



Presentation for the Group Management Strategy

October 6, 2022

Ryuichi Isaka

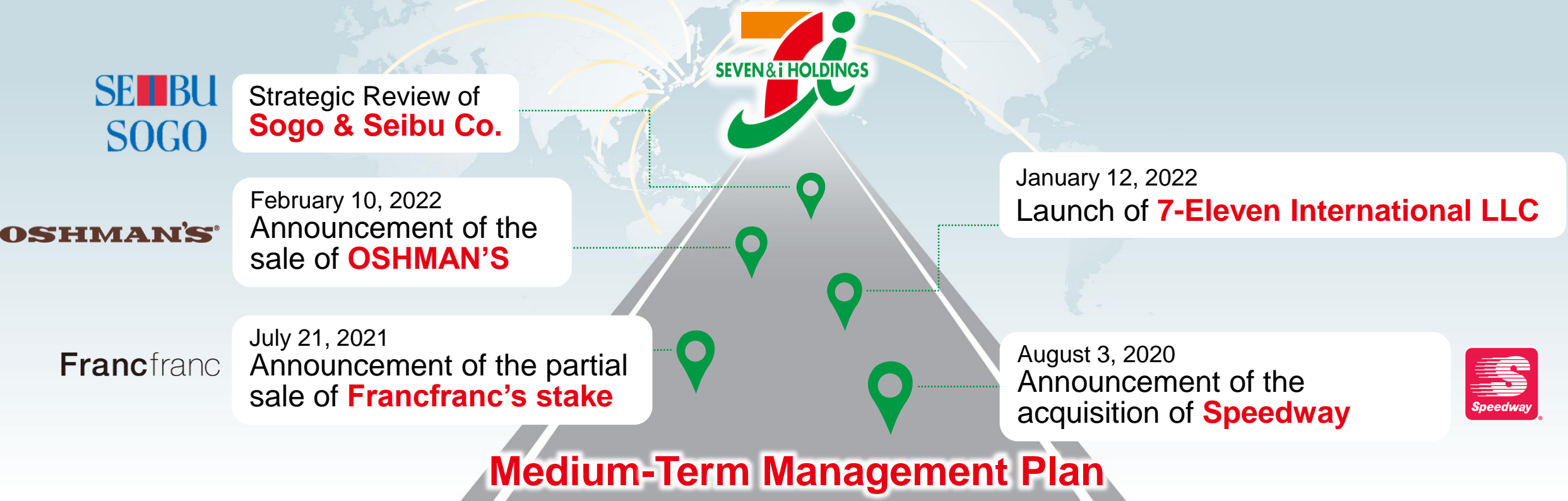
President & Representative Director

Seven & i Holdings Co., Ltd.

Recent Developments (Reiteration of material released on April 7)

- We have been accelerating our initiatives to become a world-class global retailer group

To Become a World-Class Global Retailer Group



Management Message announced on April 7

- Our management has continued to constructively engage with our shareholders

Action Plans Reacting Letter from Shareholders (Key Points)

A Review business portfolio and accelerate initiatives to optimize operations

1. Accelerating profit growth through domestic / overseas convenience store (“CVS”) business collaboration
2. Strengthening CVS and Superstore businesses’ competitiveness centered on grocery business strategy
3. Continuous business portfolio review

B Announcing strategic capital re-allocation plan

- Accelerate reclamation of capital through business portfolio restructuring and best ownership discussion
- Focus on investing our cash flow to our high growth CVS business
- Enhance shareholder return through flexible share buyback and other options, considering balance between growth investments

C Governance Structure Transformation

- Board member to be proposed based on the following principles at the annual shareholders meeting
 - ✓ Internal Directors: Reduce the number of Internal Directors
 - ✓ Outside Directors: Strengthen our system through further improvement of “Skills Matrix” that fosters board diversity and promotes our growth strategy as a global Specific Initiatives
 - ✓ Specific Initiatives: The majority of the Board will be outside directors

These initiatives will enable Seven & i to be a World-Class Global Retailer Group

A – 1 Synergy Realization Post-Speedway Acquisition

- Anticipated synergies have been materializing steadily, much faster than planned.

	Q1 FY2022	Q2 FY2022	1H FY2022	FY2022 (target)
 	EBITDA: \$131M (+\$56.5M vs plan)	\$139M (+\$38.0M vs plan)	\$270.5M (+\$94.5M vs plan)	\$450M

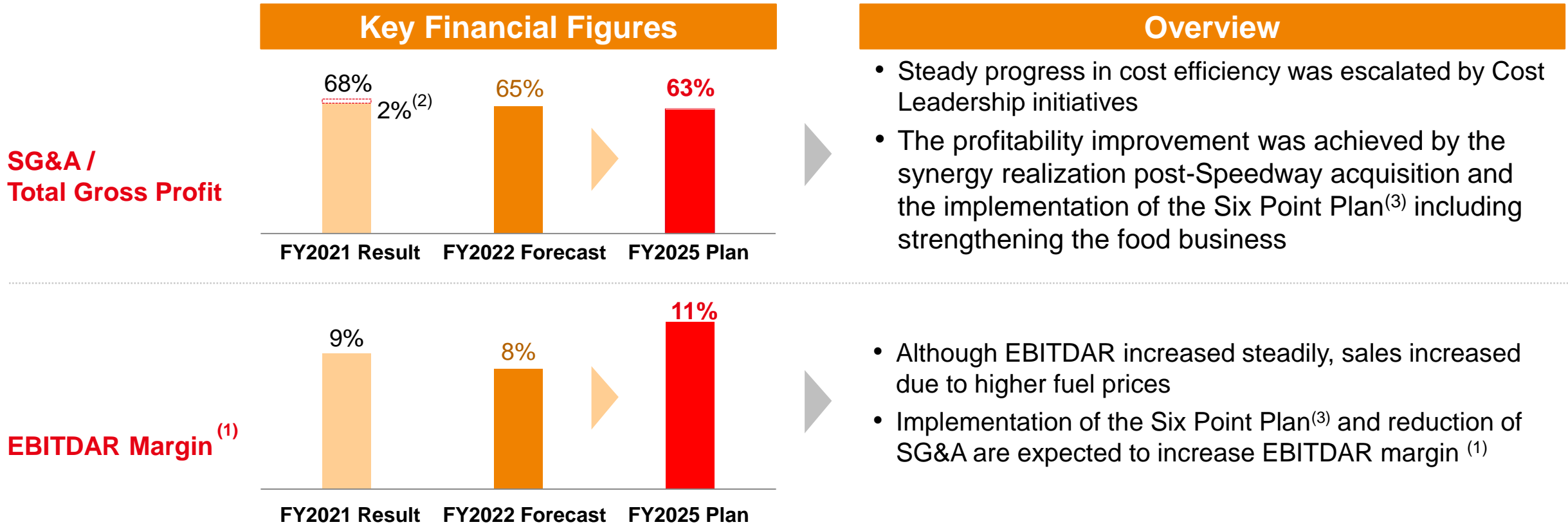
Results of Initiatives in 1H

	Merch Sales & Margin	1 Optimized Assortment in Speedway stores (include PB products) Started Fresh Food program
	Scale / Cost Leadership	2 Optimized Indirect Procurement 3 Completed Organizational Right-Sizing 4 Transitioned In-House Maintenance to nearly 2,600 7-Eleven Stores
	Fuel Logistics	5 Expanded Speedway Fuel Transportation Coverage to 7-Eleven Stores
	Digital (Growth) Synergies	6 Launched Delivery in 500+ Stores

Synergy realization post-Speedway acquisition faster than planned, driving SEI's growth

A – 1 Direction on Business Structure and Profitability Improvement for SEI

- Plans to reduce SG&A and improve EBITDAR margin⁽¹⁾ through business structure transformation



Overview

- Steady progress in cost efficiency was escalated by Cost Leadership initiatives
- The profitability improvement was achieved by the synergy realization post-Speedway acquisition and the implementation of the Six Point Plan⁽³⁾ including strengthening the food business
- Although EBITDAR increased steadily, sales increased due to higher fuel prices
- Implementation of the Six Point Plan⁽³⁾ and reduction of SG&A are expected to increase EBITDAR margin⁽¹⁾

