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To whom it may concern

Company Name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka
President & Representative Director
(Code No. 3382/Prime Market of the Tokyo Stock Exchange)

Update to the Medium-Term Management Plan and the Results of the Group Strategy Reevaluation

Key Points

- **Achieved Record Operating Revenue and Income in the Third Quarter of fiscal year 2022**
- **Upward Revision to “Medium-Term Management Plan 2021-2025”**
- **Prioritize Resources and Capex to Grow the CVS Business with a Food Centric Focus**
- **Strategy Committee Comprised of Independent Outside Directors to Monitor and Evaluate Strategic Priorities and Alternatives**

Executive Summary

As communicated in the Third Quarter Earnings Announcement on January 12, 2023, under the new Board of Directors and transformed governance structure since last year’s Annual General Shareholder’s Meeting, Seven & i Holdings (the “Group”) has continued to consider various strategic actions that could increase the Group’s corporate value while taking into account the growth profile and efficiency of each business segment (the “Group Strategy Reevaluation”). To prudently evaluate all possible alternatives, the Board of Directors, which majority is composed of independent outside directors, hired external advisors to comprehensively evaluate strategic alternatives of each business segment, including the Super Store (“SST”) business, and a Group portfolio transformation. As a result, the Board of Directors has made a decision today to update our “Medium-Term Management Plan 2021-2025” targets together with the followings:

- The Group achieved record high operating revenue and income in the Third Quarter of fiscal year 2022 with continued strong performance, driven by the initiatives set out in the “Medium-Term Management Plan 2021-2025” announced on July 1, 2021. Considering such meaningful progress, we have decided to revise the “Medium-Term Management Plan 2021-2025” upwards, and to update the plan based on the Group Strategy Reevaluation.
- Through the Group Strategy Reevaluation, we have determined the Group’s top strategic priorities;

further accelerating the shift from a general retail business to focused growth strategy of domestic and overseas Convenience Store (“CVS”) businesses, and optimizing the allocation of management resources to become a global retail group with our competitive strength in “food” at its core.

- In addition, we decided to implement the following initiatives, to develop a Group capital re-allocation plan that underscores the Group’s growth strategy, and establishes an effective organizational structure to monitor the progress of strategic initiatives and continuously consider the optimal Group business structure and strategic alternatives:

- Capital Re-allocation:

Based on disciplined capital efficiency decisions, we will direct the Group’s cash flow to building the CVS business through strategic investments, our Group’s growth driver. We intend to achieve a total shareholder return ratio of over 50% (cumulative) through dividends and share buybacks¹.

- Establishment of the Strategy Committee:

We have established the Strategy Committee composed solely of independent outside directors to monitor the progress of the Group’s strategic priorities (CVS growth strategy, SST transformation, and other strategic initiatives) and continue to review optimal group structure and strategic alternatives (IPO, spin-off, etc.) comprehensively and objectively to achieve the Group’s strategic goals. The Strategy Committee will provide advice to the Board of Directors to increase the Group’s medium- to long-term corporate value.

Our Board of Directors will continue to engage and actively listen to the voice of all the stakeholders including our shareholders, and while focusing to achieve the updated Medium-Term Management Plan, will also commit to the continuous growth of the Group and increase our corporate value.

¹ Cumulative total return to shareholders from fiscal year 2023 to 2025

Supplemental Information

1. Upward Revision to the Medium-Term Management Plan Targets

On the back of our recent strong financial performance and the Group Strategy Reevaluation, we have updated our “Medium-Term Management Plan 2021-2025” target announced on July 1, 2021. Our Board of Directors will listen to all stakeholders including our shareholders, and is not only focused on achieving the Medium-Term Management Plan, but also committed to the continuous growth of the Group and increase in corporate value.

