	317	195	50	70
Outside Directors	5	88	88	–	–
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	65	65	–	–
Outside Audit & Supervisory Board Members	3	43	43	–	–

(Notes)
1. The aggregate amounts of compensation, etc. of Directors shown above do not include amounts paid as salaries for employees to Directors who serve concurrently as employees.
2. It was resolved at the 1st Annual Shareholders’ Meeting held on May 25, 2006 that the annual amount of compensation paid to Directors shall not exceed ¥1 billion (not including amounts paid as salaries for employees). The number of Directors was sixteen (16) in accordance with the resolution of this Shareholders’ Meeting.
3. The 14th Annual Shareholders’ Meeting held on May 23, 2019 revolved as follows regarding compensation amounts for Directors’ stock-based compensation (BIP Trust). The number of Directors is seven in accordance with the resolution of this Shareholders’ Meeting.
   3 fiscal years/not more than ¥600 million (not more than ¥200 million per fiscal year)
   Limit on the points granted per fiscal year: 40,000 points (1 point = 1 share of common stock)
4. It was resolved at the 14th Annual Shareholders’ Meeting held on May 23, 2019 that the annual amount of compensation paid to Audit & Supervisory Board Members shall not exceed ¥200 million. The number of Audit & Supervisory Board Members is five (5) in accordance with the resolution of this Shareholders’ Meeting.
5. Stock-based compensation (BIP Trust) was granted to five (5) Directors (excluding Outside Directors).

(iii) KPI results pertaining to performance-based compensation in the 17th fiscal year

KPIs	Results in the fiscal year ended February 28, 2022
(a) Consolidated Operating Income	¥387.6 billion
(b) Consolidated ROE	7.5%
(c) Consolidated Net Income	¥210.7 billion

Key Performance Indicators for stock-based compensation

KPIs	Results in the fiscal year ended February 28, 2022
(a) Consolidated Operating Income	¥387.6 billion
(b) Consolidated ROE	7.5%
(c) Consolidated EPS	238.68 yen
(d) CO_2 Emissions	2,011,152 t

(Note) The result of "(d) CO_2 Emissions" is from the fiscal year ended February 28, 2021.

(iv) Reasons the Board of Directors has deemed that compensation, etc. of each Director pertaining to the 17th fiscal year aligns with the determination policy

The determination of details of compensation, etc. of each Director pertaining to the 17th fiscal year is made by the Representative Director and President Ryuichi Isaka, who is entrusted with such responsibility by the Board of Directors, which receives a report from the Compensation Committee, and the Board of Directors has determined that it is in line with the determination policy as the decision is based on a report by the Compensation Committee, which is an advisory body to the Board of Directors, after deliberation by the Compensation Committee in accordance with the evaluation of each Director's function, degree of contribution, and the Group's results, as well as the degree of achievement of KPIs based on the policy on compensation of Directors and Audit & Supervisory Board Members stated in (i) above.

(v) Aggregate amount of compensation, etc. of Outside Directors and Outside Audit & Supervisory Board Members from subsidiaries

None.

(3) Items related to Outside Directors and Outside Audit & Supervisory Board Members

(i) Standards for the independence of Outside Directors and Outside Audit & Supervisory Board Members, etc.

The Company emphasizes diversity in its Directors and Audit & Supervisory Board Members, including in Outside Directors and Outside Audit & Supervisory Board Members, and strives to secure highly capable external human resources who will support enhanced corporate governance. Accordingly, the Company has adopted the following standards for independence of Outside Directors and Outside Audit & Supervisory Board Members, considering that it is better to judge each candidate from the essential perspective of whether they have any potential conflict of interest with general shareholders.

The opinions of the Outside Directors and Outside Audit & Supervisory Board Members were also considered in the adoption of the following standards; the Company will continue to discuss the standards going forward, noting that other companies and so forth have examined their independence standards from various perspectives.

1. Independence standards for Outside Directors and Outside Audit & Supervisory Board Members

(1) Fundamental approach

Independent Directors and Independent Audit & Supervisory Board Members are defined as Outside Directors and Outside Audit & Supervisory Board Members who have no potential conflicts of interest with general shareholders of the Company.

In the event that an Outside Director or an Outside Audit & Supervisory Board Member is likely to be significantly controlled by the management of the Company or is likely to significantly control the management of the Company, that Outside Director or Outside Audit & Supervisory Board Member is considered to have a potential conflict of interest with general shareholders of the Company and is considered to lack independence.

(2) Independence standards

In accordance with this fundamental approach, the Company uses the independence standards established by the financial instruments exchange as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members.

2. De minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible (in the most-recent business year of the Company)

・With regard to transactions, "less than 1% of the non-consolidated revenues from operations of the Company in the most recent accounting period"

・With regard to donations, "less than ¥10 million"

(ii) Relationship between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions

There are no special relationships between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions.

(iii) Main activities during the 17th fiscal year

(Outside Directors)

Name	Attendance at the meetings of the Board of Directors (Attendance rate)	Main remarks made and summary of duties performed with respect to the roles expected of Outside Directors
Yoshio Tsukio	16/16 (100.0%)	Mr. Yoshio Tsukio gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience including his experience being responsible for IT policy for the government, experience participating in city planning to be involved in constructing a sustainable society, and insights regarding measures to address natural environmental issues, etc.
Kunio Ito	16/16 (100.0%)	Mr. Kunio Ito gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding finance, accounting, economics, ESG (Environment, Society, Governance), risk management, etc.
Toshiro Yonemura	16/16 (100.0%)	Mr. Toshiro Yonemura gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding organizational management, risk management, etc.
Tetsuro Higashi	15/16 (93.8%)	Mr. Tetsuro Higashi gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding international corporate management, management administration, finance, accounting, etc.
Kazuko Rudy	15/16 (93.8%)	Ms. Kazuko Rudy gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing her opinions based on her broad high level knowledge and experience regarding the retail industry, marketing, etc.

(Outside Audit & Supervisory Board Members)

Name	Attendance at the meetings of the Board of Directors (Attendance rate)	Attendance at the meetings of the Audit & Supervisory Board (Attendance rate)	Main remarks
Kazuhiro Hara	16/16 (100.0%)	27/27 (100.0%)	Mr. Kazuhiro Hara asked questions and expressed his opinions as he deemed appropriate, with his abundant experience and technical knowledge related to finance, accounting, tax and risk management.
Mitsuko Inamasu	16/16 (100.0%)	27/27 (100.0%)	Ms. Mitsuko Inamasu asked questions and expressed her opinions as she deemed appropriate, with her abundant experience and technical knowledge related to overall corporate legal affairs and risk management.
Kaori Matsuhashi	16/16 (100.0%)	27/27 (100.0%)	Ms. Kaori Matsuhashi asked questions and expressed her opinions as she deemed appropriate, with her abundant experience and technical knowledge related to finance, accounting, management administration and risk management.

・Exchanges of opinions with Directors, etc.

In addition to meetings of the Board of Directors, Outside Directors and Outside Audit & Supervisory Board Members met with the Representative Directors, Directors, Standing Audit & Supervisory Board Members, and others. These meetings including Management Opinion Exchange Meetings were held on a regular and as-needed basis. The themes were set for each of the meetings, centered on various management issues and matters of high social concern. Reports were provided by Directors, the internal control divisions, and so forth, regarding the status of business execution and internal control at the Company and its Group companies, and explanations were given in response to questions from the Outside Directors and Outside Audit & Supervisory Board Members, who also expressed their opinions regarding the Company's management, corporate governance, and other topics based on their respective expert knowledge and wide-ranging, high-level experience and insight into management. In these and other ways, the Outside Directors and Outside Audit & Supervisory Board Members coordinated with each other while exchanging frank and lively opinions.

The Outside Directors and Outside Audit & Supervisory Board Members also exchanged opinions with the Directors and Audit & Supervisory Board Members, etc. of operating companies.

Through these activities, Outside Directors supervised operational execution, and Outside Audit & Supervisory Board Members performed audits of operational execution and accounting practices.

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA LLC

(2) Amount of compensation, etc.

	Amount paid (Millions of yen)
Amount of compensation, etc. for services as accounting auditor for the 17th fiscal year	852
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	945

(Notes)

1. Under the audit contract concluded between the Company and the accounting auditor, the amounts of compensation, etc. for audits as per the Companies Act and the amounts of compensation, etc. for audits as per the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; therefore, the aggregate of those amounts is shown as the amount of compensation, etc. for services as an accounting auditor for the 17th fiscal year.
2. The Audit & Supervisory Board performed necessary verification to see whether the audit plan prepared by the accounting auditor, the status of the performance of their duties during the accounting audit, and the basis for calculating the estimated amount of compensation and the like were appropriate; thereafter, it decided to consent to the amount of compensation, etc. for services as an accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.
3. Among the major subsidiaries of the Company, 7-Eleven, Inc. is audited by an audit corporation other than the Company's accounting auditor.

(3) Non-audit operations

The Company made payment of consideration to the Accounting Auditor for its work of which service is not included in the scope of services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services), such as its work in supporting the application of the accounting standard related to revenue recognition.

(4) Policy for determining the dismissal or non-reappointment of the accounting auditor

In the event any of the reasons stipulated in the items of Article 340, Paragraph 1 of the Companies Act becomes applicable to the accounting auditor, the Company's Audit & Supervisory Board will consider the dismissal of that accounting auditor, and if dismissal is deemed appropriate, the accounting auditor will be dismissed based on the unanimous agreement of the Audit & Supervisory Board Members. In the event the Company's Audit & Supervisory Board determines that circumstances related to the accounting auditor's performance of its duties and the Company's audit system necessitate a change in the accounting auditor, the Company's Audit & Supervisory Board will make a decision to propose a resolution for the non-reappointment of the accounting auditor to a Shareholders' Meeting.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

1. Corporate Philosophy

The Company formulated its Corporate Creed as below. The Corporate Creed is unchanging and comprehensively symbolizes the Group's corporate philosophy, thus, the Company values it most as the fundamental basis of the Group's management.

"Corporate Creed"

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

2. Basic views on corporate governance

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group's corporate value over the medium- and long-term in both financial and non-financial (ESG) aspects to ensure the trust and longstanding patronage of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees, based on the Corporate Creed.