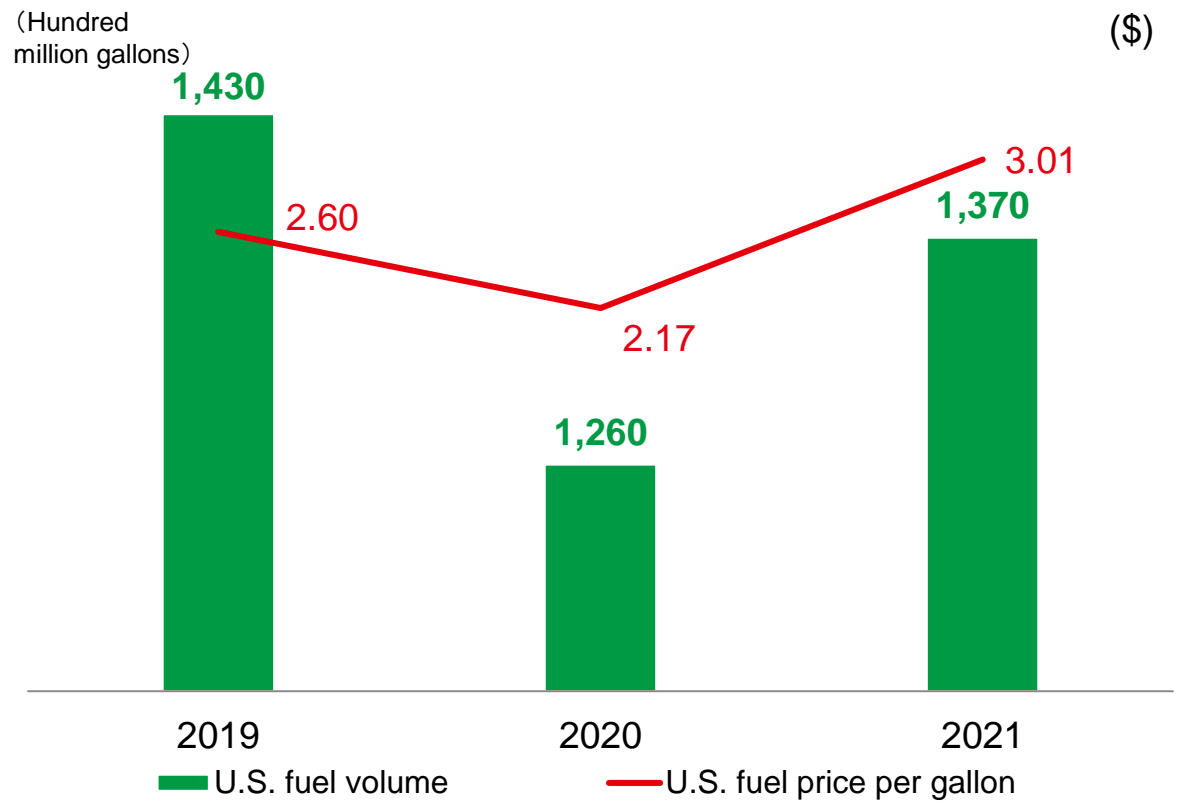
(1) EBITDAR=Earnings Before Income Tax + Depreciation + Amortization + Rent + M&A Cost
 (2) Refers to one-time non-operating expenses and M&A expenses
 (3) Six priority measures to be promoted by 7-Eleven, Inc.: I. Deliver a Consistently Great Customer Experience, II. Drive Proprietary & Unique Products & Services, III. Optimize Fuel Business & Grow Alternatives (EV), IV. Leverage Scale to Achieve Cost Leadership, V. Transform Convenience through Digital & Data, VI. Transform Store & Delivery Network

Continue to pursue high-profit growth by focusing on improving profitability and sales growth

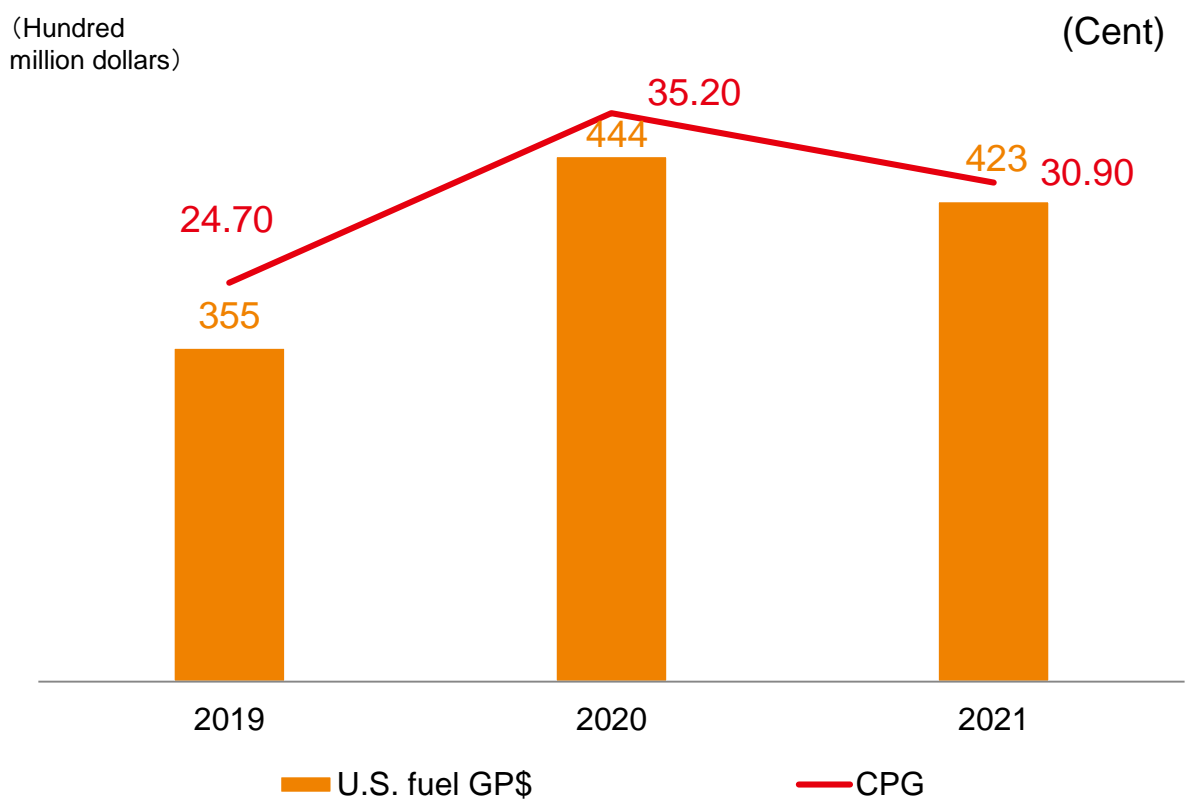
A – 1 The Situation of U.S. Fuel Business

- Although COVID-19 has led to lower mobility and higher retail prices, which have tended to lower fuel demand, CPG has remained high, and fuel gross profit margins have increased compared to pre-COVID-19 levels

U.S. Fuel Volume and Price/Gallon



U.S. Fuel GP\$ and CPG



Volume headwinds have not translated into lower profits

Source: NACS, EIA, OPIS

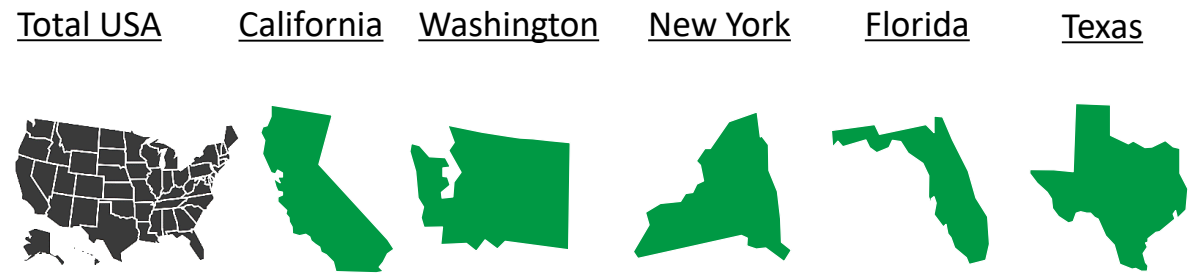
A – 1 The Situation of U.S. Fuel Business (cont'd)

- EV penetration remains low, at 0.5% in the U.S. and 1.6% in California, where the penetration rate is the highest
- On the other hand, the need to strengthen measures for EVs is required as EV penetration grows steadily

Highly Regional EV Penetration

State-Level BEVs as a % of Registered Cars

(As of December 2021 – Most Recently Available Govt Data)



0.5%
(1.45M Cars)

• California represents 39% of ALL US registered EVs, but only ~6% of total SEI fuel volume

Building an EV Port Network

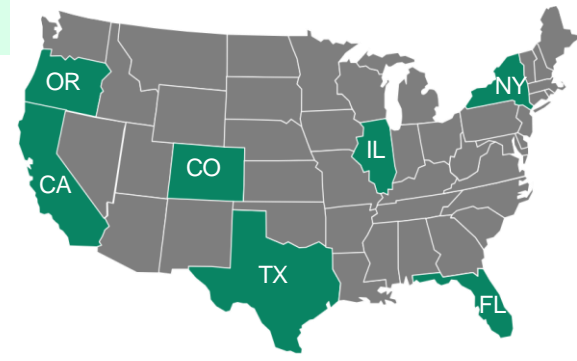
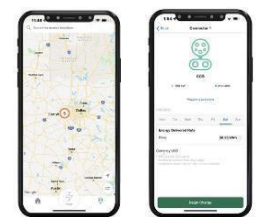
Dual Strategy

