<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382
May 3, 2023

To Our Shareholders,

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

CONVOCATION NOTICE OF THE 18TH ANNUAL SHAREHOLDERS' MEETING

Notice is hereby provided of the 18th Annual Shareholders' Meeting of Seven & i Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

The proposals presented to this Shareholders' Meeting include those proposed by the Company (Items No. 1 to No. 3), by both the Company and the proposing shareholder (Item No. 4), and by the proposing shareholder only (Item No. 5). The details of the proposals are as described in the "Shareholders' Meeting Reference Materials" attached hereto, but the Board of Directors of the Company opposes Item No. 5, which has been proposed by the proposing shareholder. The opposing opinion of the Board of Directors in relation to this Item is expressed on pages 41 to 44 of the Shareholders' Meeting Reference Materials.

When convening this Shareholders' Meeting, the Company takes measures for providing information that constitutes the content of shareholders' meeting reference materials, etc. (items for which measures for providing information in electronic format are to be taken) in electronic format, and posts this information on the Company's website. Please access the Company's website by using the Internet address shown below to review the information.

[The Company's website]
https://www.7andi.com/en/ir/stocks/general.html

In addition to posting items for which measures for providing information in electronic format are to be taken on the website listed above, the Company also posts this information on the website of Tokyo Stock Exchange, Inc. (TSE). To access this information from the latter website, access the TSE website (Listed Company Search) by using the internet address given below, input "Seven & i Holdings" in "Issue name (company name)" or our securities code "3382" in "Code" and click "Search," and then click "Basic information" and select "Documents for public inspection/PR information," and you can access the document from "Notice of General Shareholders' Meeting/Informational Materials for a General Shareholders' Meeting" shown under "Filed information available for public inspection."

[The Tokyo Stock Exchange's website (Listed Company Search)]
https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show (in Japanese)

In addition to the above, the following website also provides the information in electronic format.

[Website for posted informational materials for the Shareholders' Meeting]
https://d.sokai.jp/3382/teiji/ (in Japanese)

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, and exercise your voting right by 5:30 p.m. on May 24, 2023 (Wednesday) in accordance with Information about Exercising Your Voting Rights on pages 4 to 6.

Best regards,

Notes

1. Date: 10:00 a.m., May 25, 2023 (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 18th fiscal year (from March 1, 2022 to February 28, 2023), 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 18th fiscal year (from March 1, 2022 to February 28, 2023).

Matters to be Resolved:

Company proposals (Items No. 1 to No. 3)

Item No. 1: Appropriation of retained earnings

Item No. 2: Election of five (5) Directors

Item No. 3: Election of one (1) Audit & Supervisory Board Member

Company proposal, shareholder proposal (Item No. 4)

Item No. 4: Election of ten (10) Directors

Shareholder proposal (Item No. 5)

Item No. 5: Election of four (4) 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 "approval" for those proposed by the Company, or by both the Company and the proposing shareholder (Items No. 1 to No. 4), and "disapproval" for that proposed only by the proposing shareholder (Item No. 5).

(3) It is set forth in Article 19 of the Articles of Incorporation that “The Company shall have no more than 15 directors.” with regard to the number of Directors. On the other hand, the Company proposal (Item No. 2), the Company proposal, shareholder proposal (Item No. 4), and the shareholder proposal (Item No. 5) propose the election of 5, 10, and 4 Directors respectively. If all candidates for each Item (19 candidates in total) are elected, the number of Directors will exceed the prescribed number set out in the Articles of Incorporation.

For this reason, although in principle candidates for Director that receive the approval of the majority of the voting rights of attending shareholders will all be elected, in the event that the number of candidates receiving the approval of the majority of the voting rights of attending shareholders exceeds 15 persons, 15 candidates will be elected in decreasing order of the number of voting rights received.

The number of candidates that a shareholder can approve by exercising his/her voting rights will not be limited to a maximum of 15 persons through Items No. 2, No. 4, and No. 5.

(4) 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

If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on each of the websites indicated on page 1.

When you attend the Annual Shareholders’ Meeting, please submit the Voting Instructions Form that will be sent together with this Notice of Convocation 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.

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.

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) (in Japanese).

Information about Exercising Your Voting Rights

A shareholder proposal will be submitted to the Annual General Meeting, but the Board of Directors opposes Item No. 5, which has been proposed by the shareholders.
Shareholders who endorse the opinion of the Board of Directors are requested to exercise their voting rights to approve the items proposed by the Company, or by both the Company and the proposing shareholder (Items No. 1 to No. 4), and to disapprove the item proposed only by the proposing shareholder (Item No. 5).
For details of the opinion of the Board of Directors, please refer to pages 41 to 44 in the Shareholders' Meeting Reference Materials.
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 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 25, 2023 (Thursday)

Exercise of voting rights by post

You are kindly requested to indicate your vote for or against the proposed actions on the 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 24, 2023 (Wednesday).