Updates to the Consolidated Financial KPIs for Fiscal Year 2025

	Initial Plan	Updated Plan	Difference
EBITDA	JPY 1 Tn or more	JPY 1.1 Tn or more	JPY +100 Bn
Operating CF (excluding financial services)	JPY 800 Bn or more	JPY 900 Bn or more	JPY +100 Bn
Free CF (excluding financial services)	JPY 400 Bn or more	JPY 500 Bn or more	JPY +100 Bn
ROE	10 % or more	11.5 % or more	+1.5 %
ROIC (excluding financial services)	7 % or more	8.0 % or more	+1.0 %
Debt/EBITDA leverage	Under 2.0 x	Under 1.8 x	(0.2) x
Adjusted Debt/EBITDA leverage	Under 2.2 x	Under 2.0 x	(0.2) x
EPS growth (CAGR)	15 % or more	18 % or more	+3 %

Note: Excluding considerations for strategic investments such as M&A

2. Updates to our Management Plan and Strategy through the Group Strategy Reevaluation

As communicated in the Third Quarter Earnings Announcement on January 12, 2023, under the new Board of Directors and transformed governance structure since last year’s Annual General Shareholder’s Meeting, we have evaluated the strategic alternatives of each business segment including SST, and a radical Group structure reform with the goal to achieve maximum corporate value in the medium- to long-term. We have appointed independent outside advisors for a comprehensive quantitative analysis on existing synergies within the Group and potential dis-synergies that would come with any structural change.

In Japan, the acceleration of change in social structure, such as the ageing population and the increase in single-person and co-working households, has further increased the demand for readily available and convenient fresh food and pre-cooked meals. Consumer taste has also diversified further following changes in behavior and values, influenced by the global pandemic. In the U.S. there are higher expectations for CVS to meet demand for fresh and healthy food. Globally, there is a significant chance for the Group to provide locally adapted, safe and high-quality food on a daily basis, and it is important to establish a business infrastructure that enables the Group to meet those consumer demands.

Our SST business has particular strengths in food such as the product quality assessment, merchandising assortment, procurement, supplier network, product innovation, private brands (Seven Premium) that support the Group’s overall competitiveness. This strength in food will become an increasingly important competitive advantage to support the growth of the Group’s CVS businesses in the

macro and market trends expected in the future as above.

Throughout the Group Strategy Reevaluation, we have discussed our strategy to maximize medium- to long-term corporate value in the changing environment, and have decided to focus on the domestic and overseas CVS growth strategy. We will leverage our historical strength in food and optimally allocate management resources to become a global retail group with food at its core. Specifically, we have decided to implement the following initiatives, to develop a Group capital re-allocation plan that underlines our Group's growth strategy plan, and establish an effective organizational structure to monitor the progress of strategic initiatives and continuously consider the optimal Group business structure and strategic alternatives.

In the "Medium-Term Management Plan 2021-2025", we set out our "Ideal Group Image for 2030" consistent with our Group's creed to always think from the standpoint of our customers based on the values of trust and sincerity. As a result of the Group Strategy Reevaluation, we have updated our "Ideal Group Image for 2030" to "a world-class retail group centered around its food that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology". We are confident that the initiatives below will enable us to achieve the updated "Ideal Group Image for 2030".

Overview of the CVS Growth Strategy and the Concrete Action Plans with Strength in Food at its Core

- North America CVS ("NA CVS")
 - 7-Eleven, Inc. ("SEI") will focus on the four key strategic areas in the medium-term, and aim for a continuous growth and improved efficiency in the business.
 - 1) Expanding the development and distribution of its proprietary products (fresh foods, proprietary beverages, and private brands) to 34% of sales by 2025 while growing overall merchandise margins and continuing to strengthen the value chain.
 - 2) In the 7NOW delivery business, aim for revenue of U.S.\$ 1 billion by accelerating growth through our value proposal of high-value quality food and immediate consumables delivered fast (national average 28 minutes).
 - 3) Completing the overall integration with Speedway and realizing U.S.\$ 800 million synergies in 2023.
 - 4) Continue to pursue growth in the fragmented North American market through both M&A opportunities and organic new build stores.
- Global CVS
 - 7-Eleven International LLC ("7IN") plans to expand the Global CVS business outside of Japan and North America, and to achieve 50,000 stores by fiscal year 2025. It also plans to open stores in over 30 countries worldwide including Japan and North America by fiscal year 2030. 7IN will also aim to increase its profitability by maximizing the full potential of licensees. This can be achieved through strategic investment into licensees in existing areas and also through leveraging our business transformation methods obtained from our experience in revitalizing SEI in North America and in achieving significant growth through our strengths in food. We have also decided to further invest in the Vietnam business, and continue to proactively consider M&A, including strategic investments into licensees, to realize accelerated growth in the business with high potential.
- Domestic CVS
 - SEVEN-ELEVEN JAPAN CO., LTD. will continue to realize stable growth by leveraging the product variety that supports the strength in "food" = highly appealing original products, including Seven

Premium, to improve customer attraction and profitability. Furthermore, we will continue to provide new products and new store concepts by utilizing our knowledge and suppliers to adapt to the ever-changing social structure and customer values / behavior. We will aim to further strengthen the business competitiveness and accelerate earnings growth through the expansion of new businesses such as 7NOW delivery and retail media, expanding from our existing business model of providing in-store products and services.