The Company's mission as a holding company is to strengthen corporate governance and maximize the Group's corporate value, and the Company will strive to achieve this mission through the provision of support, oversight, and optimal resource allocation to its operating companies.

3. The resolution of the Board of Directors

The Company has adopted the following resolutions regarding "the development of systems for ensuring that the execution of duties by the Directors complies with laws, regulations, and the Articles of Incorporation and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation and by the corporate group comprised of the corporation and its subsidiaries," as stipulated by the Companies Act.

(1) Systems for ensuring that the execution of duties by the Company's and its subsidiaries' Directors and employees is compliant with laws, regulations, and the Articles of Incorporation

(i) The Company and its Group companies shall comply with the "Corporate Creed" and the "Corporate Action Guidelines," etc. In order to continue to be trusted and known for integrity, the Company and its Group companies shall implement ethical corporate activities; strictly observe laws, regulations, and social norms; and announce their fulfillment of corporate social responsibilities. On that basis, the Company shall establish, maintain, and utilize compliance systems, centered on the Company's CSR Management Committee; operate internal whistleblowing systems; promote fair trade; and disseminate the Corporate Action Guidelines and the guidelines of each company. In these ways, compliance shall be further enhanced.

(ii) The Company and its Group companies will announce their commitment to not having any contact with antisocial groups and will clearly refuse unreasonable requests. Through cooperation with outside specialists, such as the police and lawyers, we will rapidly implement legal countermeasures, both civil and criminal.

(iii) The Company's internal auditing division, which is independent from operating divisions, will internally audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.

(iv) The Company's and its Group companies' Audit & Supervisory Board Members will ensure that the execution of duties by their respective companies' Directors is compliant with laws, regulations, and the Articles of Incorporation and work to raise the effectiveness of the supervisory function.

(2) Systems for the storage and control of information related to the execution of duties by the Company's Directors and systems for reporting to the Company related to the matters concerning the execution of duties by the subsidiaries' Directors

(i) In accordance with laws, regulations, and the Information Control Regulations, the Company and its Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as minutes of Shareholders' Meetings, minutes of Board of Directors' meetings (including electromagnetic records; hereafter the same), circular decision-making documents (*ringisho*), and other documents and information necessary to secure appropriate operational execution.

(ii) The Company and its Group companies shall appoint an information management supervisor at each company to be responsible for supervising management of business information and also controlling planning, development and facilitation of initiatives related to the information management. The information management supervisor of the Company shall be then responsible for business information management of the overall Group by setting the Company's Information Management Committee as the core function for the purpose, ensuring enhanced effectiveness of timely and accurate information disclosure by the function responsible for comprehensively collecting and disclosing important information, and integrated information management in view of the safe management of such important information as trade secrets and personal information. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the Audit & Supervisory Board Members.

(iii) Directors and employees of the Company and its Group companies shall report to the information management supervisor of the Company where any important matter relating to each Group company arises.

(3) The Company's and its subsidiaries' regulations and systems for loss risk management

(i) In accordance with the "basic rules for risk management," the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.

(ii) In regard to risk management, a system for periodic reporting to the Board of Directors and Audit & Supervisory Board Members shall be established, maintained, and utilized. The Board of Directors, Directors, and people responsible for operating divisions shall conduct sufficient analysis and evaluation of risks associated with operational execution, and improvement measures shall be implemented rapidly.

(iii) In the case where a business experiences a major disruption, a serious incident or accident, or a large-scale disaster, etc. to minimize damage to the Company and all Group companies when risk events occur, a Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

(4) The Company's and its subsidiaries' systems for ensuring the efficiency of the execution of duties by Directors

(i) The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area shall be clearly and appropriately defined in the Decision Authority Regulations, etc. In this way, the Company and its Group companies shall avoid administrative duplication and conduct flexible decision-making and administrative execution.

(ii) To secure the sustained growth of the Company, the Company's Board of Directors shall make decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as periodic reports from the Company's Directors and people responsible for operating divisions, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.

(iii) The Company's Board of Directors, as a general rule, shall meet once each month. In addition, when necessary, extraordinary meetings of the Company's Board of Directors shall be held or resolutions of the Company's Board of Directors shall be adopted through documents. Rapid decision making will be implemented and efficient administrative execution will be promoted. The Company shall comply with the Articles of Incorporation, Rules of the Board of Directors, etc. of the Company concerning specific operations of the Board of Directors.

(5) The Company's systems for ensuring the appropriateness of financial reporting

(i) In order to ensure the Company and its Group companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules, such as rules on establishing internal controls for financial reporting.

(ii) The Company's internal auditing division, which is independent from operating divisions, shall check and assess the effectiveness of the development and operational status of internal controls for the financial reporting of the Company and its Group companies.

(iii) Directors, Audit & Supervisory Board Members, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

(6) Matters related to the provision of support staff for the Company's Audit & Supervisory Board Members when so requested

The Company shall provide full-time staff to support Audit & Supervisory Board Members.

(7) Matters related to the independence from the Company's Directors of the support staff for the Company's Audit & Supervisory Board Members and securing effectiveness of instructions

The selection (including subsequent replacements) of support staff to work exclusively for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board Members. In addition, the support staff shall comply with the Employment Rules of the Company. However, the Audit & Supervisory Board Members shall have the authority to provide directions and orders to the support staff and personnel matters such as working conditions and disciplinary actions shall be implemented upon prior consultation with the Audit & Supervisory Board Members.

(8) Systems for reporting to the Company's Audit & Supervisory Board Members

(i) Systems for Directors and employees of the Company to report to the Audit & Supervisory Board Members of the Company
When matters that could cause significant damage to the Company, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. committed by a Director or an employee are found, Directors and employees of the Company shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

(ii) Systems for Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries, or persons who have received reporting from these people to report to the Audit & Supervisory Board Members of the Company
When matters that could cause significant damage to the Group companies, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. in the Group companies are found, Directors, Audit & Supervisory Board Members and employees of the Group companies shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

(iii) Systems for reporting to the Audit & Supervisory Board Members of the Company through an internal whistleblowing system
Directors and employees of the Company as well as Directors, Audit & Supervisory Board Members and employees of the Group companies may use an internal whistleblowing system established by the Company at any time when acts constituting a violation of laws and regulations, social norms, internal rules or the like are found in the operations of the Company and the Group companies, and the secretariat operating the internal whistleblowing system shall provide reports to the Audit & Supervisory Board Members of the Company concerning the content of the reports and the operation of the internal whistleblowing system, pursuant to the internal rules.

(9) Systems for ensuring that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made

The Company and the Group companies shall take appropriate measures such as establishing provisions in their internal rules to ensure that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made.

(10) Matters concerning policies for processing prepayment or repayment of costs incurred in relation to execution of duties of the Audit & Supervisory Board Members of the Company and other processing of costs or liabilities incurred in relation to execution of duties thereof

The Company shall bear the costs incurred in relation to the execution of duties by the Audit & Supervisory Board Members.

(11) Other systems for ensuring that the Company's Audit & Supervisory Board Members can conduct their activities effectively

(i) The Company's Audit & Supervisory Board Members shall meet regularly with the Representative Director, and exchange opinions concerning important audit matters.

(ii) The Company's Audit & Supervisory Board Members shall maintain close contact with the Company's internal auditing division, and may request the division to conduct inspections when necessary.

(iii) The Company's Audit & Supervisory Board Members shall meet regularly with the Audit & Supervisory Board Members of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.

(iv) The Company's Audit & Supervisory Board Members may consult with the accounting auditor and lawyers as needed, and the Company shall bear all of the costs of such consultation.

4. Summary of operational status of systems for ensuring appropriate operations

(1) Status of the Company's corporate governance

The Company's Board of Directors comprises 13 members (including 5 Independent Outside Directors / 12 men and 1 woman) and meets once a month in principle. To facilitate prompt decision making and business execution even amid a dramatically changing operating environment, the Company has introduced the executive officer system and separated the Board of Directors' supervisory function from the executive officers' business execution function. This developed an environment where the Board of Directors is able to focus on the "formulation of management strategies" and the "oversight of business execution," while the executive officers can focus on "business execution." The executive officers comprise 16 members (15 men and 1 woman). The term of office of the Directors is set to one year in order to reflect the intentions of shareholders regarding the appointment of the management team in a timely manner.

Matters to be decided by the Board of Directors at the Company are stipulated in the Board of Directors Regulations, the Decision Authority Regulations, and so forth, and matters stipulated by the Companies Act and the Company's internal regulations are decided by the Board of Directors. The Decision Authority Regulations clearly set forth the scope of matters to be decided by the President and Representative Director. This clarifies the decision-making process for management and the structure of responsibility, while also expediting decision-making by rational delegation of authority.

The Company's Board of Directors held 16 meetings during the 17th fiscal year, and made decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as reports from the Company's Directors and people responsible for operating divisions, the Company addressed important management issues, including investigating and re-evaluating the efficiency and soundness of administrative execution.

The Audit & Supervisory Board is composed of 5 members (including 3 Independent Outside Audit & Supervisory Board Members / 3 men and 2 women), and monitors management based on the Audit & Supervisory Board Member system. In addition to attending Board of Directors' meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Directors and periodically interview Directors regarding the status of business execution, and they investigate the status of business operations and assets of the Company and its operating companies based on the audit plan. In addition, they share information with operating companies' Directors and Audit & Supervisory Board Members and audit the Directors' performance of duties. Further, the Audit & Supervisory Board Members exchange information with the accounting auditor to maintain close ties with them with respect to accounting audits.

The Outside Directors and Outside Audit & Supervisory Board Members provide advice and suggestions to ensure the validity and appropriateness of decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

(2) Initiatives at internal auditing divisions

In order to enhance and reinforce its internal auditing function, the Company has appointed, within the Auditing Office, the "operational auditing staff" and the "internal control evaluation staff," which are independent internal auditing divisions. The "operational auditing staff" has an oversight function to verify and provide guidance on internal auditing, including the status of the maintenance and management of compliance systems, by core operating companies or to directly audit them, and an internal auditing function for auditing the Company, the holding company, and performs these operations. The "internal control evaluation staff" evaluates internal controls regarding the financial reporting of the whole Group.