Exercise of voting rights via the Internet

Follow the instructions on page 6 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 24, 2023 (Wednesday).

Handling of votes

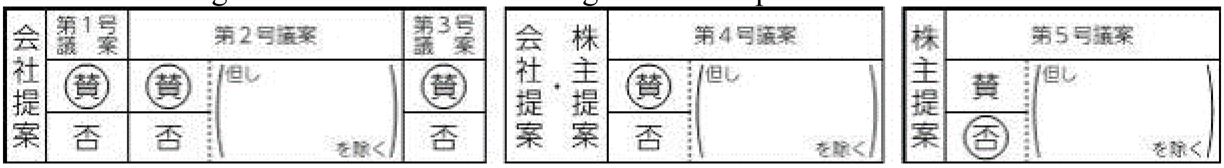
(1) If you redundantly exercise your voting right both by the Voting Instructions Form (post) and via the Internet, the Company will only deem your exercise via the Internet valid. Also, if you exercise your voting right multiple times via the Internet, the Company will only deem the substance of your final exercise to be valid.

(2) There are Company proposals (Items No. 1 to No. 3), the Company proposal, shareholder proposal (Item No. 4) and the shareholder proposal (Item No. 5) in the proposals at this Shareholders' Meeting. The details of the proposals are as described in the "Shareholders' Meeting Reference Materials" attached hereto, but the Board of Directors of the Company opposes Item No. 5, which is the shareholder proposal. Please exercise your voting rights after reviewing the details of the proposals in the Shareholders' Meeting Reference Materials attached hereto.

If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Postal Form, the Company will deem that you indicated "approval" for those proposed by the Company, or by both the Company and the proposing shareholder (Items No. 1 to No. 4), and "disapproval" for that proposed only by the proposing shareholder (Item No. 5).

(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.

Shareholders who agree with the opinions of the Board of Directors of the Company are asked to fill out the Voting Instructions Form according to the example below.



Shareholders who agree with the shareholder proposal regarding the election of Directors are asked to fill out the Voting Instructions Form according to the example below.

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/ (in Japanese)

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/) (in Japanese) 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

Notice regarding our Board of Directors’ opinion on the Director Nominees and the Shareholder Proposal

We had received a letter from our shareholder ValueAct Capital Master Fund LP (hereinafter referred to as the “Proposing Shareholder”), stating that they will make a shareholder proposal (hereinafter referred to as the “Shareholder Proposal”) regarding the appointment of Directors, as one of the items for our 18th Annual Shareholders’ Meeting scheduled in May 25, 2023 (hereinafter referred to as the “2023 Shareholders’ Meeting”). In our Board of Directors’ meeting held on April 18, 2023, we made a resolution on the Director nominees to the 2023 Shareholders’ Meeting and opinion of the Board regarding the Shareholder Proposal, and a summary is as follows. For details, please refer to the opinions of the Board of Directors in Items No. 2, No. 4 and No. 5.

<Summary of our Board of Directors’ Opinion on the Shareholder Proposal>

- Since the new management structure centered around the current President Ryuichi Isaka came into place in May 2016, our Group set the policy of “Positioning the convenience store business in Japan and the U.S. as the pillar of the Group’s growth, and focusing management resources,” and we clarified our policy of selection and concentration of the Group’s businesses based on the business portfolio strategy.
- Moreover, in the Annual Shareholders’ Meeting in 2022, we implemented a bold change in the composition of the Board of Directors to have a majority of Outside Directors. Under this new Board structure, we announced the results of the Group Strategy Revaluation, focusing on the growth strategy of the convenience store business in Japan and overseas while positioning “Food” as our strength. We also decided to set up the Strategy Committee, consisting only of independent Outside Directors.
- As a result of these strategic efforts by the Group, we are achieving steady growth in our earnings, with consolidated revenues from operations and operating profit both reaching record levels in fiscal year 2022, as well as upgrading the targets in the “Medium-Term Management Plan 2021-2025.”
- In order to establish a management structure that will contribute to further growth and maximize corporate and shareholder value over the long term, we considered the composition of the Board of Directors, with an emphasis on skillsets in areas such as “experience leading a listed company or other relevant organization in a chief executive role,” experience and knowledge to realize the Group’s growth strategy in terms of “Food,” “DX,” “global management,” and “experience and expertise in business transformation” in line with Group Strategy, in keeping with the Group’s accomplishments to date.
- Our Board of Directors opposes the Shareholder Proposal because, after fair consideration and deliberation of the proposed new Board of Directors structure, taking into account the overall skill sets required of the Company’s directors and interviews with the four candidates in the Shareholder Proposal and the Company’s Nomination Committee, it was determined that the candidates proposed by the Company would be more appropriate.
- The reasons outlined in the Shareholder Proposal include various misrepresentations and distortions of the facts regarding the Group’s initiatives and progress, especially with respect to the misstatement for the independency of Mr. Ito, resulting in a serious misunderstanding towards the Company based on the Shareholder Proposal.