- 1 Build owned network and customer experience app with 7Charge
 - ABB Hardware
 - ChargePoint Software
- 2 Partner networks: Work with Evgo and other 3rd parties

Currently Piloting in 25 stores with 55 ports

EV port Network by EOY 2022

7CHARGE App



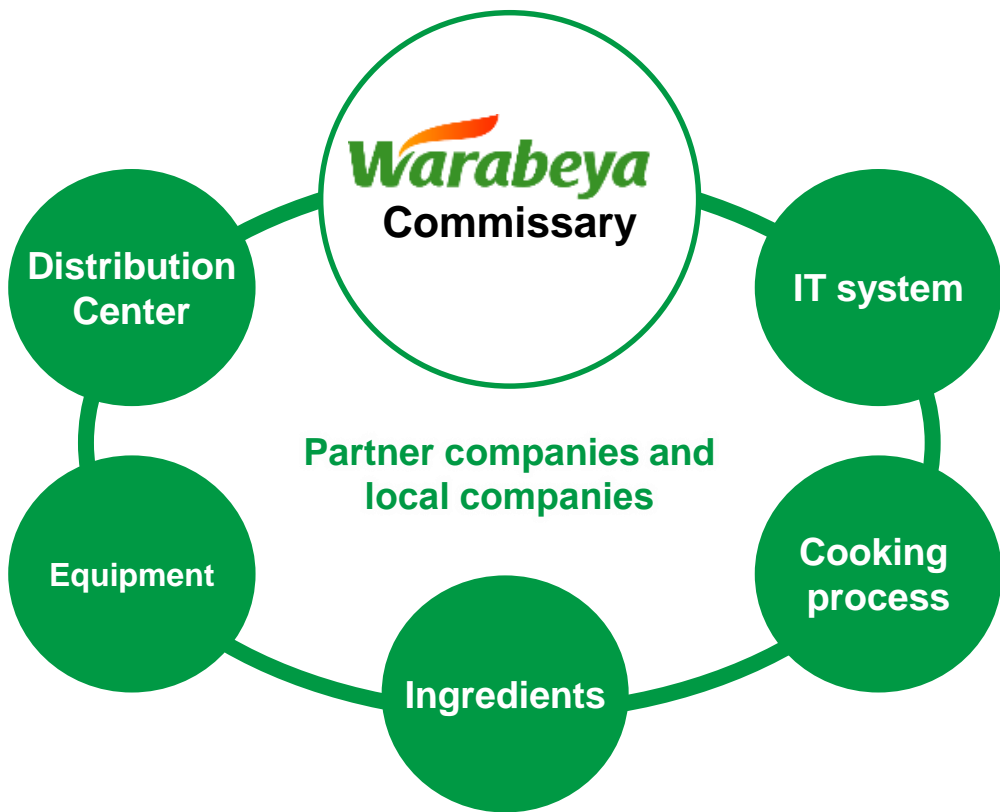
States with 7-Eleven EV Ports

While maintaining the stability of the fuel business, we will strengthen our response to the EV penetration
 To react the environment dynamics of the fuel business in the mid-to-long term, we expect to put effort into expanding fresh food and restaurant business

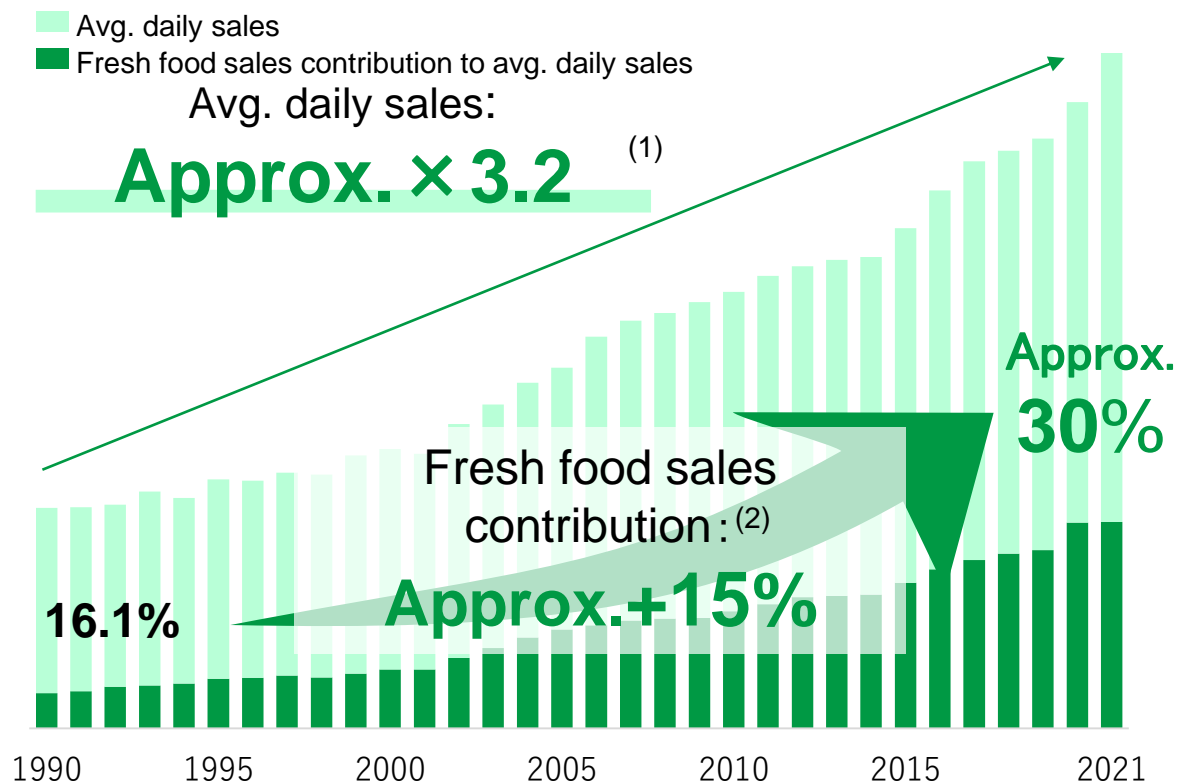
A-1 Fresh Food Enhancement in SEI

- In Hawaii, fresh food sales growth resulted in a significant increase in average daily sales

Improvement of the Sales Contribution of Fresh Food in Hawaii



[Fresh food sales contribution to average daily sales per store]



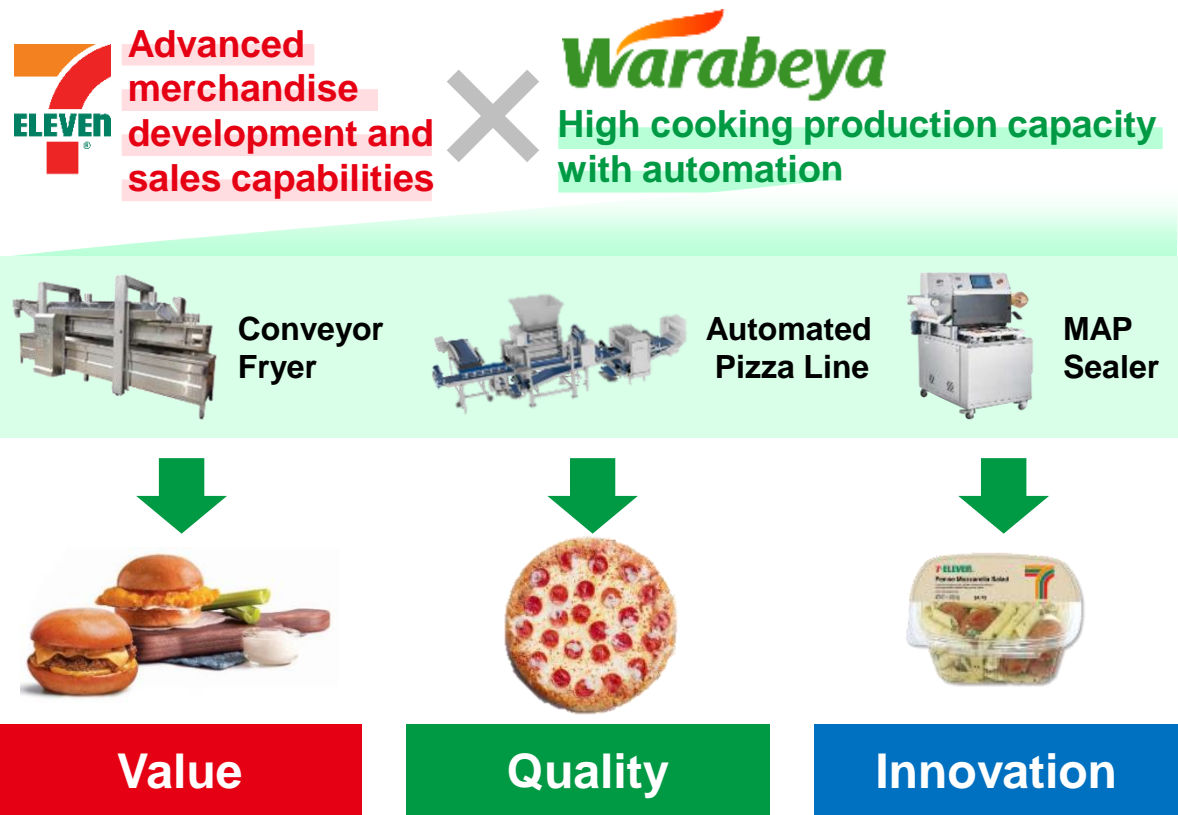
Differentiated fresh food enhancement in SEI is a key part of the strategies