(3) Coordination between Audit & Supervisory Board Member audits, internal audits and accounting audits

In order to improve the overall quality of audits, the Company ensures that the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm proactively exchange information and endeavor to maintain close ties with each other, by such means as periodically holding tri-partite meetings. In the meeting, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members) receive reports from the auditing firm on, among other matters, the performance of accounting audits, and reports from the Auditing Office on, among other matters, the performance of internal audits, respectively, and request explanations as necessary.

Furthermore, the Company periodically holds reporting sessions for accounting audits, which are attended by the Representative Directors and other officers, as well as the Standing Audit & Supervisory Board Members and the Auditing Office, etc. In the sessions, they receive reports from the auditing firm on the accounting audits, and confirm, among other matters, the results of the accounting audits.

Furthermore, the Standing Audit & Supervisory Board Members and the Auditing Office hold meetings, basically once a month. In the meetings, the Auditing Office reports on the results of operational audits and the progress of internal control evaluations, etc., and also actively exchanges opinions with the Standing Audit & Supervisory Board Members regarding, among other matters, priority matters that should be examined in order to improve the quality of audits. With these efforts, the two parties aim to ensure comprehensive sharing of audit information between each other.

In the Audit & Supervisory Board meetings and other meetings, the Standing Audit & Supervisory Board Members report to the Outside Audit & Supervisory Board Members on, inter alia, the status of the reporting session for accounting audits and the contents of the meeting with the Auditing Office, respectively described above, and thereby share and discuss issues to be addressed and the like. Furthermore, by providing the Auditing Office and the auditing firm with feedback on the matters thus discussed, the Standing Audit & Supervisory Board Members aim to ensure that (i) audits by the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members; (ii) internal audits; and (iii) accounting audits are linked with each other in a timely manner.

Further, the Auditing Office reports on the performance and the results of internal audits in the Audit & Supervisory Board meetings and other meetings from time to time, and provides explanations in response to questions and so on from the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members).

At each audit, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm receive reports and materials, etc. from the internal control divisions, and request explanations as deemed necessary, and the internal control divisions cooperate in the appropriate performance of these audits.

(4) Efforts of each committee

The Company has established the "CSR Management Committee," "Risk Management Committee," and "Information Management Committee," which report to the Representative

Directors. Each committee determines Group policies in cooperation with the operating companies, and strengthens corporate governance by managing and supervising their dissemination and execution.

●CSR Management Committee

The Company has established the CSR Management Committee based on CSR Basic Rules for the purpose of promoting, administrating and supervising the CSR activities of the entire Group through operating activities in order to contribute to solving social issues and aim for sustainable growth for both society and the Group. The Company has also established five subcommittees under the CSR Management Committee tasked with the examination and promotion of concrete measures to promote operating activities that will contribute to solving material issues (Materiality) identified to address the expectations and demands of stakeholders and realizing a more thorough compliance practice. Through these subcommittees, the Company has carried out initiatives to find solutions to issues and implemented preventive measures.

Under the CSR Management Committee, to resolve material issues that should be addressed by the Group, the Company tasks a subcommittee with each relevant issue: the "Environment Subcommittee" with helping mitigate climate change, depletion of resources, and other environmental burdens; the "Supply Chain Subcommittee" with building a sound supply chain that takes human rights and the environment into consideration and with improving quality and ensuring safety for merchandise and services; the "Corporate Ethics and Culture Subcommittee" with ensuring thorough awareness and adoption of the Corporate Creed and the Corporate Action Guidelines, building worker-friendly workplaces, promoting advancement of diverse human resources and improving the labor environments; the "Compliance Subcommittee" with strengthening compliance and internal controls; and the "Social Value Creation Subcommittee" with the planning, proposal and operation of new businesses originating from addressing social issues through the main business, by utilizing business characteristics and management resources. These subcommittees have formulated and carried out measures to address such individual issues on a Group-wide basis.

Through the activities of these subcommittees, we will promote business activities that further ensure compliance and contribute to the resolution of the material issues (Materiality) related to stakeholders, while aiming for sustainable development of both society and our Group from an ESG perspective.

●Risk Management Committee

In accordance with the basic rules for risk management, the Company and its Group companies establish, streamline, and manage comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors.

The Risk Management Committee receives reports from the departments in charge of risk management regarding the risk management status of the Company. The committee comprehensively determines, assesses, and analyzes risks and discusses measures, and determines the future direction going forward.

In recent years, the Risk Management Committee has been striving to improve the effectiveness of the entire Group's risk management and to establish a PDCA cycle by building a framework to support and instruct each Group company in mitigating risks overseen by the Company's department in charge of risk management, and also by adopting shared risk management indicators for the entire Group. In the 17th fiscal year, the committee worked to strengthen coordination between the Company and each Group company, while identifying high-priority risks and further improving the system for preventing and mitigating risks as well as preventing their recurrence.

●Information Management Committee

In accordance with the Information Control Regulations, which were redesigned in the fiscal year ended February 28, 2021, the Company has carried out risk analysis, evaluation and measures regarding the information management of all operations-related information that is learned, created or retained by officers and employees of the Group under the Information Management Committee, chaired by the information management supervisor.

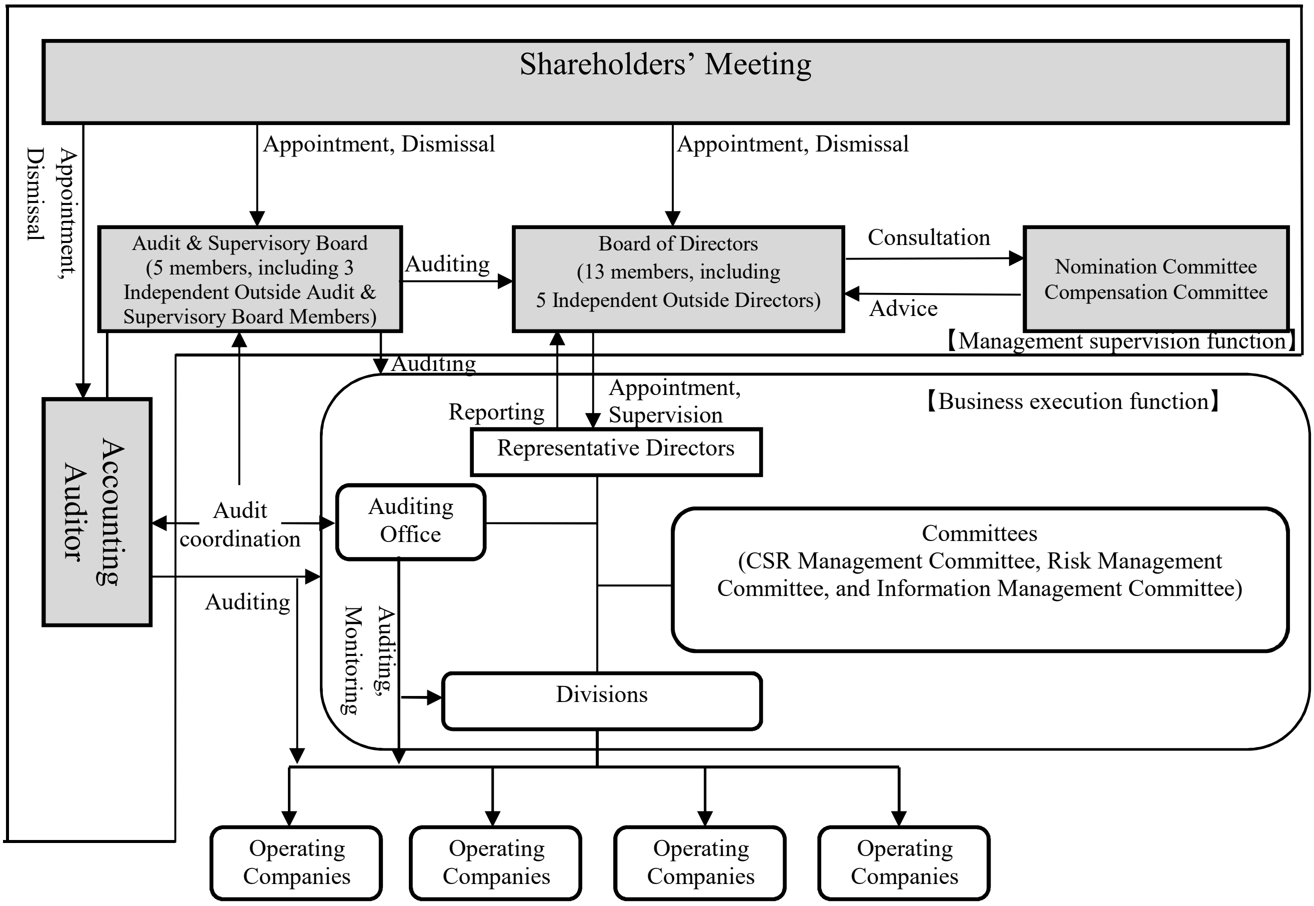
In the 17th fiscal year, the committee coordinated with the Company’s relevant departments to clarify the definition of important information in emerging facts and events, and to revise the reporting format. In this manner, the committee is working to gather important information from Group companies in an appropriate and timely manner, in order to respond systematically as the parent company, while strengthening the system for reporting information without omission or delay to management and the relevant divisions.

In addition, from the viewpoint of legal compliance, we are building and strengthening the Group’s information security system in order to properly handle the information entrusted to us in the course of our business activities and to earn the trust of each stakeholder. To this end, the Company has redeveloped information security policies, various guidelines, etc., which serve as the Group’s common basis, and is also working with each Group company to assist in building security environments, strengthen monitoring, upgrade training, and evaluate internal controls, among other measures.

Through these measures, the Company has worked to strengthen the Group’s information management and information security.

Corporate Governance System

The Company's corporate governance system is as follows:



Reference: Effectiveness evaluations of the Board of Directors

https://www.7andi.com/ir/management/governance/board.html#evaluation

(Notes)

1. In this Business Report, the final numbers that are described have been rounded down, and amounts less than the stated numbers have been omitted. Except that, unless otherwise noted, percentages have been rounded to one decimal place, and net income per share and net assets per share have been rounded to the nearest number as stated.
2. Consumption tax, etc., is accounted for using the tax-excluded method.