Company proposals (Items No. 1 to No. 3)
Item No. 1: Appropriation of retained earnings

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

The Company implements shareholder returns aiming for a total shareholder return ratio of 50% or more (cumulative from the fiscal year ending February 29, 2024 to the fiscal year ending February 28, 2026) while increasing dividends per share in a stable and continuous manner.

Matters concerning year-end dividends
It is proposed that the year-end dividends for the 18th fiscal year be paid as follows in consideration of the performance for the 18th 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
SEVEN-ELEVEN JAPAN CO., LTD., a consolidated subsidiary of the Company, celebrates the 50th anniversary of its founding in November 2023. We are grateful that this is all because of the support from our shareholders and stakeholders. We take this opportunity to express our sincere gratitude to the shareholders for their support to date and propose that the amount of allocation of dividend property be ¥63.50 per share of the Company’s common stock, including a commemorative dividend of ¥10.
In such a case, the aggregate amount of dividends shall be ¥56,172,467,284.
Therefore, the annual dividends for the 18th fiscal year, including interim dividends of ¥49.50, shall be ¥113 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 26, 2023.

Item No. 2: Election of five (5) Directors

The terms of office of all fourteen (14) current Directors expire upon the conclusion of this Annual Shareholders' Meeting. Shareholders are therefore requested to elected fifteen (15) Directors for the company proposal based on the deliberation below and the report from the Nomination Committee. Furthermore, because ten (10) candidates for Director (including 6 candidates for Outside Director) of the fifteen (15) candidates for Director overlap with the candidates proposed by the Proposing Shareholder, these candidates are presented in Item No. 4, which is submitted by both the Company and the Proposing Shareholder, and this Item No. 2 presents the five (5) candidates for Director proposed only by the Company.

Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Shareholders' Meeting, assuming that all of Items No. 2, No. 3 and No. 4, which has been proposed by the Company, 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	Representative Director		●			●				●	●
Fumihiko Nagamatsu	Director	●	●			●	●				
Joseph Michael DePinto	Director	●	●	●		●	●	●			
Yoshimichi Maruyama	Director				●				●	●	
Toshiro Yonemura	Independent Outside Director					●		●		●	
Yoshiyuki Izawa	Independent Outside Director	●		●	●	●			●		●
Meyumi Yamada	Independent Outside Director	●	●			●	●	●			●
Jenifer Simms Rogers	Independent Outside Director			●	●				●	●	●
Shinji Wada	Independent Outside Director	●	●			●		●			●
Fuminao Hachiuma	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)

Since the new management structure centered around the current President Ryuichi Isaka came into place in May 2016, our Group made a significant shift away from the previous strategy of diversifying our business, announced the Group's Medium-Term Management Plan for the first time, and set the policy of "Positioning the convenience store business (hereinafter referred to as the "CVS Business") as the pillar of the Group's growth, and focusing management resources." In July 2021, we set the "Ideal Group image for 2030" as the Group's long-term vision, and announced the Medium-Term Management Plan 2021-2025 (hereinafter referred to as the "Medium-Term Management Plan") for the 5 years to fiscal year 2025 to realize the vision. In this Medium-Term Management Plan, we clarified our policy of selection and concentration of the Group's businesses, based on the business portfolio strategy, and in the same year executed the acquisition of Speedway in the CVS business, following the acquisition of Sunoco business in 2018, the establishment of the 7-Eleven International LLC, and the additional strategic investment in 7-Eleven International's Vietnam business in 2023. We also promoted numerous strategic decisions to enhance the corporate value of the Group, including the disposal of non-core businesses, and completed the disposal of all shares of Oshman's Japan Co., Ltd. in 2022, and part of the shares of Francfranc Corporation in 2021, as well as announcing the disposal of all shares of Sogo & Seibu Co., Ltd. in 2022.