(1) Average daily sales in 2021 compared to average daily sales in 1990
 (2) Fresh food sales contribution in 2021 compared to fresh food sales contribution in 1990

A-1 Fresh Food Enhancement in SEI (Cont'd)

- Enhance Fresh Food business by strengthening the value chain and improving commissary product development capability
- The contribution of fresh food sales has steadily increased in the DFW area where Warabeya Texas is located.

Strengthening the Value Chain through Warabeya

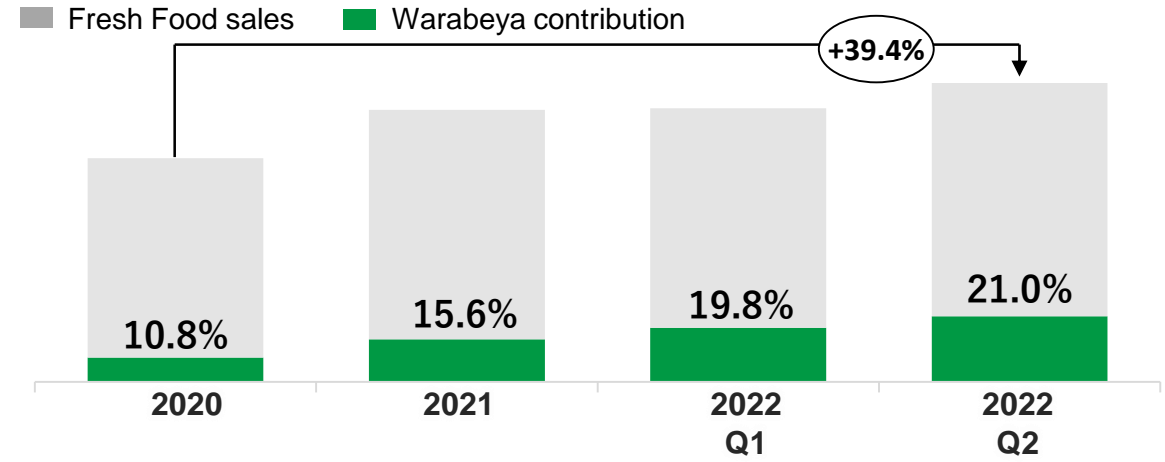


Improve the Sales Contribution of Fresh Food in DFW

[New items leveraged by Warabeya⁽¹⁾]



[The Warabeya sales contribution of fresh food in DFW]



Significant contribution of fresh food to total sales and average daily sales have already been demonstrated

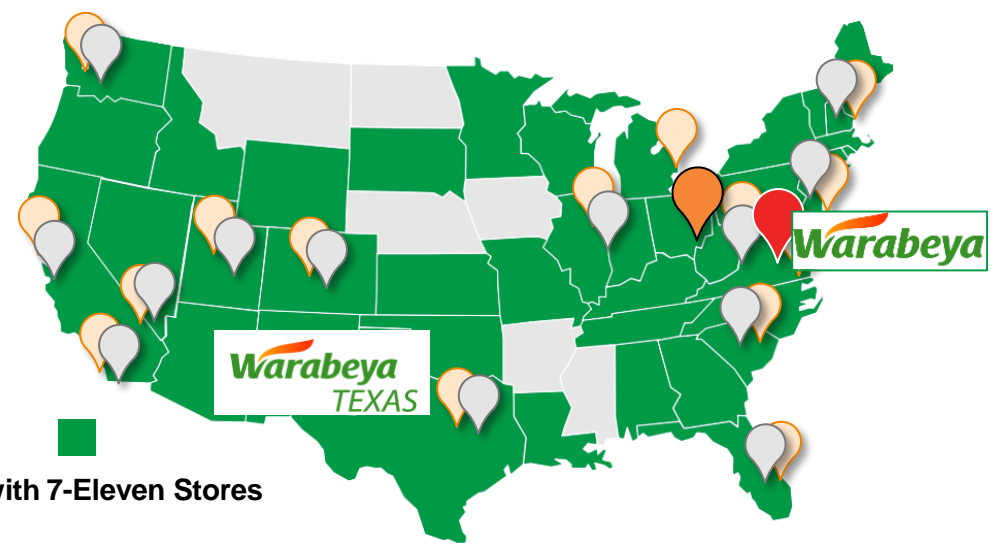
(1) Spam Musubi and Breakfast Scramble with Sausage Bowl will be released for test sale in October

A – 1 Fresh Food Enhancement in SEI (Cont'd)

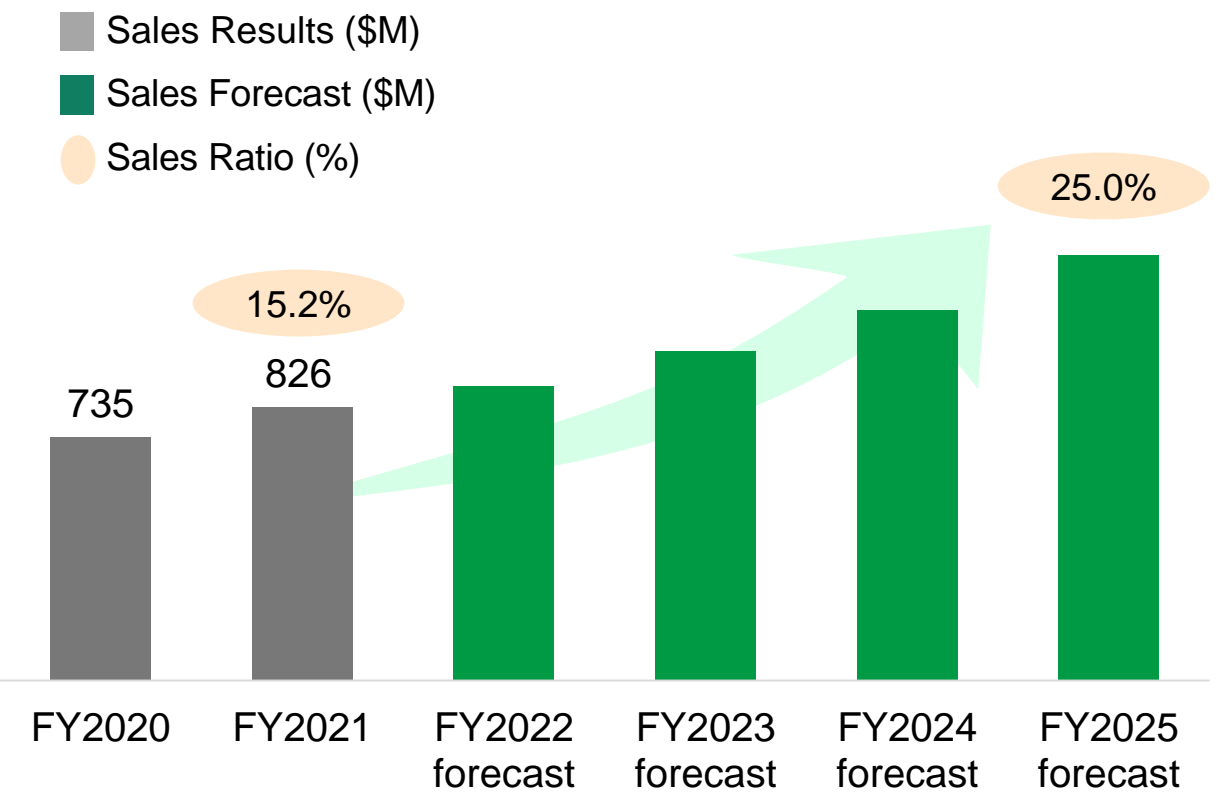
- By leveraging know-how in Hawaii and Dallas, SEI will enhance Fresh Food sales growth by pursuing modernization of the value chain in the U.S.