CONSOLIDATED BALANCE SHEET (as of February 28, 2022)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**2,604,774**	**Current liabilities**	**2,480,725**
Cash and bank deposits	1,420,653	Notes and accounts payable, trade	483,908
Notes and accounts receivable-trade	365,746	Short-term loans	140,146
Trade accounts receivable-financial services	91,662	Current portion of bonds	60,000
Merchandise and finished goods	246,571	Current portion of long-term loans	121,280
Work in process	51	Income taxes payable	22,716
Raw materials and supplies	2,193	Accrued expenses	235,274
Prepaid expenses	71,249	Deposits received	223,146
ATM-related temporary payments	107,883	ATM-related temporary advances	73,901
Other	306,593	Allowance for sales promotion expenses	17,649
Allowance for doubtful accounts	(7,829)	Allowance for bonuses to employees	13,937
Non-current assets	**6,132,658**	Allowance for bonuses to Directors and Audit & Supervisory Board Members	349
Property and equipment	**3,232,347**		
Buildings and structures	1,527,898	Allowance for loss on future collection of gift certificates	602
Furniture, fixtures and equipment	436,377		
Vehicles	19,506	Provision for sales returns	34
Land	1,119,796	Deposits received in banking business	787,879
Lease assets	7,240	Other	299,898
Right-of-use assets	10,801	**Non-current liabilities**	**3,110,820**
Construction in progress	110,725	Bonds	1,582,906
Intangible assets	**2,140,002**	Long-term loans	994,399
Goodwill	1,741,604	Deferred income taxes	109,825
Software	213,462	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	569
Other	184,935		
Investments and other assets	**760,308**	Allowance for stock payments	4,272
Investments in securities	220,615	Net defined benefit liability	12,702
Long-term loans receivable	14,633	Deposits received from tenants and franchised stores	51,422
Long-term leasehold deposits	330,285		
Advances for store construction	542	Asset retirement obligations	130,456
Net defined benefit asset	86,217	Other	224,265
Deferred income taxes	43,539	**TOTAL LIABILITIES**	**5,591,546**
Other	67,499	**NET ASSETS**	
Allowance for doubtful accounts	(3,024)	**Shareholders' equity**	**2,767,517**
Deferred assets	**1,846**	Common stock	50,000
Business commencement expenses	1,353	Capital surplus	408,645
Bond issuance cost	492	Retained earnings	2,319,155
		Treasury stock, at cost	(10,282)
		Total accumulated other comprehensive income	**213,438**
		Unrealized gains on available-for-sale securities, net of taxes	37,696
		Unrealized gains (losses) on hedging derivatives, net of taxes	4,270
		Foreign currency translation adjustments	157,570
		Remeasurements of defined benefit plan	13,901
		Subscription rights to shares	**56**
		Non-controlling interests	**166,719**
		TOTAL NET ASSETS	**3,147,732**
TOTAL ASSETS	**8,739,279**	**TOTAL LIABILITIES AND NET ASSETS**	**8,739,279**

CONSOLIDATED STATEMENT OF INCOME (March 1, 2021 to February 28, 2022)

(Millions of yen)

Item	Amount	
Revenues from operations		**8,749,752**
Net sales		7,429,576
Cost of sales		6,017,372
Gross profit on sales		**1,412,203**
Operating revenues		1,320,175
Gross profit from operations		**2,732,379**
Selling, general and administrative expenses		2,344,726
Operating income		**387,653**
Non-operating income		
Interest and dividend income	4,313	
Equity in earnings of affiliates	2,643	
Insurance income	1,389	
Income from electronic money breakage	1,205	
Other	3,184	12,736
Non-operating expenses		
Interest expenses	12,101	
Interest on bonds	17,248	
Commitment fee	3,534	
Other	8,934	41,818
Ordinary income		**358,571**
Special gains		
Gain on sales of property and equipment	6,372	
Gain on sales of property and equipment related to restructuring	2,554	
Subsidy income	7,648	
Gain on sales of investments in securities	3,222	
Other	2,213	22,011
Special losses		
Loss on disposals of property and equipment	13,666	
Impairment loss	26,410	
Loss related to novel coronavirus (COVID-19)	10,380	
Restructuring expenses	4,163	
Other	14,107	68,728
Income before income taxes		**311,854**
Income taxes - current	66,886	
Income taxes - deferred	21,727	88,613
Net income		**223,241**
Net income attributable to non-controlling interests		12,466
Net income attributable to owners of parent		**210,774**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2021 to February 28, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	**Total shareholders' equity**
Balance at March 1, 2021	**50,000**	**409,069**	**2,198,805**	**(10,851)**	**2,647,023**
Increase (Decrease) due to the adoption of IFRS in foreign subsidiaries			(2,847)		**(2,847)**
Balance at the beginning of the current period reflecting the increase (decrease) due to the adoption of IFRS in foreign subsidiaries	**50,000**	**409,069**	**2,195,957**	**(10,851)**	**2,644,175**
Increase (decrease) for the year					
Cash dividends			(87,576)		**(87,576)**
Net income attributable to owners of parent			210,774		**210,774**
Purchase of treasury stock				(22)	**(22)**
Disposal of treasury stock		0		591	**592**
Other		(424)		(0)	**(425)**
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	**–**	**(424)**	**123,197**	**568**	**123,342**
Balance at February 28, 2022	**50,000**	**408,645**	**2,319,155**	**(10,282)**	**2,767,517**

	Accumulated other comprehensive income					**Subscription rights to shares**	**Non-controlling interests**	**TOTAL NET ASSETS**
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plan	**Total accumulated other comprehensive income**			
Balance at March 1, 2021	**35,729**	**1,580**	**(30,835)**	**15,427**	**21,902**	**56**	**162,352**	**2,831,335**
Increase (Decrease) due to the adoption of IFRS in foreign subsidiaries	82				82			**(2,765)**
Balance at the beginning of the current period reflecting the increase (decrease) due to the adoption of IFRS in foreign subsidiaries	**35,811**	**1,580**	**(30,835)**	**15,427**	**21,984**	**56**	**162,352**	**2,828,569**
Increase (decrease) for the year								
Cash dividends								**(87,576)**
Net income attributable to owners of parent								**210,774**
Purchase of treasury stock								**(22)**
Disposal of treasury stock								**592**
Other								**(425)**
Net changes of items other than shareholders' equity	1,884	2,689	188,405	(1,525)	**191,454**	–	**4,366**	**195,820**
Net increase (decrease) for the year	**1,884**	**2,689**	**188,405**	**(1,525)**	**191,454**	**–**	**4,366**	**319,163**
Balance at February 28, 2022	**37,696**	**4,270**	**157,570**	**13,901**	**213,438**	**56**	**166,719**	**3,147,732**

Notes to Consolidated Financial Statements

Notes relating to Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Items relating to scope of consolidation

Status of consolidated subsidiaries

(1) Number of consolidated subsidiaries: 173

(2) Names of major consolidated subsidiaries:

Seven-Eleven Japan Co., Ltd.

7-Eleven, Inc.

Ito-Yokado Co., Ltd.

York-Benimaru Co., Ltd.

Sogo & Seibu Co., Ltd.

Seven Bank, Ltd.

Seven Financial Service Co., Ltd.

During the 17th fiscal year, SEI Speedway Holdings, LLC, which was incorporated as a wholly owned subsidiary of 7-Eleven, Inc., a consolidated subsidiary of the Company, acquired the shares and other equity interests of Speedway LLC and 20 other companies from Marathon Petroleum Corporation (U.S.A.). In addition, four (4) companies were made consolidated subsidiaries, including 7-Eleven International LLC, which was incorporated to grow the 7-Eleven brand worldwide and provide value and support to existing overseas licensees.

As a result, 26 companies were newly included in the scope of consolidation.

One company was excluded from the scope of consolidation due to the absorption-type merger by Sogo & Seibu Co., Ltd. of Seven & i Asset Management Co., Ltd.

2. Items relating to application of the equity method

(1) Number of non-consolidated subsidiaries to which the equity method was applied: None

(2) Number of affiliates to which the equity method was applied: 24

Names of major affiliates:

PRIME DELICA CO., LTD.

PIA Corporation

Affiliates to which equity method is applied by two (2) during the 17th fiscal year, following the acquisition of shares and other equity interests from Marathon Petroleum Corporation (U.S.A.).

Also, affiliates to which equity method is applied decreased by three (3) during the 17th fiscal year, following the transfer of shares in BALS INTERNATIONAL LIMITED and two (2) other companies.

(3) Items regarding procedure for applying the equity method

(i) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.

(ii) When an affiliate is in a net loss position, the Company's share of such loss is reduced from its loan receivable from the affiliate.

3. Items relating to accounting period of consolidated subsidiaries

The fiscal year-end of some consolidated subsidiaries is December 31. The financial statements of such subsidiaries as of such dates and for such period are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to February 28 or 29 are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd. etc. is March 31. Pro forma financial statements as of February 28 or 29 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

4. Items relating to accounting policies

(1) Valuation basis and method for major assets

(i) Valuation basis and method for securities

Held-to-maturity debt securities are carried at amortized cost (straight-line method).

Other available-for-sale securities are classified into two (2) categories, where: (a) the fair value is available; and (b) the fair value is not available.

(a) Securities whose fair value is available are valued at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(b) Securities whose fair value is not available are valued mainly at cost, determined using the moving-average method.

(ii) Valuation basis and method for derivatives

Derivative financial instruments are valued at fair value.

(iii) Valuation basis and method for inventories

Merchandise:

Inventories of domestic consolidated subsidiaries are stated mainly at cost determined by the retail method with book value written down to the net realizable value. Cost is determined principally by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined by the weighted average cost method) for foreign consolidated subsidiaries. Some domestic consolidated subsidiaries applied the FIFO method.

Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(2) Depreciation and amortization of significant assets

(i) Property and equipment (excluding lease assets)

Depreciation of property and equipment is computed using the straight-line method.

(ii) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five (5) years in most cases.

(iii) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, a useful life is determined based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(3) Methods of accounting for significant allowance

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses with respect to general receivables.

(ii) Allowance for sales promotion expenses

Allowance for sales promotion expenses is provided for the use of points given to customers at the amount expected to be used at the end of the 17th fiscal year in accordance with the sales promotion point card program.