Moreover, in the Annual Shareholders' Meeting in 2022, we newly appointed 6 Outside Directors, and set up a governance structure suitable to the world's top class retail group, as well as changing the Board structure to one which Outside Directors form the majority, with the aim of achieving sustainable growth in the global market and enhancing corporate value over the mid-to-long term. Under this new Board and governance structure, we have been making various considerations (hereinafter referred to as the "Group Strategy Reevaluation") regarding strategic initiatives that contribute to enhancing the Group's corporate value, based on the growth potential and profitability of each business segment. As a result, on March 9, 2023, we announced the update to the Medium-Term Management Plan, as well as the results of the Group Strategy Revaluation, which was supported unanimously by the Board. We set the Group's management policy of further accelerating the ongoing shift away from the previous comprehensive retailer strategy, and focusing on the growth strategy of the CVS Business in Japan and overseas while positioning "Food" as our strength, thereby allocating management resources in an optimal way, and engaging in the Group's growth strategy based on our strengths in "Food," which is the source of the Group's competitiveness. We also decided to set up the Strategy Committee, consisting only of independent Outside Directors. The Committee will monitor the progress of the growth strategy of the CVS Business in Japan and overseas, as well as the progress of structural reforms of the superstore business (hereinafter referred to as the "SST Business"), analyze and consider the optimal Group business structure to achieve these strategies, as well as strategic options including IPO, spinoff etc., and advise the Board on how to enhance the Group's corporate value over the mid-to-long term.

As outlined above, we have been making steady progress in the selection and concentration of the Group's businesses, in order to accelerate the shift away from the previous diversification strategy, and to reform the business portfolio in order to focus on the growth strategy of the CVS Business. The 7 business segments that existed back in 2016 have been narrowed down to 5. As for the extraordinary loss booked in fiscal year 2016 onwards, a large part of this is restructuring expenses related to the store renovations in the domestic CVS Business, the closure and disposal etc. of underperforming stores with the aim of improving profitability of the SST and Department Store business, as well as costs to make the shift away from the diversification strategy that was in place before 2016, and is precisely the result of the steady progress made in the selection and concentration process of the Group's businesses.

As mentioned above, we have also been improving and enhancing our corporate governance, and in December 2022 we newly added 2 Outside Directors to the Nomination Committee, and have been seeking to reinforce objectivity and transparency of the nomination process for Directors etc. Moreover, we are achieving steady growth in our earnings, with consolidated revenues from operations and operating profit both reaching record levels in fiscal year 2022, as well as upgrading the targets in the Medium-Term Management Plan.

As stated in the notice regarding the change and reappointment of Directors and Audit & Supervisory Board Member released on April 18, 2023, in the Annual Shareholders' Meeting this fiscal year Mr. Kunio Ito will be retiring after years of service as Outside Director, and we have therefore decided to make a company proposal for the appointment of 2 new Outside Director candidates. Mr. Kunio Ito has thus far taken on the roles of Chairman of the Nomination Committee and Chairman of the Compensation Committee, making a significant contribution to improving and enhancing our corporate governance. As Lead Outside Director in the new Board that was transformed in the Annual Shareholders' Meeting in 2022, he has been leading our reforms towards a governance structure that is suitable for a global retail group. For the Regular Shareholders' Meeting this fiscal year, we made considerations prioritizing the skillsets in areas such as "experience leading a listed company or other relevant organization in a chief executive role," experience and knowledge to realize the Group's growth strategy in terms of "Food," "DX," and "global management," and "experience and expertise in business transformation," in line with "Ideal Group image for 2030" which was reviewed based on the results of the aforementioned Group Strategy Reevaluation, and decided to nominate Mr. Shinji Wada and Mr. Fuminao Hachiuma as suitable candidates. With the appointments of the 2 new Outside Directors, and under the further reformed governance structure with the new leadership of Representative Directors Ryuichi Isaka, Katsuhiro Goto and Junro Ito, centered around President Ryuichi Isaka, and by our senior management team, which has deep knowledge about the challenges and opportunities in the retail business which is our business domain and has the track record of contributing to value creation, actively lead the execution of the business strategy, we believe it possible to aim to make the leap towards becoming the world's top class retail group.