Modernization and Growth of Value Chain

Fresh Food + Proprietary Beverage Sales & Merchandise Mix⁽¹⁾



 Virginia Commissary <u>Target Q3 2023</u> Total approx. 1,300 stores	 Ohio Commissary <u>Target Q4 2024</u> Total approx. 1,400 stores	 Existing Commissary
		 Existing Baker



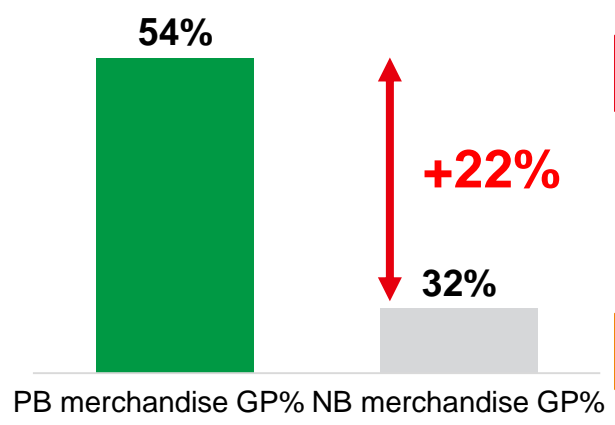
Promoting differentiated Fresh Food development by expansion of value chain

(1) Legacy SEI only

A – 1 Private Brand Enhancement in SEI

- Improved GP% of all operations business by expanding PB merchandise with higher GP%

Higher GP% Led by PB Merchandise Strategy



High-quality

- Enhancing core merchandise
- Expanding merchandise assortment

Better Pricing

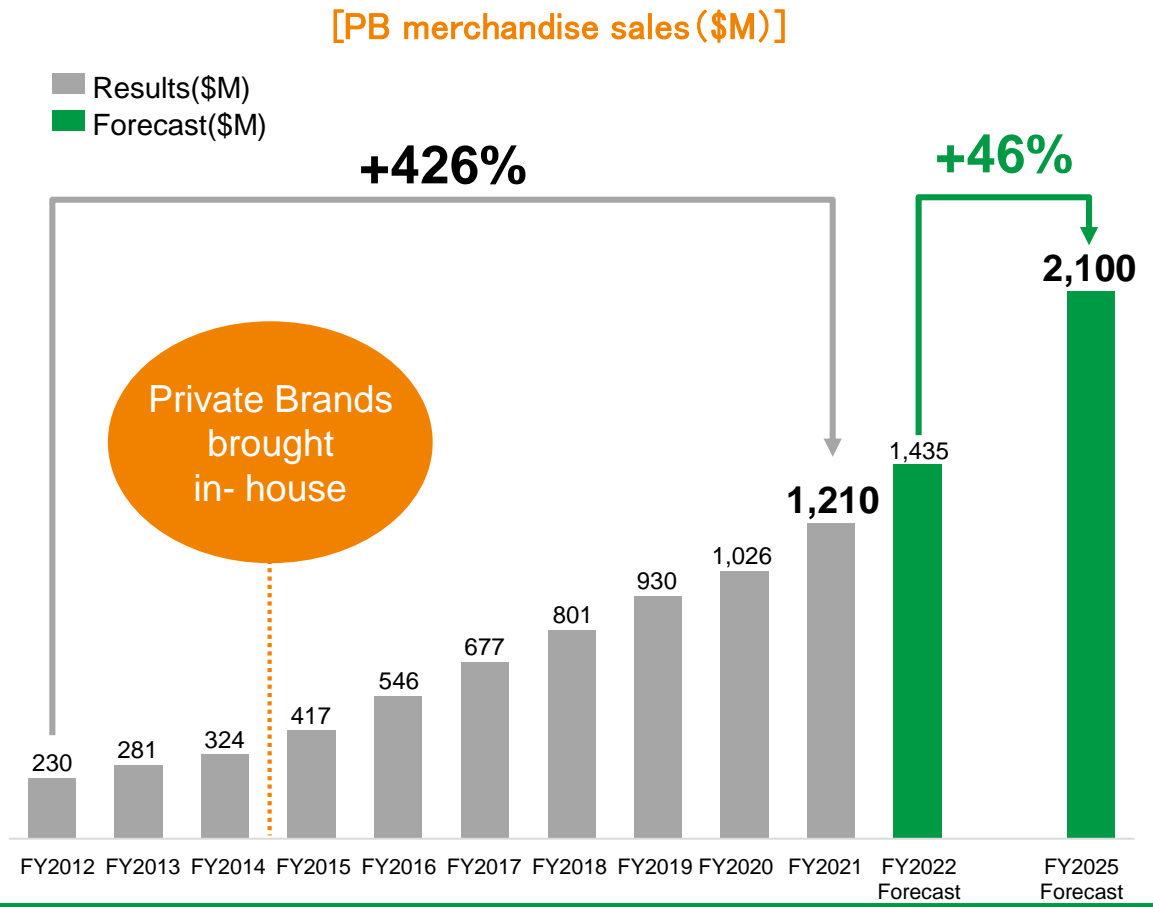
- Providing high-quality merchandise with the appropriate price

Merchandise Innovation

- Differentiated merchandise development



PB Merchandise Sales Results and Plan



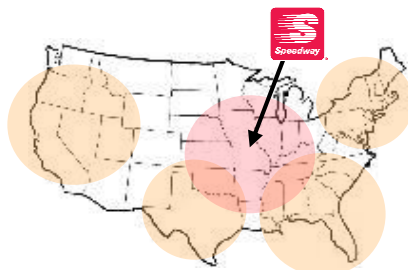
Enhance product competitiveness and improve margins through expansion of PB products utilizing No.1 store network in North America

A – 1 7NOW Delivery Service in SEI

- 7NOW delivery service is growing as customers' demands continue to be strong, providing ultimate convenience to meet customers changing needs

7NOW Value Proposition Has Positioned Us for Success

Customer Reach



95% Footprint Coverage

Quality Product Great Value



Speed of Service

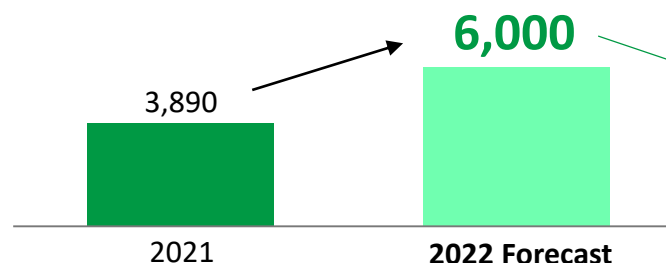


<30 min
Industry leading Delivery time
49% of orders delivered under 25 min

>50% US Population
Within 2 miles of a store

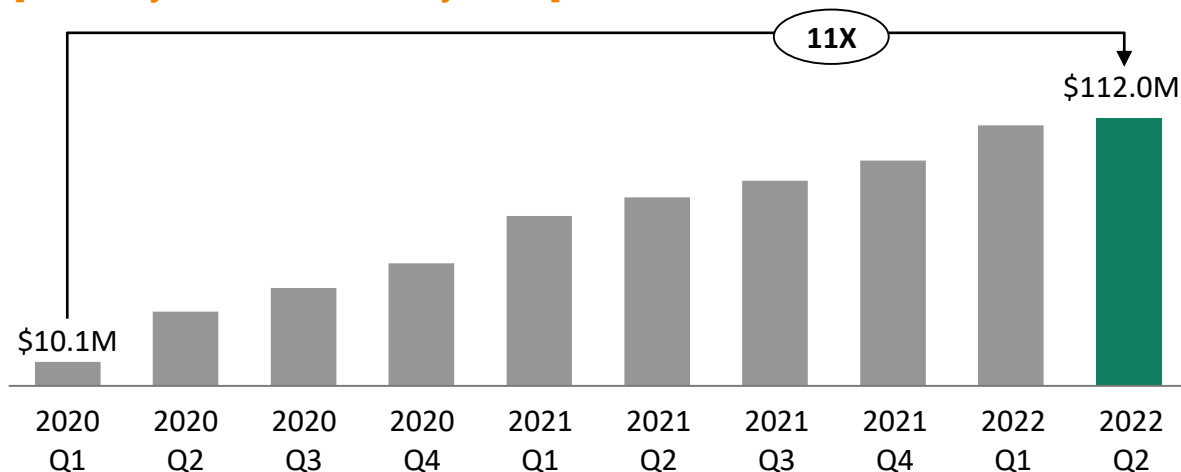
7NOW Delivery Growth

[# of stores offering 7NOW delivery]



On target to enable delivery across 6,000 stores

[Quarterly US 7NOW Delivery Sales]