(iii) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated on the estimation of payment.

(iv) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(v) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain consolidated subsidiaries is provided for collection of gift certificates recognized as income after remaining uncollected for certain periods from their issuance. The amount is calculated using the historical results of collection.

(vi) Provision for sales returns

Provision for sales returns is provided at the amount estimated future loss due to sales returns at the end of the 17th fiscal year. The amount is calculated using the historical results of sales returns.

(vii) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid at the end of the fiscal year calculated in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefits system for Directors and Audit & Supervisory Board Members, among which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(viii) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers of the Company and some of its consolidated subsidiaries. The amount is based on the expected stock benefit payable at the end of the 17th fiscal year.

(4) Accounting method for retirement benefits

(i) Allocation method of estimated total retirement benefits:

In calculating retirement benefit obligations, the estimated total retirement benefits are allocated to the period up to the end of the 17th fiscal year on a benefit formula basis.

(ii) Amortization method of the actuarial differences and the prior service costs:

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the consolidated fiscal year following the consolidated fiscal year in which they arise, which is within the average remaining years of service of the eligible employees when the actuarial differences arise in a consolidated fiscal year.

Prior service costs are amortized on a straight-line basis over a certain period (five (5) years or ten (10) years), which is within the average remaining years of service of the eligible employees when the prior service costs arise.

(5) Significant hedge accounting methods

(i) Hedge accounting

In principle, hedging activities are accounted for by the deferred hedge method.

However, forward foreign exchange contracts are accounted for by the short-cut method (*furiate shori*), i.e., translated at the foreign exchange rate stipulated in the contracts, when they meet certain criteria for the method, interest rate swap contracts are accounted for by specific hedging when they meet certain criteria for the method, and interest rate and currency swaps are accounted for by integrated accounting treatment (specific hedging and the short-cut method) when they meet certain criteria for the method.

(ii) Hedge instruments and hedged items

Hedge instruments – Forward foreign exchange contracts

Hedged items – Foreign currency-denominated monetary asset and liability

Hedge instruments – Interest rate swaps

Hedged items – Loans payable

Hedge instruments – Interest rate and currency swaps

Hedged items – Foreign currency-denominated loans

(iii) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, reducing financing costs, and optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for short-term trading or speculative purposes.

(iv) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for interest rate swap contracts that meet specific hedging criteria and interest rate and currency swap contracts for which integrated accounting treatment has been applied.

(6) Other significant matters that serve as the basis for preparation of the Consolidated Financial Statements

(i) Accounting for deferred assets

Business commencement expenses are amortized using the straight-line method over five (5) years.

Bond issuance costs are amortized using the straight-line method over the redemption period.

(ii) Goodwill and negative goodwill

Goodwill and negative goodwill which are generated before March 1, 2011 are amortized mainly over a period of twenty (20) years on a straight-line basis, or recognized as income or expenses immediately if immaterial.

Negative goodwill arising on or after March 1, 2011 is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(iii) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statement of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates except for shareholders' equity, which is translated at the historical rates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under "Foreign currency translation adjustments" and "Non-controlling interests."

(iv) Accounting for franchised stores in domestic and overseas convenience store operations

Seven-Eleven Japan Co., Ltd. and its U.S. consolidated subsidiary, 7-Eleven, Inc., recognize franchise commission from their franchised stores as revenues and include it in "Operating revenues."

(v) Accounting for consumption taxes and excise tax

Regarding the Company and its domestic consolidated subsidiaries, the Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statement of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(vi) Application of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have applied a consolidated taxation system.

(vii) Application of practical solution on the treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With respect to the transition from the consolidated taxation system to the group tax sharing system and items subject to the review of the non-consolidated taxation system conducted to coincide with transition from the consolidated taxation system to the group tax sharing system, which was created under the Act on Partial Revision of the Income Tax

Act, etc. (Act No. 8 of 2020), the Company and some of its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued on February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39 issued on March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

Notes concerning changes in method of presentation

(Consolidated Statements of Income)

"Insurance income," which was previously included in "Other" of non-operating income up until the 16th fiscal year, exceeded 10% of the total amount of non-operating income, and is separately presented from the 17th fiscal year.

"Commitment fee," which was previously included in "Other" of non-operating expenses up until the 16th fiscal year, is separately presented from the 17th fiscal year because the amount is more material.

"Subsidies for employment adjustment," which was previously presented in special gains in the 16th fiscal year, has been changed to "Subsidy income" for the 17th fiscal year in order to present it together with the "Subsidy income related to COVID-19," which increased in importance in the 17th fiscal year. "Gain on sales of investments in securities," which was previously included in "Other" of special gains in the 16th fiscal year, exceeded 10% of the total amount of special gains, and is separately presented from the 17th fiscal year.

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Company has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the consolidated financial statements for the end of the 17th fiscal year and provided notes regarding significant accounting estimates in the consolidated financial statements.

However, in accordance with the transitional provisions prescribed in the proviso to paragraph 11 of such Accounting Standard, such notes do not show the details relating to the 16th fiscal year.

Notes on accounting estimates

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the consolidated financial statements. Among the amounts which include accounting estimates recorded in the consolidated financial statements for the 17th fiscal year, the following items have risks of having a material effect on the consolidated financial statements for the following fiscal year:

1. The valuation of intangible assets (trademark rights) and the amortization period of goodwill arising from the acquisition of Speedway shares

(1) Major assets and liabilities for the 17th fiscal year

As discussed in "Notes concerning business combination," the Company has recorded the following provisionally calculated amounts in the consolidated balance sheets as the allocation of the acquisition costs has not been completed:

Goodwill	¥1,357,134 million
Intangible assets (trademark rights)	¥22,126 million

As discussed in "Other Notes to Business Combinations," the amortization period of goodwill is estimated to be 20 years.

(2) Information on the content of significant accounting estimates for identified items

① The recognition of impairment losses on long-lived assets related to Ito-Yokado and Sogo & Seibu

(1) Amounts recorded in the consolidated financial statements for the 17th fiscal year

Our Group operates retail stores in a variety of formats, including department stores, GMS, and food supermarkets. Of these, Ito-Yokado Co., Ltd., which is included in the Superstore operations segment, operates a superstore business, and Sogo & Seibu Co., Ltd. which is included in the Department store operations segment, operates a department store business. Due to the nature of the business, the book value of fixed assets per store tends to be relatively large.

Amounts recorded in the consolidated balance sheets and consolidated statements of income for the 17th fiscal year at Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. are as follows:

(Millions of yen)

Company Name	Property, plant, and equipment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	328,554	12,682	4,431
Sogo & Seibu Co., Ltd.	202,598	71,812	1,242

(2) Information on the content of significant accounting estimates for identified items

① Calculation method

At Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. the smallest group of assets that generates independent cash flow are mainly stores. Each company have been implementing business structural reforms and continuously working to improve their profitability through various measures to attract customers and improve gross profit margin, there were indications of impairment for several stores as shortened business hours and temporary closure aimed at preventing the spread of COVID-19 infections had a significant impact on their operating performance.

Whenever there is an indication of impairment for long-lived assets of a store of each company, it is necessary to determine whether an impairment loss should be recognized by comparing the total undiscounted future cash flows to be generated from the store's long-lived assets with their carrying amount. If it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount and the resulting reduction is recognized as an impairment loss.

In addition, the business environment surrounding Sogo & Seibu Co., Ltd. has been severely impacted by changes in customer values and behaviors as a result of the COVID-19 pandemic and its operating performance has been continuously negative. Due to the circumstances, there was an indicator of impairment for larger groups of assets that include the corporate assets for Sogo & Seibu Co., Ltd. Accordingly, the Company assessed whether an impairment loss should be recognized on the larger groups of assets that include corporate assets in addition to its assessment on each store. Because the estimated total undiscounted future cash flows exceeded the carrying amount of long-lived assets, including corporate assets, it was determined that the recognition of an impairment loss was not necessary.

② Key assumptions

The undiscounted future cash flows used to determine whether an impairment loss is required to be recognized include significant assumptions such as sales growth rates, gross margin ratios and cost reduction measures which involved uncertainty. In addition, some stores used real estate appraisal values calculated by real estate appraisers as their net realizable value, which required expert judgment.

③ Effect on the consolidated financial statements for the following fiscal year

The estimates and assumptions discussed above may be affected by future changes in uncertain economic conditions. Any changes in the assumptions may have a material effect on the consolidated financial statements for the following fiscal year.

In addition, valuations from real estate appraisers based on real estate appraisal standards and other factors may be affected by future trends in the real estate market. If the net sales value declines as a result, this may have a material effect to the consolidated financial statements for the following fiscal year.

Supplementary information

(Performance-Based Stock Compensation Plan for Directors)

The Company and some of its consolidated subsidiaries (hereinafter the “Companies”) have introduced a performance-based stock compensation plan (hereinafter the “Plan”) for the directors of the Companies (excluding nonexecutive Directors and Directors residing overseas, the same applies hereinafter) using the BIP Trust, mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders.

The accounting treatment for the said trust agreement is in accordance with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF (Practical Issue Task Force) No. 30, March 26, 2015).

(1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the BIP Trust, which is used as funds to acquire the Company’s shares. The Company’s shares are delivered to directors in accordance with Share Delivery Rules for directors stipulated by the Companies. Directors shall receive delivery of the Company’s shares, etc., in principle, upon their retirement.

(2) The Company’s shares remaining in the BIP Trust

The Company’s shares remaining in the BIP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). As of February 28, 2022, the carrying amount and the number of the Company’s shares remaining in the BIP Trust are ¥3,187 million and 834 thousand shares, respectively.

(Performance-Based Stock Compensation Plan for Executive Officers)

The Company and some of its consolidated subsidiaries (hereinafter the “Companies”) have introduced a performance-based stock compensation plan (hereinafter the “Plan”) for the executive officers of the Companies (excluding those residing overseas, the same applies hereinafter) using the ESOP Trust, mainly aiming to raise willingness to contribute to the improvement of medium- and long-term corporate value and to share interests with shareholders.

The Companies adopted “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015) to account for the said trust agreement.

(1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the ESOP Trust, which is used as funds to acquire the Company’s shares. The Company’s shares are delivered to executive officers in accordance with Share Delivery Rules for executive officers stipulated by the Companies. Executive officers shall receive delivery of the Company’s shares, etc., in principle, upon their retirement.