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/en/pdf/guidelines202201.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 Chief Executive Officer (CEO)	17/17	Reappointment		
2	Katsuhiro Goto	Representative Director and Vice President Executive Officer Chief Administrative Officer (CAO)	17/17	Reappointment		
3	Toshiro Yonemura	Outside Director	17/17	Reappointment	Outside	Independent
4	Shinji Wada			New appointment	Outside	Independent
5	Fuminao Hachiuma			New appointment	Outside	Independent

(Notes)
1. Attendance at meetings of the Board of Directors held in the 18th fiscal year is presented as attendance at Board of Directors meetings.
2. If all of the above candidates for Director and candidates for Director in Item No. 4 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. 2, No. 3 and No. 4 will be approved as originally proposed, are as shown on page 9.

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
1	Ryuichi Isaka (October 4, 1957) * 15,512 shares Reappointment Term of office: 14 years and 0 months Attendance at meetings Board of Directors: 17/17 (100%) Nomination Committee: 7/7 (100%)	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) Apr. 2023: Chief Executive Officer (CEO) of the Company (incumbent) (Important Concurrent Positions) Director of 7-Eleven, Inc.
	[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.	

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) * 15,140 shares Reappointment Term of office: 17 years and 8 months Attendance at meetings Board of Directors: 17/17 (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) Apr. 2023: Chief Administrative Officer (CAO) of the Company (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>Toshiro Yonemura
(April 26, 1951)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 9 years and 0 months

<u>Attendance at meetings</u>
Board of Directors:
17/17 (100%)
Nomination Committee:
7/7 (100%)
Compensation Committee:
1/1 (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 (currently UNIZO 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)
Dec. 2022: Chair of the Compensation Committee of the Company (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">4</td><td>Shinji Wada
(April 3, 1952)
* 0 shares
New appointment
Outside Director
Independent Director
Term of office: -</td><td>Mar. 1977: Joined NIPPON GAS CO., LTD.
June 1997: Director of NIPPON GAS CO., LTD.
June 2000: Managing Director of NIPPON GAS CO., LTD.
Mar. 2003: Director of Tobu Gas Co., Ltd. (currently Tosai Gas, Inc.) (incumbent)
June 2004: Senior Managing Director of NIPPON GAS CO., LTD.
June 2005: Representative Director, President of NIPPON GAS CO., LTD.
June 2012: Director of KUMONO UCYUSEN CO., LTD. (incumbent)
Aug. 2017: Director of Tokyo Energy Alliance Co., Ltd. (incumbent)
June 2020: Representative Director, Chief Executive Officer of NIPPON GAS CO., LTD.
May 2022: Chairman, Director, Executive Officer of NIPPON GAS CO., LTD. (incumbent)
(Important Concurrent Positions)
Chairman, Director, Executive Officer of NIPPON GAS CO., LTD.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.]
He served important positions such as Representative Director at a comprehensive energy company, and has a broad range of high level knowledge and experience in corporate management in retail industry, DX (digital transformation), organizational management and corporate governance.
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>

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	Fuminao Hachiuma (December 8, 1959) * 0 shares New appointment Outside Director Independent Director Term of office: -	Apr. 1983: Joined Ajinomoto Co., Inc. July 1998: President of PT AJINOMOTO SALES INDONESIA July 2008: Director and Vice President of America Ajinomoto, Inc. June 2013: Corporate Executive Officer of Ajinomoto Co., Inc. June 2015: Corporate Vice President of Ajinomoto Co., Inc. Representative Director, President of J-OIL MILLS, Inc. June 2016: Representative Director, President and CEO of J-OIL MILLS, Inc. Apr. 2022: Director of J-OIL MILLS, Inc. (Important Concurrent Positions) Not applicable.
	[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 corporate management, organizational management, marketing, sustainability as well as abundant international knowledge related to "Food" cultivated through his experience serving in important positions such as Representative Director at food companies in Japan and overseas. 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.	

(Notes)

1. The Company established the "Nomination Committee" as an advisory committee to the Board of Directors. The committee's chair and the majority of its members are Independent Outside Directors. Through the committee's deliberations on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, "officers, etc."), the Company utilizes the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members, and ensures objectivity and transparency in the procedures for deciding the nomination of officers, etc., thereby enhancing the supervisory function of the Board of Directors 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. Toshiro Yonemura, Shinji Wada and Fuminao Hachiuma satisfy the requirements for nomination for the office of Outside Director. In addition, Messrs. Toshiro Yonemura, Shinji Wada and Fuminao Hachiuma 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 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.
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 2023. 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.

8. Mr. Toshiro Yonemura is an Independent Director in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company.
9. The Company intends to designate Messrs. Shinji Wada and Fuminao Hachiuma 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, they satisfy the independence standards for outside officers established by the Company.
10. 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.
11. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
12. Attendance at meetings of the Board of Directors and other meetings is the status of attendance during the 18th fiscal year.
13. The brief personal history, etc. of each of the above candidates is as of April 18, 2023.