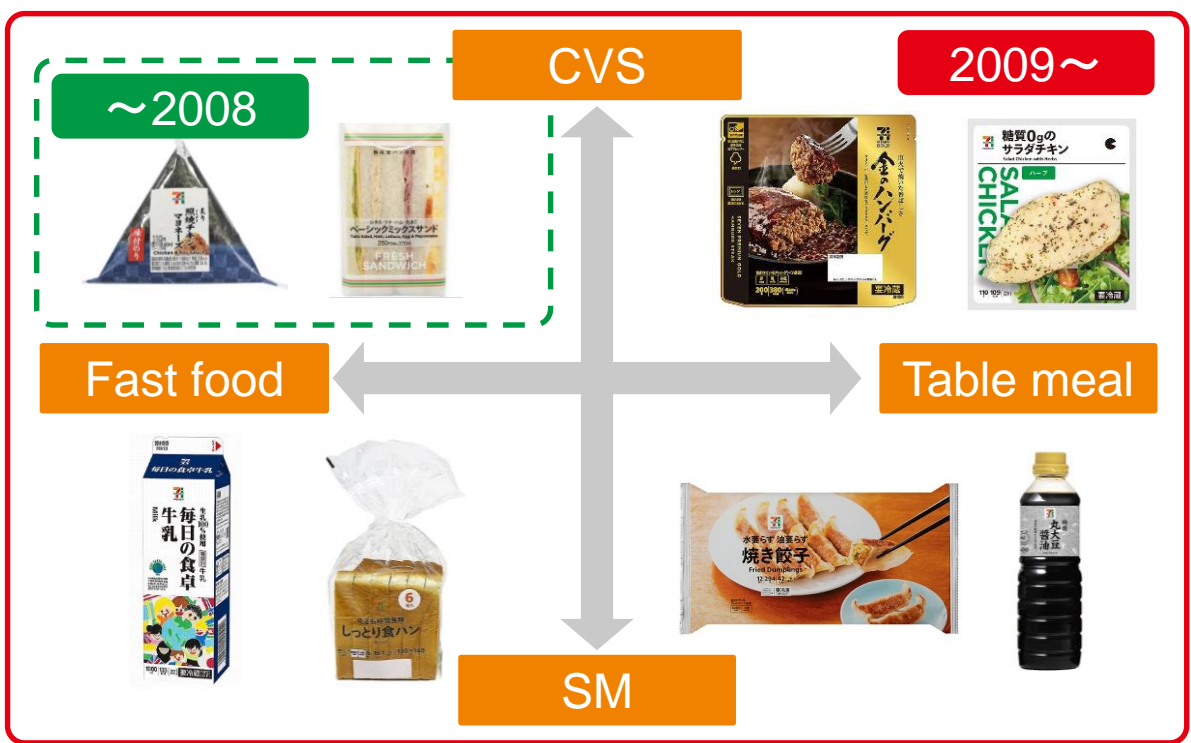


Utilizing last mile network to deliver physical and anytime/anywhere convenience

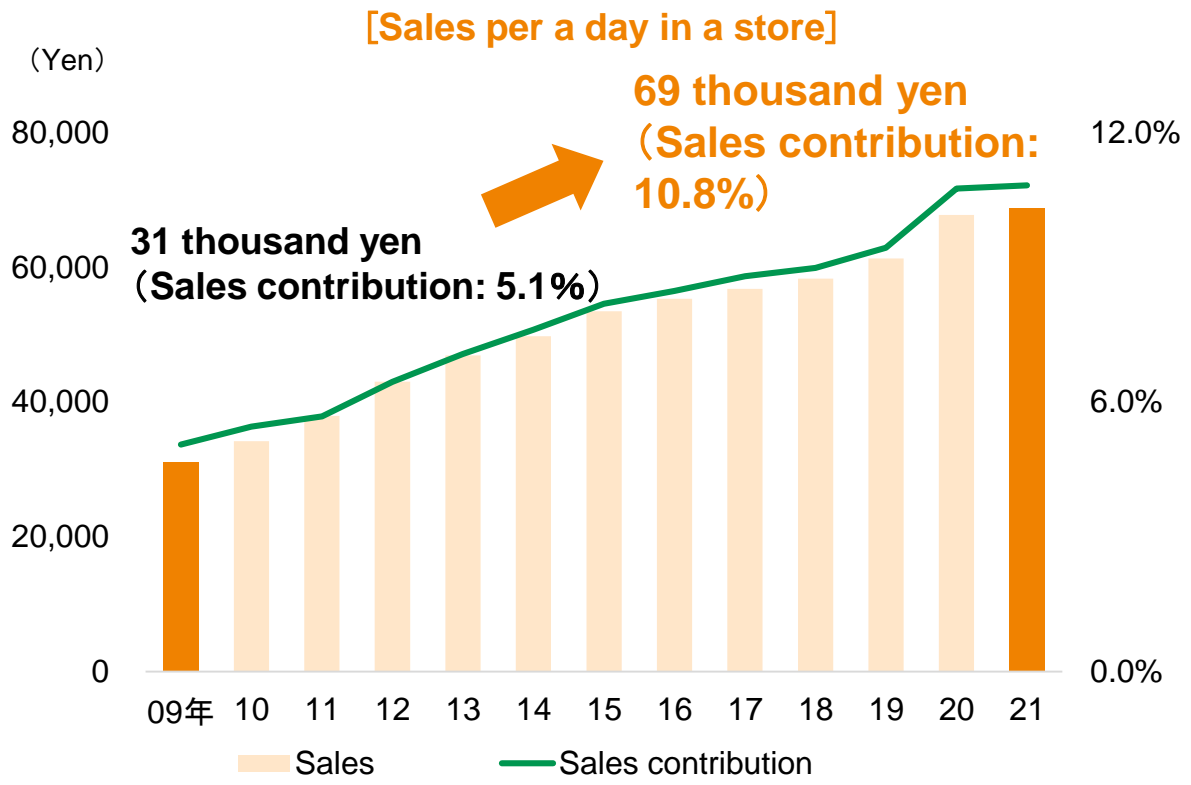
A-2 Expansion of "Grocery" Products and Service in SEJ

- Expanded food products from fast foods to table meals including offering of PB products to strengthen food contents to satisfy customer needs on wide product lineup on foods
- SEI will utilize these knowledge and experience to expand global CVS business

Wide Product Line-ups supporting home cooking



Sales of Food Often Used in Home Cooking (1)



Expansion of grocery product and service is a key to strengthen CVS and improve profit margin

(1) Delicatessen, Life daily, Bread, Frozen food (excl. rock ice), milk

A-2 Expansion of Private Brand (Seven Premium)

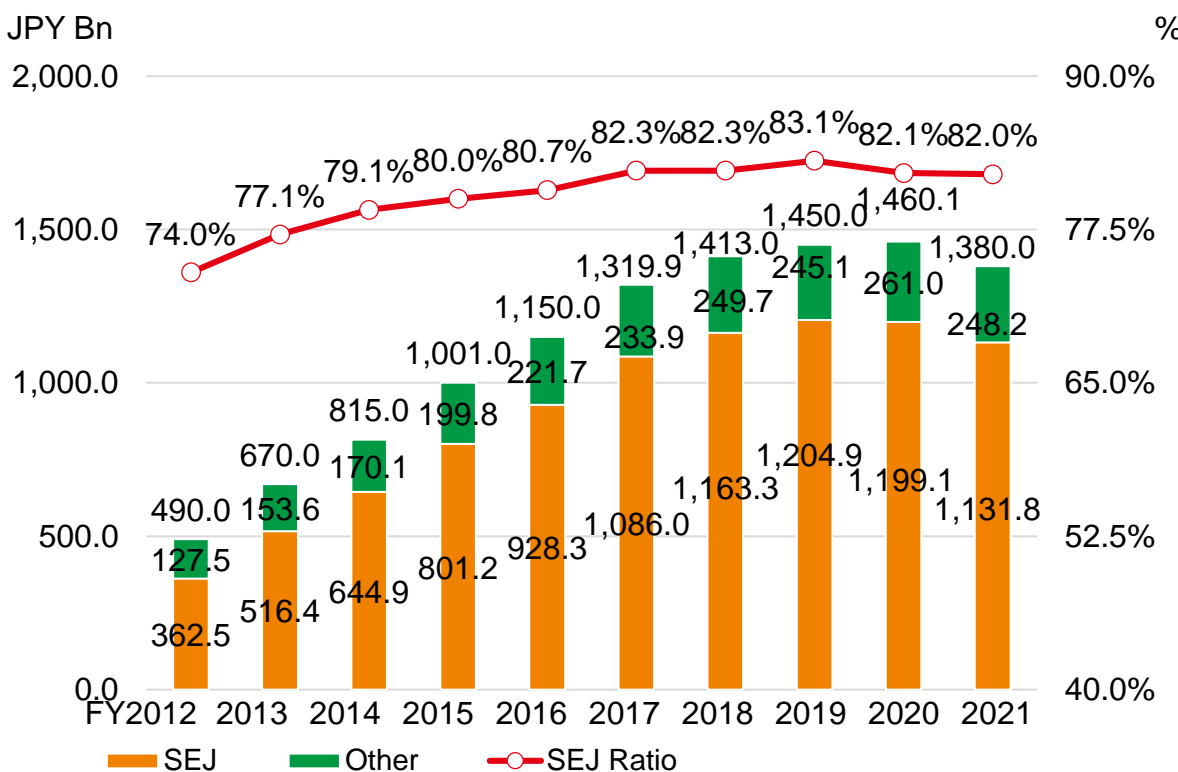
(Reiteration of material released on April 7)