- SST

Although SST contributes to the Group's strength in food, we recognized the need to improve the profitability and capital efficiency of SST as an individual business segment, particularly in Ito-Yokado ("IY") which has a wider product offering. In fiscal year 2022, we have continued to implement several structural reform initiatives that we had set. Going forward, in addition to delivering the results of such structural reforms, we will further accelerate the fundamental structural change towards the Group's growth strategy with food at its core. The goal is to achieve a self-sufficient management organization that can independently pursue a re-growth phase. With an aim to achieve an EBITDA of JPY 55 billion by fiscal year 2025 in the Tokyo metropolitan area and a ROIC of over 4%, we will implement the following initiatives within a time-frame of 3 years.

- 1) To focus on the Group's core strategy of food, we will fully exit from the apparel business²
- 2) In addition to the previously announced store closures from the business structure transformation, IY has decided to close an additional 14 stores to accelerate its focus on the Tokyo metropolitan area³
- 3) Integrate IY and York Co. Ltd. as Metropolitan SST to maximize the synergy in the Metropolitan area and the operational efficiency
- 4) Realize a profit structure that can achieve further profit growth establishing strategic infrastructure (PC/CK⁴, online supermarket center)
- 5) In addition to retaining external advisors to manage the transformation process, monitor the progress through the Board of Directors and the Strategy Committee

New Group Initiatives to Surely Execute the Group Growth Strategy and the Action Plans Above

- **Capital Re-Allocation**

We will continue our efforts to recollect capital by increasing the operating cash flow through growth mainly in the CVS business, and also by reconsidering our business portfolio through radical transformations and consideration for the best owners in the businesses that require prioritized consideration. With the cash flow we generate, we plan disciplined strategic investments in the CVS businesses, as our growth driver. Capital return to our shareholders is also a key priority, as we plan to balance such strategic investments with returns to our shareholder. We will pursue agile share buy-backs to improve the return on equity (ROE) and earnings per share (EPS), and in conjunction with the update in the "Medium-Term Management Plan 2021-2025" intend to achieve a total shareholder return ratio of 50% or more (cumulative) through dividends and share buybacks.⁵

² Apparel business operated by ourselves

³ # of stores: 126 stores as of February, 2023, 93 stores as of February, 2026

⁴ Process center, central kitchen

⁵ Cumulative total return to shareholders from fiscal year 2023 to 2025

As announced on November 11, 2022, as part of our business portfolio review, we plan to complete the sale of the issued shares of Sogo & Seibu Co., Ltd. held by the Group to a special purpose company which is a related entity of Fortress Investment Group LLC, Sugi Godo Kaisha. We will disclose any matters related to the transaction that require disclosure in a timely manner.

○ **Establish the Strategy Committee that Explores the Optimal Group Business Portfolio and Strategic Alternatives**

We will establish the Strategy Committee solely composed of independent outside directors. The Committee will be established firstly to monitor the progress of the strategic action plans above, and secondly to also continue considerations on the Group's optimal business portfolio and strategic alternatives.

1) Background and Purpose of Establishing the Strategy Committee

The Strategy Committee will be established to monitor the progress of the Group's strategic priorities (CVS growth strategy, SST transformation, etc.) and continue to objectively and comprehensively review the optimal Group portfolio structure and strategic alternatives (IPO, spin-off, etc.), to achieve the Group's strategic goals. The Strategy Committee will provide advice to the Board of Directors on strategies to increase the Group's medium- to long-term corporate value.

2) Composition of the Strategy Committee

The Strategy Committee, chaired by our independent outside director Stephen Hayes Dacus, will be composed of eight members solely from independent outside directors. It will also retain external advisors to support its objective analysis and consideration.

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