Item No. 3: Election of one (1) Audit & Supervisory Board Member

The term of office of current Audit & Supervisory Board Member Kaori Matsuhashi expires upon the conclusion of this Annual Shareholders' Meeting.

Shareholders are therefore requested to elect one (1) Audit & Supervisory Board Member.

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/en/pdf/guidelines202201.pdf

The candidate for Audit & Supervisory Board Member is as follows:

Name	Current position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings			
Kaori Matsuhashi (Real name: Kaori Hosoya)	Outside Audit & Supervisory Board Member	17/17	26/26	Reappointment	Outside	Independent

(Notes)
1. Attendance at meetings of the Board of Directors and Audit & Supervisory Board held in the 18th 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. 2, No. 3 and No. 4 will be approved as originally proposed, are as shown on page 9.

Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history and position
Kaori Matsuhashi (Real name: Kaori Hosoya) (June 7, 1969) * 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: 17/17 (100%) Audit & Supervisory Board: 26/26 (100%)	Apr. 2006: Registered as a Certified Public Accountant July 2006: Joined Asset Investors, Inc. (currently MBK Co., Ltd.) Nov. 2007: General Manager of the Corporate Planning Division of Asset Investors, Inc. Mar. 2008: Joined MK Capital Management Corporation (currently IDERA Capital Management Ltd.) Executive Officer of MK Capital Management Corporation May 2009: Representative Director of Luminous Consulting Co., Ltd. (incumbent) Representative of Kaori Matsuhashi Certified Public Accountant Office (incumbent) Jan. 2014: External Auditor of NTS Holdings Company, Limited (incumbent) June 2014: External Director of Spiber Inc. (incumbent) June 2017: Outside Audit & Supervisory Board Member of Kakaku.com, Inc. May 2019: Outside Audit & Supervisory Board Member of the Company (incumbent) May 2022: Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation (incumbent) (Important Concurrent Positions) Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd. Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation

[Reasons, etc. for Nomination as Candidate for Outside Audit & Supervisory Board Member]
She has abundant experience and technical knowledge related to finance, accounting, business administration, and risk management gained through her business experience at operating companies and as a consultant and certified public accountant.
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" as an advisory committee to the Board of Directors. The committee's chair and the majority of its members are Independent Outside Directors. Through the committee's deliberations on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, "officers, etc."), the Company utilizes the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members, and ensures objectivity and transparency in the procedures for deciding the nomination of officers, etc., thereby enhancing the supervisory function of the Board of Directors 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. "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 the above candidate and the Company.
5. The above candidate satisfies the requirements for nomination for the office of Outside Audit & Supervisory Board Member. In addition, the above candidate is 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. A situation has come to light at Spiber Inc., where the above candidate has served continuously as Outside Director since June 2014, involving a failure to file and delays in filing annual securities reports from the 8th fiscal year (running from January 1, 2014 to December 31, 2014), to the 14th fiscal year (running from January 1, 2020

to December 31, 2020). She has consistently offered opinions emphasizing compliance with laws and regulations. After the situation came to light. she confirmed the results of the inquiry to experts such as attorneys-at-law at the Board of Directors, and fulfilled her duties by correcting flaws related to the filing of annual securities reports and by receiving reports on measures to prevent a recurrence and confirming their appropriateness.

7. 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 reappointment of the above candidate is approved, the Company intends to continue its liability limitation agreement with her.
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 2023. The above candidate who is an incumbent Audit & Supervisory Board Member is currently insured under the contract, and if the reappointment of the above candidate for Audit & Supervisory Board Member is approved, she 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. The above candidate is an Independent Audit & Supervisory Board Member in accordance with the rules of the Tokyo Stock Exchange, and satisfies 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.
10. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
11. Attendance at meetings of the Board of Directors and other meetings is the status of attendance during the 18th fiscal year.
12. The brief personal history, etc. of the above candidate is as of April 18, 2023.

Company/shareholder proposal
Item No. 4: Election of ten (10) Directors

As explained in Item No. 2, from among the 15 candidates for Director, the Company requests the election of the 10 candidates for Director (including 6 candidates for Outside Director) who overlap with the candidates in the Proposing Shareholder' proposal.

For the reasons for the Company's proposal, please refer to Item No. 2 as well as "Reasons, etc. for Nomination as Candidate for Director given by the Company" and "Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc. given by Company" for each candidate for Director below.

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.