(2) The Company’s shares remaining in the ESOP Trust

The Company’s shares remaining in the ESOP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). As of February 28, 2022, the carrying amount and the number of the Company’s shares remaining in the Trust are ¥2,436 million and 635 thousand shares, respectively.

(Accounting estimates associated with the spread of COVID-19)

On the Group's assumption that the spread of COVID-19 will have the business impact for a certain period after the 17th fiscal year, accounting estimates are reflected in accounting treatment including those used to determine impairment losses.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and debts for which those assets are pledged as collateral

(1) Assets pledged as collateral

Buildings and structures:	¥463 million
Land:	¥1,258 million
Investments in securities:	¥79,715 million
Long-term leasehold deposits:	¥1,162 million
Total	¥82,599 million

(2) Debts for which above assets are pledged as collateral

Long-term loans:

(including current portion of long-term loans):

¥9,717 million

Investments in securities (¥2,516 million) and long-term leasehold deposits (¥1,700 million) are pledged as collateral for exchange settlement transactions. Long-term leasehold deposits (¥55 million) are deposited with an official depository under the Real Estate Brokerage Act.

In addition, in accordance with the Act on Financial Settlements, long-term leasehold deposits (¥292 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment: ¥2,249,245 million

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees are ¥42 million.

4. Loan commitment

Certain finance-related subsidiaries conduct a cash loan business. Unused credit balance related to loan commitment in the cash loan business is as follows.

Credit availability of loan commitment:	¥832,746 million
Outstanding balance:	¥42,048 million
Unused credit balance	¥790,697 million

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. Those subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

5. Other

Government bonds and others held by Seven Bank, Ltd.

Seven Bank, Ltd., a consolidated subsidiary of the Company, holds government bonds and others to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds and others (including whose redemption at maturity is less than one (1) year) are recorded in "Investments in securities" in the Consolidated Balance Sheet due to the substantive nature of the restrictions.

Notes to Consolidated Statement of Changes in Net Assets

1. Items relating to total number of outstanding shares

(Thousands of shares)

Type	As of March 1, 2021	Number of shares increased	Number of shares decreased	As of February 28, 2022
Common stock	886,441	–	–	886,441

2. Items relating to total number of shares of treasury stock

(Thousands of shares)

Type	As of March 1, 2021	Number of shares increased	Number of shares decreased	As of February 28, 2022
Common stock	3,475	4	154	3,325

(Notes)

1. The 4 thousand increase in the number of common stock in treasury stock was due to an increase of 4 thousand shares resulting from the purchase of odd-lot shares.
2. The 154 thousand decrease in the number of common stock in treasury stock was due to a decrease of 154 thousand shares resulting from the delivery of the shares of the Company held by the BIP Trust and the ESOP Trust and a decrease of 0 thousand shares resulting from the sale of odd-lot shares.
3. The number of shares of treasury stock as of February 28, 2022 includes 1,469 thousand shares of the Company held by the BIP Trust and the ESOP Trust.

3. Items relating to cash dividends

(1) Dividend payments, etc.

Resolution	Type	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 27, 2021; Annual Shareholders' Meeting	Common stock	45,115	51.00	February 28, 2021	May 28, 2021
October 7, 2021; Board of Directors' meeting	Common stock	42,461	48.00	August 31, 2021	November 15, 2021
Total		87,576			

(Notes)

1. The total amount of cash dividends determined by the resolution of the Annual Shareholders' Meeting held on May 27, 2021 includes ¥82 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.
2. The total amount of cash dividends determined by the resolution of the Board of Directors meeting held on October 7, 2021 includes ¥70 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

(2) Dividends whose record date is within the 17th fiscal year but to be effective during the 18th fiscal year

At the Annual Shareholders' Meeting to be held on May 26, 2022, the following proposal for resolution will be presented for matters concerning common stock dividends.

(i) Total amount of cash dividends: ¥45,999 million

(ii) Dividend per share: ¥52.00

(iii) Record date: February 28, 2022

(iv) Effective date: May 27, 2022

(Note)

The total amount of cash dividends includes ¥76 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust. Plans call for the dividends to be paid from retained earnings.

4. Items relating to share subscription rights at the end of the 17th fiscal year

Category	Breakdown of share subscription rights	Class of shares to be acquired upon exercise of the share subscription rights	Number of shares to be acquired upon exercise of the share subscription rights
The Company	15th share subscription rights issue	Common stock	3,000 shares
	17th share subscription rights issue	Common stock	3,000 shares
	19th share subscription rights issue	Common stock	3,000 shares
	20th share subscription rights issue	Common stock	1,000 shares
	21st share subscription rights issue	Common stock	3,000 shares
	22nd share subscription rights issue	Common stock	1,000 shares

Notes relating to financial instruments

1. Items relating to the status of financial instruments

For the management of surplus funds, the Group follows a basic policy of prioritizing safety, liquidity, and efficiency and limits the management of such funds to management through deposits with banks. The Group mainly raises funds through bank loans and bond issuance.

In addition, the Group uses derivative instruments to hedge the exposure to the risk of fluctuations in currency exchange rates regarding foreign currency-denominated asset and liability and hedge the exposure to the risk of fluctuations in interest rates regarding interest bearing debt as well as to optimize cash flows for future interest payments. The Group does not hold or issue derivative instruments for short-term trading or speculative purposes.

The Group's risk management is conducted pursuant to the "basic rules for risk management," stipulating which departments have overall control of each type of risk and which departments have overall control of general risk.

The Group reduces credit risk relating to notes and accounts receivable-trade, and leasehold deposits by continuously monitoring the credit ratings of business partners while undertaking due date control and balance control of notes and accounts receivable-trade for each business partner. Also, investments in securities are mainly shares and government bonds. In relation to these securities, the Group periodically checks market values and the financial standing of issuers while continuously reviewing the status of securities holdings in light of the Group's relationship with business partner companies.

The Group uses forward exchange contracts to hedge the risk of currency exchange rate fluctuations in relation to certain notes and accounts payable-trade, that are denominated in foreign currencies. Further, among loans, short-term loans are mainly for fund raising related to sales transactions, while long-term loans and bonds are mainly for fund raising related to capital investment and M&As. In relation to these loans, the Group undertakes comprehensive asset-liability management (ALM). The Group reduces the risks of currency exchange rate fluctuations and interest rate fluctuations through interest rate and currency swaps and interest rate swap transactions for certain long-term loans.

2. Items relating to the market values of financial instruments

The amounts recorded on the Consolidated Balance Sheet on February 28, 2022, the market values, and the difference between these amounts are as follows. Furthermore, notes have been omitted for minor items. Also, the following table does not include items for which market values are very difficult to determine. (Please see page 99 note 2.)

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and bank deposits	1,420,653	1,420,653	–
(2) Notes and accounts receivable-trade	365,746		
Allowance for doubtful accounts*1	(3,326)		
	362,420	365,980	3,560
(3) Investments in securities	166,383	171,647	5,264
(4) Long-term leasehold deposits*2	248,261		
Allowance for doubtful accounts*3	(126)		
	248,134	254,282	6,147
Total assets	2,197,591	2,212,563	14,972
(1) Notes and accounts payable-trade	483,908	483,908	–
(2) Short-term loans	140,146	140,146	–
(3) Deposits received in banking business	787,879	787,940	61
(4) Bonds*4	1,642,906	1,602,699	(40,207)
(5) Long-term loans*5	1,115,680	1,119,861	4,180
(6) Deposits received from tenants and franchised stores*6	27,614	26,941	(672)
Total liabilities	4,198,135	4,161,497	(36,637)
Derivative instruments*7	(176)	(176)	–

(Notes)

*1. Net allowance (after deducting allowance for doubtful accounts for notes and accounts receivable-trade).

*2. Including current portion of long-term leasehold deposits.

*3. Net allowance (after deducting allowance for doubtful accounts for long-term leasehold deposits).

*4. Including current portion of bonds.

*5. Including current portion of long-term loans.

*6. Including current portion of deposits received from tenants and franchised stores.

*7. Net credit or liabilities arising from derivative instruments are shown.

Notes

1. Items relating to the method of calculation of the market value of financial instruments and derivative instruments

Assets

(1) Cash and bank deposits

The relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

(2) Notes and accounts receivable-trade

For notes and accounts receivable-trade with short settlement periods, the relevant book values are used because market values and book values are almost equivalent. The market value of items with long settlement periods is the present value, which is calculated by discounting the total of principal and interest by the corresponding yield on government bonds over the remaining period, making allowance for credit risk.

(3) Investments in securities

For the market value of shares, exchange prices are used. For bonds, exchange prices or the prices shown by correspondent financial institutions are used.

(4) Long-term leasehold deposits

The market value of long-term leasehold deposits is the present value, which is calculated by discounting future cash flows—reflecting collectability—by the corresponding yield on government bonds over the remaining period.

Liabilities

(1) Notes and accounts payable-trade, (2) Short-term loans

The relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

(3) Deposits received in banking business

For demand deposits, the market value is regarded as the amount payable (book value) if demands were received on the consolidated balance sheet date. Time deposits are classified according to certain periods, and the market value of time deposits is the present value, which is calculated by discounting future cash flows. The discount rate used for this is the interest rate used when new deposits are received. For time deposits with short remaining periods (within one (1) year), the market value is the relevant book value because the market value approximates the book value.

(4) Bonds

The market value of bonds that have market prices is based on these prices. The market value of bonds that do not have market prices is the present value, which is calculated by discounting the total of principal and interest to reflect the remaining period of the said bonds and an interest rate that allows for credit risk.

(5) Long-term loans

The market value of long-term loans is the present value, which is calculated by discounting the total of principal and interest by the interest rate assumed to be applied if the same loan were to be newly taken.

(6) Deposits received from tenants and franchised stores

The market value of deposits received from tenants and franchised stores is the present value, which is calculated by discounting future cash flows by the corresponding yield on government bonds over the remaining period.