- Sales of *Seven Premium* steadily expanding
- Superstore business with IY functioning as a competitive advantage

Annual Sales of Seven Premium by Channels

Succeeded in achieving size comparable to top domestic food manufacturer

FY2021 Sales: JPY 1.38 Trillion



Continuous Review / Improvements of Seven Premium Product Line-up

FY2021 Actual Results	# of items	Approx. 3,500 items	Approx. (500) items (YOY)
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Approx. (500) items Discontinued products

- Homogenization with market
- Duplicated product line-ups

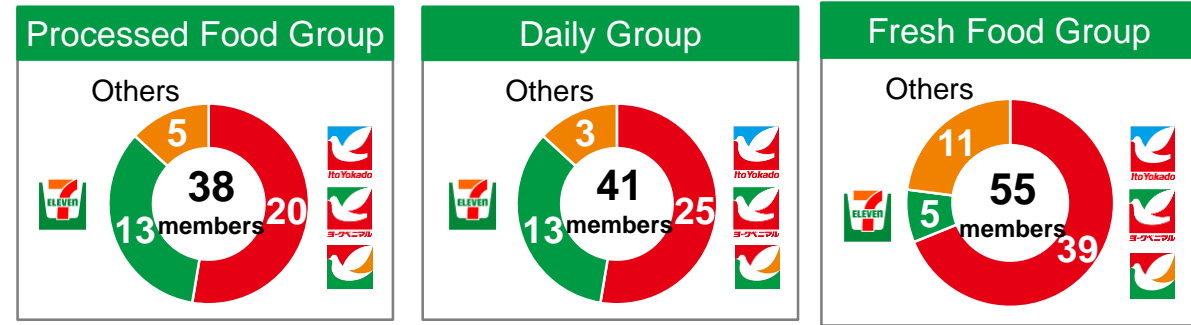
Approx. 3,500 items Increase quality for each item

Renewal plan

Approx. 1,200 items

First half approx. 700 items
Second half approx. 500 items

Inter-group Development Structure of Seven Premium (Food) (As of March 2022)

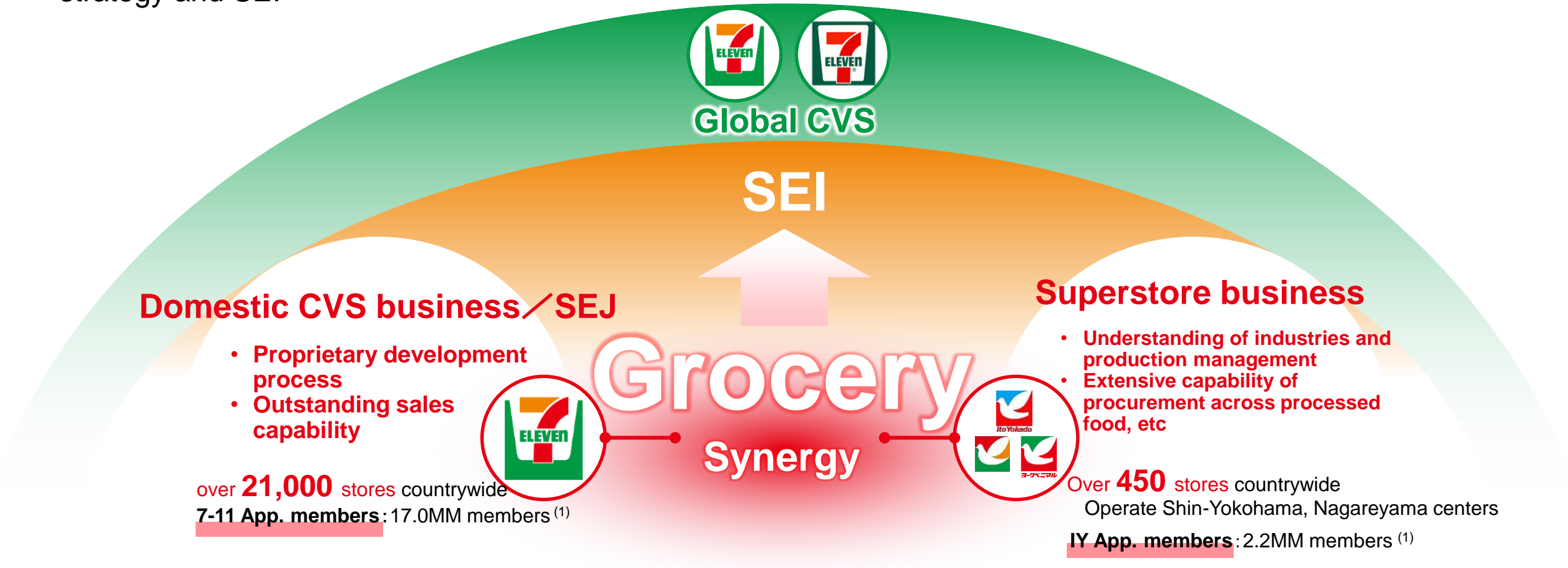


Collaboration between Superstore and CVS businesses will accelerate Seven Premium's growth

A — 1 Acceleration of Profit Growth Through Global Cooperation of CVS Business



- As the whole group, collaboration of CVS business and Superstore business is necessary to accelerate product development centered on *Seven Premium*. Growth strategy know-how in Japan will contribute global delivering strategy and SEI

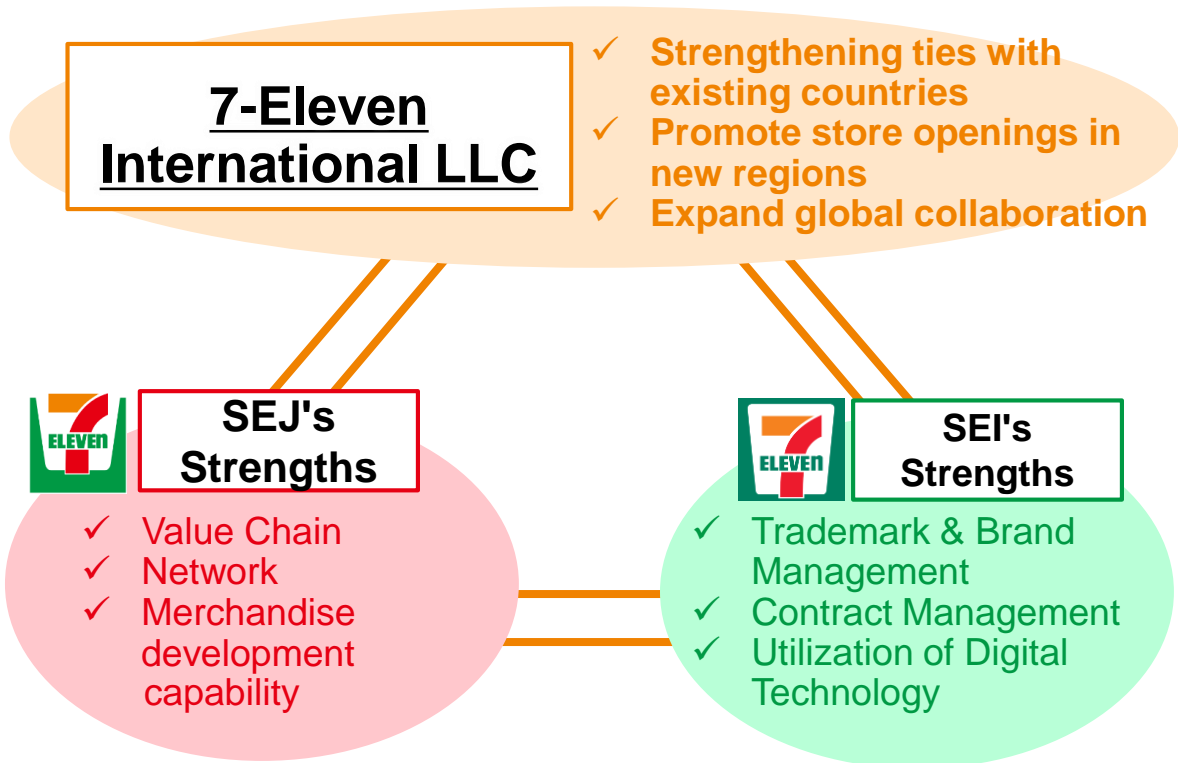


Key to grow in Japan = SM × CVS
 ⇒ Those knowledge spreads to North America and the whole world and supports their all growth