The candidates for Director in this proposal are also the candidates for Director proposed by the Proposing Shareholder, and candidate numbers have been assigned by the Company. For the reasons given by the Proposing Shareholder, please refer to "(2) Reasons for the proposal" in Item No. 5, "Reasons given by Proposing Shareholder for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc." for each candidate below, and the website of ValueAct (http://valueact.com/presentations).

Reference: Guidelines for Directors and Audit & Supervisory Board Members
https://www.7andi.com/library/ir/management/governance/en/pdf/guidelines202201.pdf

The candidates for Directors are as follows:

Candidate No.	Name	Current position in the Company	Attendance at Board of Directors meetings			
1	Junro Ito	Representative Director Senior Managing Executive Officer Chief Sustainability Officer (CSuO)	17/17	Reappointment		
2	Fumihiko Nagamatsu	Director Senior Managing Executive Officer	17/17	Reappointment		
3	Joseph Michael DePinto	Director Senior Managing Executive Officer	16/17	Reappointment		
4	Yoshimichi Maruyama	Director Managing Executive Officer Chief Financial Officer (CFO)	17/17	Reappointment		
5	Yoshiyuki Izawa	Outside Director	11/12	Reappointment	Outside	Independent
6	Meyumi Yamada	Outside Director	12/12	Reappointment	Outside	Independent
7	Jenifer Simms Rogers	Outside Director	12/12	Reappointment	Outside	Independent
8	Paul Yonamine	Outside Director	12/12	Reappointment	Outside	Independent
9	Stephen Hayes Dacus	Outside Director	12/12	Reappointment	Outside	Independent
10	Elizabeth Miin Meyerdirk	Outside Director	12/12	Reappointment	Outside	Independent

(Notes from Company)

1. Attendance at meetings of the Board of Directors held in the 18th fiscal year is presented as attendance at Board of Directors meetings.
2. If all of the above candidates for Director and candidates for Director in Item No. 2 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. 2, No. 3 and No. 4 will be approved as originally proposed, are as shown on page 9.

<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>Junro Ito
(June 14, 1958)
* 3,173,003 shares
Reappointment
Term of office: 14 years and 0 months

Attendance at meetings
Board of Directors:
17/17 (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
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
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
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)
Apr. 2023: Representative Director of the Company (incumbent)
Senior Managing Executive Officer of the Company (incumbent)
Chief Sustainability Officer (CSuO) of the Company (incumbent)
General Manager of ESG Development Division of the Company (incumbent)
Supervising Officer of Superstore operations of the Company (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 given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Mr. Ito is responsible for the day-to-day operations of the Seven & i Holdings corporate development division. As a member of the founding family, Mr. Ito also has significant institutional knowledge regarding the company’s core principles and long-term vision. Electing Mr. Ito as a Director of the Company ensures continuity in business operations and Board-level institutional knowledge. For these reasons, ValueAct proposes Mr. Ito as a Director.
(Special conflicts of interest) There are no special conflicts of interest between Junro Ito and the Company.
Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.</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">2</td><td>Fumihiko Nagamatsu
(January 3, 1957)
* 14,500 shares
Reappointment
Term of office: 5 years and 0 months

Attendance at meetings
Board of Directors:
17/17 (100%)</td><td>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)
Apr. 2023: Senior Managing Executive Officer of the Company (incumbent)
Head of Domestic CVS operations (Japan) of the Company (incumbent)
(Important Concurrent Positions)
Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD.
Director of 7-Eleven, Inc.</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Director given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Mr. Nagamatsu is the Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD., responsible for 7-Eleven’s operations in Japan. Electing Mr. Nagamatsu as a Director of the Company brings operational continuity to this key 7-Eleven region. For these reasons, ValueAct proposes Mr. Nagamatsu as a Director.
(Special conflicts of interest) There are no special conflicts of interest between Fumihiko Nagamatsu and the Company.
Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.</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">3</td><td>Joseph Michael DePinto
(November 3, 1962)
* 6,000 shares
Reappointment
Term of office: 8 years and 0 months

Attendance at meetings
Board of Directors:
16/17 (94.1%)</td><td>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)
Apr. 2023: Senior Managing Executive Officer of the Company (incumbent)
Head of Overseas CVS operations (North America) of the Company (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)</td></tr>
<tr><td colspan="2">[Reasons, etc. for Nomination as Candidate for Director given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Mr. DePinto is a Director and the President and CEO of 7-Eleven, Inc., responsible for 7-Eleven's operations in North America. Electing Mr. DePinto as a Director of the Company brings operational continuity to this key 7-Eleven region. For these reasons, ValueAct proposes Mr. DePinto as a Director.
(Special conflicts of interest) There are no special conflicts of interest between Joseph Michael DePinto and the Company.
Note from Company: "Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder" are presented here exactly as submitted by the Proposing Shareholder.</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: 3 years and 0 months