Derivative instruments

These are calculated based on the prices shown by correspondent financial institutions. Because items such as forward foreign exchange contracts subject to the short-cut method are processed together with hedged accounts payable-trade, the market values of such items are included in the market value of the corresponding notes and accounts payable-trade. Since the integrated accounting treatment of interest rate and currency swaps (specific hedging and the short-cut method) is treated as one with long-term loans that are subject to hedging, the market value is included in the market value of the long-term loans. In addition, since the specific hedging of interest rate swaps is treated as one with long-term loans that are subject to hedging, the market value is included in the market value of the long-term loans.

2. Financial instruments for which market values are very difficult to determine

Classification	Consolidated Balance Sheet (Millions of yen)
Investments in securities*1	
Unlisted shares	14,605
Shares of subsidiaries and affiliates	29,695
Other	9,930
Long-term leasehold deposits*2	88,400
Deposits received from tenants and franchised stores*2	25,059

(Notes)

*1 These are not included in Assets “(3) Investments in securities” because they do not have market prices, and future cash flows with regard thereto cannot be estimated; therefore, it is very difficult to determine market values.

*2 These are not included in Assets “(4) Long-term leasehold deposits” and Liabilities “(6) Deposits received from tenants and franchised stores” because the timing of repayment cannot be reasonably estimated and it is very difficult to determine market values.

Notes concerning real estate for lease

Notes about real estate for lease have been omitted because the total amount thereof is considered immaterial.

Notes concerning per share information

1. Net assets per share: ¥3,375.50
2. Net income per share: ¥238.68

(Notes)

1. As the Company has introduced the BIP Trust and the ESOP Trust, the Company’s shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the total number of shares issued at the end of the fiscal year, to calculate net assets per share. The total number of shares of treasury stock at the end of the fiscal year deducted for the computation is 1,469 thousand shares.
2. As the Company has introduced the BIP Trust and the ESOP Trust, the Company’s shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the average number of shares during the fiscal year, to calculate net income per share. The average number of shares of treasury stock during the fiscal year deducted for the computation is 1,522 thousand shares.

Notes concerning significant subsequent event

None.

Other notes

Notes concerning business combination

Business combination by acquisition

As of August 3, 2020, the Company's consolidated subsidiary, 7-Eleven, Inc. executed an agreement with U.S. company Marathon Petroleum Corporation ("MPC"), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses) (hereinafter, the acquisition is referred to as the "Transaction"). 7-Eleven, Inc. acquired the shares and other interests of the companies as of May 14, 2021 through SEI Speedway Holdings, LLC established as a wholly owned subsidiary of 7-Eleven, Inc. In parallel, 7-Eleven, Inc. entered into a 15-year gasoline supply agreement for the acquired stores with MPC.

Although the business have been acquired in the Transaction consists of multiple companies, we only disclose the information of one representative company in "(1) Name and main business of the acquired company" and "(6) Ratio of voting rights acquired."

1. Outline of business combination

(1) Name and main business of the acquired company

Name:	Speedway LLC
Main business:	Operation of convenience store business and fuel retail business

(2) Business combination objectives

The growth of the Company's convenience store business centered around 7-Eleven, Inc. in the North American market, where solid economic growth is expected, is positioned as an important growth engine for our Group, and we have been proactively leveraging the positive effects of acquisitions, expansion of our store network and optimization of our supply chain.

By carrying out the Transaction, we intend to achieve the following objectives:

(i) Strategic expansion of store network

By combining the powerful 7-Eleven brand that has been cultivated thus far with Speedway's solid brand, we will add economies of scale in the North American market, and furthermore, by utilizing the product strength and operational know-how of the business cultivated by 7-Eleven, Inc. in the U.S. to increase product sales and improve gross product margin, we expect that it will be possible to further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

(ii) Financial effect

We anticipate synergies and a tax savings due to beneficial tax treatment in the U.S.

(iii) ESG Leadership

In May 2019, the Group, including 7-Eleven, Inc. as a global retailer representing Japan, announced the "GREEN CHALLENGE 2050," the Company's environmental declaration. The Group is committed to achieving the declaration's four themes: (a) reducing CO_2 emissions to achieve a carbon-free society; (b) measures to realize a circular economy with respect to plastics; (c) measures for food loss and recycling; and (d) sustainable procurement to achieve a society that coexists with nature. Following the Transaction, the Group, including 7- Eleven, Inc. as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the North American market through expansion of its network and presence.

7-Eleven, Inc., as a chance of the Transactions, will set mutual and shared targets for 2027 to reduce CO_2 emissions, to utilize more ecofriendly packaging and sustainable food supplies, and to drive reduction in plastic usage for both newly acquired stores and existing stores and aim to enhance long-term corporate value.

(3) Date of the business combination

May 14, 2021

(4) Form of the business combination

Acquisition of shares and other interests

(5) The acquired company's name after the business combination

No change

(6) Ratio of voting rights acquired

100%

(7) Main reason for deciding the acquiring company

The Company's subsidiary acquired the shares and other interests of the companies in exchange for cash.

2. Period for which the acquired company's operating results are included in the consolidated financial statements

From May 14, 2021 to December 31, 2021

3. Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	US$21,083,918 thousand	(¥2,332,513 million)
Acquisition cost		US$21,083,918 thousand	(¥2,332,513 million)

4. Details and amounts of main acquisition-related costs

Payment for financial and legal due diligence US$134,084 thousand (¥14,833 million)

5. Amount, reason for recognition, and method and period of amortization of goodwill

(1) Amount of goodwill

US$12,267,329 thousand (¥1,357,134 million)

The amount above is provisional since a fair value measurement of identifiable assets and liabilities at the acquisition date has not been finalized, and thus the purchase price allocation has not been finalized.

(2) Reason for recognition of goodwill

Expected excess earning power of future business development.

(3) Period and method of amortization of goodwill

Straight-line method over 20 years.

6. Total amounts and principal breakdowns of assets received and liabilities assumed on the date of the business combination

Current assets	US$988,406 thousand	(¥109,347 million)
Non-current assets	US$9,776,912 thousand	(¥1,081,619 million)
Total assets	US$10,765,319 thousand	(¥1,190,967 million)
Current liabilities	US$1,450,507 thousand	(¥160,469 million)
Non-current liabilities	US$498,223 thousand	(¥55,118 million)
Total liabilities	US$1,948,730 thousand	(¥215,588 million)

Note: The yen amounts in items 3. to 6. were calculated using the May 13, 2021 rate (US$1 = ¥110.63).

In the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

NON-CONSOLIDATED BALANCE SHEET (as of February 28, 2022)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**46,085**	**Current liabilities**	**231,902**
Cash and bank deposits	811	Current portion of bonds	60,000
Prepaid expenses	1,018	Short-term loans from subsidiaries and affiliates	106,505
Accounts receivable, other	37,057		
Deposits held by subsidiaries and affiliates	5,761	Current portion of long-term loans	41,000
Other	1,435	Lease obligations	6,140
Non-current assets	**2,514,503**	Accounts payable, other	11,742
Property and equipment	**13,026**	Accrued expenses	934
Buildings and structures	2,553	Income taxes payable	3,781
Fixtures, equipment and vehicles	2,310	Advance received	237
Land	2,712	Allowance for bonuses to employees	561
Lease assets	219	Allowance for bonuses to Directors and Audit & Supervisory Board Members	49
Construction in progress	5,230		
Intangible assets	**69,186**	Other	949
Software	21,831	**Non-current liabilities**	**908,060**
Software in progress	22,457	Bonds	400,000
Lease assets	24,892	Long-term loans	439,974
Other	5	Long-term loans from subsidiaries and affiliates	11
Investments and other assets	**2,432,290**		
Investments in securities	37,329	Lease obligations	21,544
Stocks of subsidiaries and affiliates	2,373,222	Allowance for stock payments	2,063
Prepaid pension cost	1,685	Provision for loss on guarantees	34,983
Long-term leasehold deposits	3,943	Deposits paid in subsidiaries	2,867
Deposits paid in subsidiaries and affiliates	10,000	Deposits received from tenants	2,180
Other	6,109	Deferred income taxes	3,705
Deferred assets	**492**	Other	729
Bond issuance costs	492	**TOTAL LIABILITIES**	**1,139,962**
		NET ASSETS	
		Shareholders' equity	**1,409,699**
		Common stock	**50,000**
		Capital surplus	**1,232,897**
		Additional paid-in capital	875,496
		Other capital surplus	357,400
		Retained earnings	**137,037**
		Other retained earnings	137,037
		Retained earnings brought forward	137,037
		Treasury stock, at cost	**(10,235)**
		Accumulated gains from valuation and translation adjustments	**11,360**
		Unrealized gains on available-for-sale securities, net of taxes	11,360
		Subscription rights to shares	**56**
		TOTAL NET ASSETS	**1,421,117**
TOTAL ASSETS	**2,561,080**	**TOTAL LIABILITIES AND NET ASSETS**	**2,561,080**

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2021 to February 28, 2022)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividend income	145,014	
Management consulting fee income	4,711	
Commission fee income	2,333	
Other	148	152,208
General and administrative expenses		49,490
Operating income		**102,717**
Non-operating income		
Interest income	113	
Dividend income	386	
Gain on investments in investment partnerships	288	
Other	34	823
Non-operating expenses		
Interest expenses	1,457	
Interest on bonds	1,244	
Other	159	2,860
Ordinary income		**100,680**
Special gains		
Gain on sales of stocks of subsidiaries and affiliates	4,171	
Consolidated tax payment individual attribution adjustment amount	13,828	
Other	40	18,039
Special losses		
Loss on disposals of property and equipment	42	
Impairment loss	400	
Loss on valuation of stocks of subsidiaries and affiliates	14,501	
Provision for loss on guarantees	2,507	
Loss related to novel coronavirus (COVID-19)	1	
Other	1,276	18,730
Income before income taxes		**99,989**
Income taxes - current	(8,018)	
Income taxes - deferred	898	(7,119)
Net income		**107,109**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2021 to February 28, 2022)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	**Total shareholders' equity**
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at March 1, 2021	**50,000**	**875,496**	**369,774**	**1,245,271**	**117,504**	**117,504**	**(10,804)**	**1,401,971**
Increase (decrease) for the year								
Cash dividends					(87,576)	(87,576)		**(87,576)**
Net income					107,109	107,109		**107,109**
Decrease by corporate division			(12,373)	(12,373)				**(12,373)**
Purchase of treasury stock							(22)	**(22)**
Disposal of treasury stock			0	0			591	**592**
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	**–**	**–**	**(12,373)**	**(12,373)**	**19,532**	**19,532**	**569**	**7,728**
Balance at February 28, 2022	**50,000**	**875,496**	**357,400**	**1,232,897**	**137,037**	**137,037**	**(10,235)**	**1,409,699**

	Accumulated gains (losses) from valuation and translation adjustments		**Subscription rights to shares**	**TOTAL NET ASSETS**
	Unrealized gains (losses) on available-for-sale securities, net of taxes	**Total accumulated gains (losses) from valuation and translation adjustments**		
Balance at March 1, 2021	**10,999**	**10,999**	**56**	**1,413,027**
Increase (decrease) for the year				
Cash dividends				**(87,576)**
Net income				**107,109**
Decrease by corporate division				**(12,373)**
Purchase of treasury stock				**(22)**
Disposal of treasury stock				**592**
Net changes of items other than shareholders' equity	361	**361**	**–**	**361**
Net increase (decrease) for the year	**361**	**361**	**–**	**8,090**
Balance at February 28, 2022	**11,360**	**11,360**	**56**	**1,421,117**

Notes to Non-Consolidated Financial Statements
Notes concerning matters pertaining to significant accounting policies

1. Valuation basis and method for securities

(1) Stock of subsidiaries and affiliates:

Valued at cost by the moving-average method.