(1) As of end of February 2022

- Establishment of 7IN to maximize group-wide synergies and increase profits

7-Eleven International LLC Foundation



7IN Strategic Initiatives

	Objectives	Initiatives
1 Existing Business	Enhance existing business with ALA & MFA	Operation excellence Store Development
	2 Value Added	Develop high quality Fresh Food (FF)
Develop differentiated Non-FF		
Enhance Digital Customer Experience, Store OPS, and Store Support Function		
3 Capital Investment	Increase operating income	Existing Markets New Markets
	Increase managerial control	

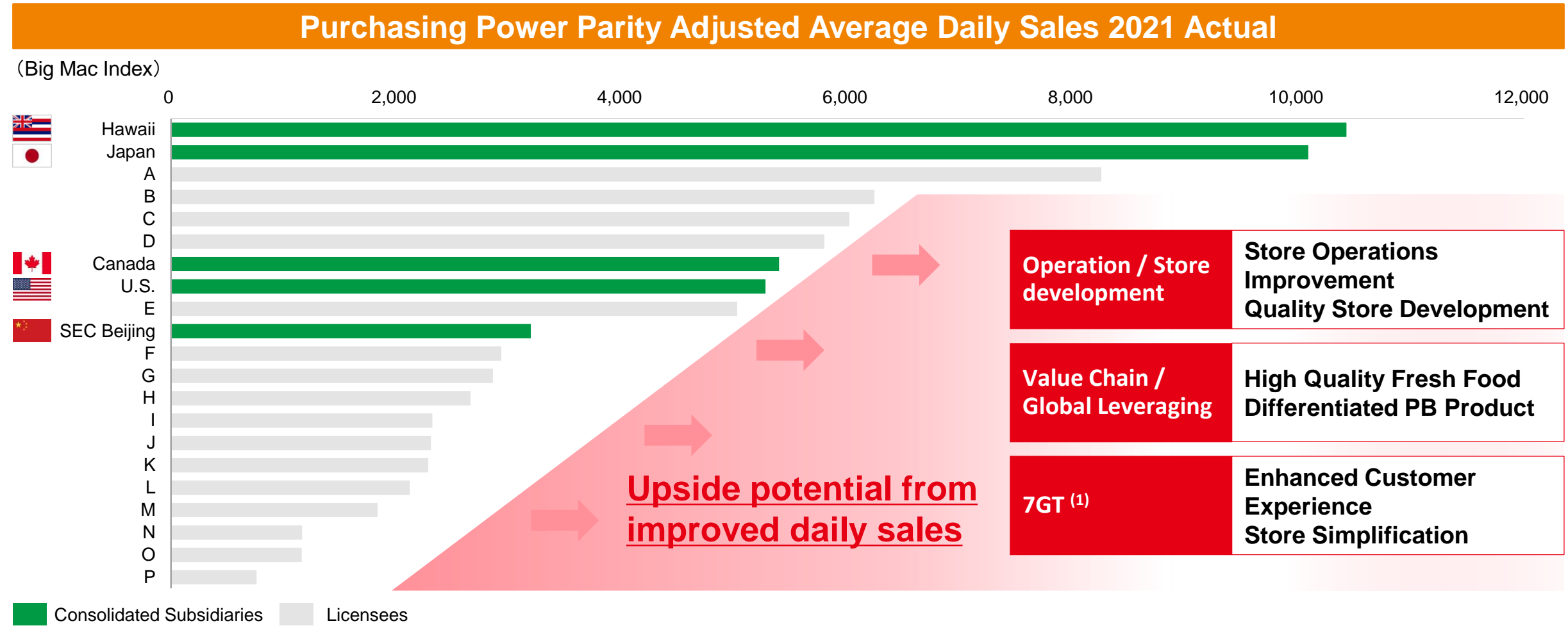
Collaboration of SEJ and SEI will significantly grow the brand globally

(1) Seven Global Technology

A — 1 Acceleration of Profit Growth Through Global Cooperation of CVS Business



- Aiming to improve sales and profit by sharing know-hows and executing successful initiatives



The performance gap among licensees will be improved by executing 7IN strategic initiatives

(1) Seven Global Technology

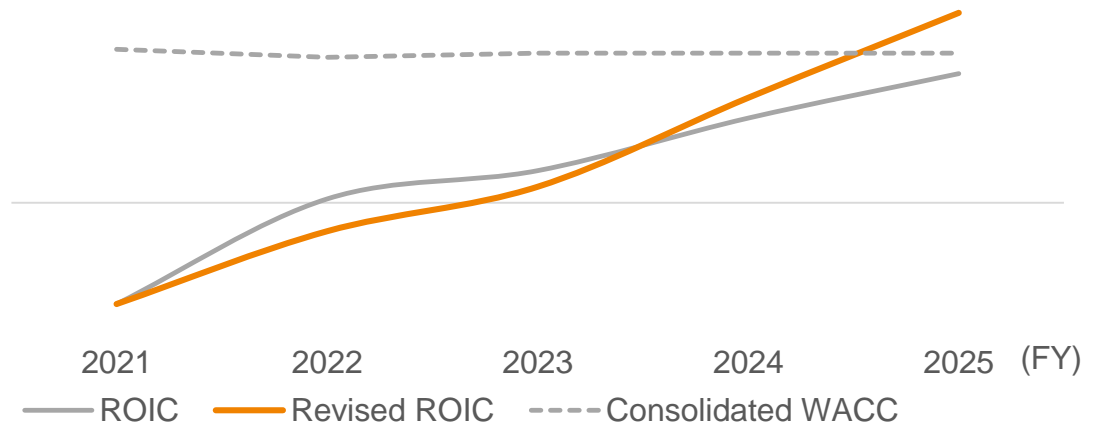
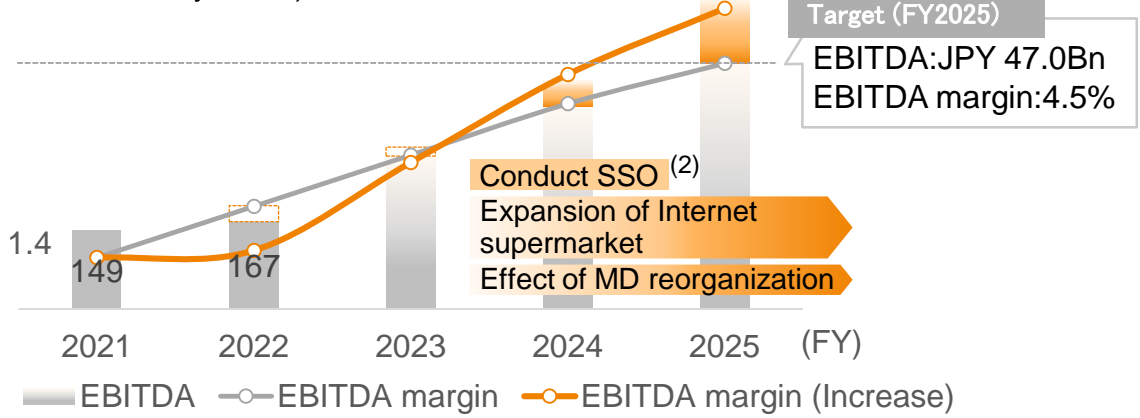
A – 2 Initiatives for IY Operational Efficiencies

- IY has also focused on the unique growth strategy aligned with completing operational efficiencies

		~FY2020	FY2021	FY2022	FY2023	FY2024	FY2025
Growth Strategies	Internet	<ul style="list-style-type: none"> Utilization of centers and expansion of services 	<ul style="list-style-type: none"> FY2023: Shin-Yokohama Center, FY2024: Nagareyama Center 				
	Product	<ul style="list-style-type: none"> Food SPA as a strong point Optimization of LS area and reform of MD ⁽¹⁾ 	<ul style="list-style-type: none"> Food: development of original products through utilization of Group's infrastructure <ul style="list-style-type: none"> ✓ FY2024: Nagareyama PC, FY2025: Chiba Honda PC/CK, FY2026: Sugito PC opening, and planned for enlargement Optimization of sales floor format, according to social dynamics <ul style="list-style-type: none"> ✓ Spread <i>i Drug Cosme</i> (Food-Drug-Cosmetics Synergies) 				
	Store	<ul style="list-style-type: none"> Concentration to capital area and Metropolitan area 	<ul style="list-style-type: none"> Tokyo Metropolitan area: construction of economy through stores and internet Other area: implement alliances with companies inside / outside the Group 				

Synergies by Additional Actions

(Hundred million yen, %)



Complete business restructuring and further growth initiatives to realize operational efficiencies

(1) PC: process center, CK: central kitchen, LS: life style, MD: merchandising
 (2) SSO: single sign-on of apps

B Direction of Capital Re-allocation Plan (Reiteration of material released on April 7)

- Established a Capital Re-allocation Plan reflecting initiatives in the Mid-Term Management Plan
- Basic policy is below – details including quantitative information will be disclosed in the future