(2) Available-for-sale securities

Fair value is available:

Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 17th fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

Fair value is not available:

Securities whose fair value is not available are valued at cost, determined using the moving-average method.

(3) Valuation basis and method for derivatives:

Valued at fair value.

2. Methods of depreciation for non-current assets

(1) Property and equipment (excluding lease assets):

Amortized using the straight-line method.

(2) Intangible assets (excluding lease assets):

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over a usable period of five (5) years.

(3) Lease assets

For depreciation of lease assets, a useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

3. Methods of processing deferred assets

Bond issuance cost:

As a general rule, bond issuance costs are amortized using the straight-line method over the redemption period. However, if the amount is immaterial, such costs are expensed at their full cost as incurred.

4. Methods of accounting for allowances

(1) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated on the estimation of payment.

(2) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount expected to be paid.

(3) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers. The amount is based on the expected stock benefit payable at the end of the 17th fiscal year.

(4) Allowance for accrued pension and severance costs (Prepaid pension cost)

Allowance for accrued pension and severance costs is provided to prepare for payments of retirement benefits to employees. The amount is based on the estimated retirement benefit obligation and the estimated pension plan assets at the end of the 17th fiscal year. In calculating retirement benefit obligations, the estimated total retirement benefit obligation is allocated to the period up to the end of the 17th fiscal year on a benefit formula basis.

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the fiscal year following the fiscal year in which they arise, which is within the average remaining years of service of the eligible employees when the actuarial differences arise in a fiscal year.

(5) Provision for loss on guarantees

Provision for loss on guarantees is provided to cover losses related to guarantees offered to subsidiaries and affiliates. The estimated loss amount is recorded, taking into account the financial position and other factors of the guaranteed parties.

5. Significant hedge accounting methods

(1) Hedge accounting

In principle, hedging activities are accounted for by the deferred hedge method.

However, interest rate and currency swaps are accounted for by integrated accounting treatment (specific hedging and *furiate shori*) when they meet certain criteria for the method.

(2) Hedge instruments and hedged items

Hedge instruments – Interest rate and currency swaps

Hedged items – Foreign currency-denominated loans payable

(3) Hedging policies

The Company has policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, and optimizing future cash flow. The Company does not hold or issue derivative instruments for short-term trading or speculative purposes.

(4) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for interest rate and currency swap contracts for which integrated accounting treatment has been applied.

6. Other significant items that form the basis of the preparation of financial statements

(1) Accounting method related to retirement benefits

The method for accounting for unrecognized actuarial differences related to retirement benefits differs from that in the Consolidated Financial Statements.

(2) Accounting for consumption taxes, etc.

Consumption taxes, etc., are not included.

(3) Application of the consolidated taxation system

The Company has applied the consolidated taxation system.

(4) Application of practical solution on the treatment of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With respect to the transition from the consolidated taxation system to the group tax sharing system and items subject to the review of the non-consolidated taxation system conducted to coincide with transition from the consolidated taxation system to the group tax sharing system, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company has not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued on February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No. 39 issued on March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

Notes concerning changes in method of presentation

(Application of "Accounting Standard for Disclosure of Accounting Estimates")

The Company has applied "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) from the non-consolidated financial statements for the end of the 17th fiscal year and provided notes regarding significant accounting estimates in the financial statements.

Notes on accounting estimates

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the financial statements. Among the amounts which include accounting estimates recorded in the financial statements for the 17th fiscal year, the following items have risks of having a material effect on the financial statements for the following fiscal year:

1. The valuation of stocks of subsidiaries and affiliates whose fair values are deemed extremely difficult to determine

(1) Amounts recorded in the financial statements for the 17th fiscal year

Shares of subsidiaries companies whose fair values are deemed extremely difficult to determine	¥2,366,774 million
Shares of affiliated companies whose fair values are deemed extremely difficult to determine	¥4,946 million
Loss on valuation of stocks of subsidiaries and affiliates	¥14,501 million

(2) Information on the nature of significant accounting estimates for the items identified

An impairment loss shall be recognized for shares of subsidiaries and affiliates for which market values are very difficult to determine, when their substantive value, which is calculated by multiplying the amount of net assets per share by the number of shares held, declines significantly due to deterioration in the financial condition of the company issuing the shares, unless there is sufficient persuasive evidence to support a subsequent recovery.

In the 17th fiscal year, there are no shares of subsidiaries and affiliates whose fair values are deemed extremely difficult to determine whose substantial value has declined significantly but for which no impairment loss has been recognized.

Supplementary information

(Performance-Based and Stock-Based Compensation Plan for Directors and Executive Officers)

The Company has introduced a performance-based and stock-based compensation plan for the Company's Directors (excluding non-executive Directors and Directors residing overseas) and executive officers (excluding executive officers residing overseas). An overview of the plan is described in "Supplementary Information" under "Notes to Consolidated Financial Statements."

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment: ¥5,169 million

2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates (excluding items listed elsewhere)

(1) Short-term receivables:	¥32,231 million
(2) Short-term payables:	¥9,418 million
(3) Long-term payables:	¥23,683 million

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations:	¥152,082 million
General and administrative expenses:	¥6,936 million
(2) Non-operating transactions:	¥17,975 million

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year Common stock 3,303,179 shares

(Note)

Shares of treasury stock at the end of the fiscal year include 1,469 thousand shares of the Company held by the BIP Trust and the ESOP Trust.

Notes regarding tax effect accounting

Deferred tax assets and deferred tax liabilities by cause of occurrence

Deferred tax assets	
Allowance for bonuses to employees:	¥197 million
Accrued enterprise taxes and business office taxes:	¥26 million
Subscription rights to shares:	¥17 million
Tax loss carried forward:	¥6,245 million
Denial of impairment loss:	¥1,202 million
Valuation loss on subsidiaries' and affiliates' stock:	¥86,612 million
Allowance for stock payments	¥567 million
Provision for loss on guarantees:	¥10,713 million
Other:	¥393 million
Sub-total:	¥105,977 million
Less: Valuation allowance:	(¥104,151 million)
Total:	¥1,825 million

Deferred tax liabilities	
Prepaid pension cost:	(¥516 million)
Unrealized losses on available-for-sale securities, net of taxes:	(¥5,015 million)
Total:	(¥5,531 million)
Deferred tax assets (liabilities), net:	(¥3,705 million)

Notes concerning non-current assets utilized through leases

Future lease payments for non-cancellable operating leases

Due within one year:	¥1,539 million
Due after one year:	¥282 million
Total:	¥1,821 million

Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

(Millions of yen)

Attribution	Name of company, etc.	Voting rights held by the Company (%)	Relationship with related party	Details of transaction	Amount of transaction (Note 5)	Account title	Year-end balance (Note 5)
Subsidiary	SEVEN & i Financial Center Co., Ltd.	Ownership Direct: 100	Deposit and borrowing of funds Concurrently serving corporate officers	Deposit of funds (Note 1)	843,246	Deposits held by subsidiaries and affiliates	5,761
				Interest on deposits (Note 1)	112	Deposits paid in subsidiaries and affiliates	10,000
						Other current assets	21
				Borrowing of funds (Note 1)	772,000	Short-term loans payable to subsidiaries and affiliates	106,500
				Interest on borrowed funds (Note 1)	187	Accrued expenses	1
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 2)	3,149	Accounts receivable	27,741
				Operational consignment (Note 3)	783		
				Tax payment under consolidated taxation	51,384		
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 3)	1,169	Accounts receivable	680
				Adjustment to individually attributed consolidated taxation amount (Note 4)	6,052		
Subsidiary	Sogo & Seibu Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Adjustment to individually attributed consolidated taxation amount (Note 4)	5,175	–	–
Subsidiary	Seven & i Net Media Co., Ltd.	Ownership Direct: 100	–	Operational consignment	5,519	Accounts payable, other	1,454

(Notes)

1. Transactions are conducted based on interest rates for deposits to and loans from subsidiaries and affiliates that are determined reasonably by taking into account market interest rates.
2. Business management fees are determined proportionately according to the size of each subsidiary's business in line with the Group's rules.
3. Operational consignment fees are determined based on negotiations between the relevant parties.
4. The receipt and payment of corporate taxes associated with consolidated taxation was decided after consultation.
5. The amount of transaction does not include consumption taxes, etc. However, the year-end balance includes consumption taxes, etc.

Notes concerning per share information

1. Net assets per share:	¥1,609.10
2. Net income per share:	¥121.29

(Notes)

1. As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the total number of shares issued at the end of the fiscal year, to calculate net assets per share. The total number of shares of treasury stock at the end of the fiscal year deducted for the computation is 1,469 thousand shares.
2. As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the average number of shares during the fiscal year, to calculate net income per share. The average number of shares of treasury stock during the fiscal year deducted for the computation is 1,522 thousand shares.

Notes concerning significant subsequent event

None.

Other notes

In the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

End

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.