Attendance at meetings
Board of Directors:
17/17 (100%)
Compensation Committee:
1/1 (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)
May 2022: Member of the Compensation Committee of the Company (incumbent)
Apr. 2023: Chief Financial Officer (CFO) 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 given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Mr. Maruyama is responsible for the day-to-day operations of the Seven & i Holdings finance and risk management functions. Electing Mr. Maruyama as a Director of the Company brings operational continuity to these functions. For these reasons, ValueAct proposes Mr. Maruyama as a Director.
(Special conflicts of interest) There are no special conflicts of interest between Yoshimichi Maruyama and the Company.
Note from Company: "Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder" are presented here exactly as submitted by the Proposing Shareholder.</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	Yoshiyuki Izawa (February 10, 1948) * 200 shares Reappointment Outside Director Independent Director Term of office: 1 year and 0 months Attendance at meetings Board of Directors: 11/12 (91.7%) Nomination Committee: 2/2 (100%)	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 & CEO, 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) May 2022: Outside Director (Member of the Audit and Supervisory Committee) of Nitori Holdings Co., Ltd. (incumbent) Outside Director of the Company (incumbent) June 2022: Outside Director of Sanoh Industrial Co., Ltd. (incumbent) Dec. 2022: Member of the Nomination Committee of the Company (incumbent) (Important Concurrent Positions) Outside Director (Member of the Audit and Supervisory Committee) of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.
	[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc. given by the Company] He has a broad range of high level knowledge in international corporate management, business administration, finance and accounting, sustainability and capital markets, and as well as his experience 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 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. [Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder] Mr. Izawa is one of the six Outside Directors elected at the 2022 AGM to bring fresh perspective to the Board and re-evaluate the corporate strategy from scratch. We commend the efforts of all six Outside Directors over the last year. By replacing the four Directors who we believe have been obstacles to progress over the last year, we enable these six Outside Directors to fulfill their initial mandate - to re-evaluate the strategy from scratch -without interference. Mr. Izawa in particular brings significant capital markets expertise. For these reasons, ValueAct proposes Mr. Izawa as an Outside Director. (Special conflicts of interest) There are no special conflicts of interest between Yoshiyuki Izawa and the Company. Note from Proposing Shareholder: Yoshiyuki Izawa is an outside director candidate. Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.	

<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">6</td><td>Meyumi Yamada
(August 30, 1972)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 1 year and 0 months

<u>Attendance at meetings</u>
Board of Directors:
12/12 (100%)
Nomination Committee:
3/3 (100%)</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.
Outside Director of SEINO HOLDINGS CO., LTD. (incumbent)
Nov. 2019: Director of ISPartners Inc.
June 2021: Outside Director of Sompo Holdings, Inc. (incumbent)
May 2022: Outside Director of the Company (incumbent)
Member of the Nomination Committee of the Company (incumbent)
(Important Concurrent Positions)
Director of istyle Inc.
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. given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Ms. Yamada is one of the six Outside Directors elected at the 2022 AGM to bring fresh perspective to the Board and re-evaluate the corporate strategy from scratch. We commend the efforts of all six Outside Directors over the last year. By replacing the four Directors who we believe have been obstacles to progress over the last year, we enable these six Outside Directors to fulfill their initial mandate - to re-evaluate the strategy from scratch - without interference. Ms. Yamada in particular brings significant retail e-commerce expertise. For these reasons, ValueAct proposes Ms. Yamada as an Outside Director.
(Special conflicts of interest) There are no special conflicts of interest between Meyumi Yamada and the Company.
Note from Proposing Shareholder: Meyumi Yamada is an outside director candidate.
Note from Company: "Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by Proposing Shareholder" are presented here exactly as submitted by the Proposing Shareholder.</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">7</td><td>Jenifer Simms Rogers
(June 22, 1963)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 1 year and 0 months

Attendance at meetings
Board of Directors:
12/12 (100%)
Compensation Committee:
1/1 (100%)</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)
Jan. 2012: Bank of America Merrill Lynch (currently Bank of America Corporation) (New York)
Nov. 2012: General Counsel Asia of Asurion Asia Pacific Limited (Hong Kong)
Nov. 2014: General Counsel Asia of Asurion Japan Holdings G.K. (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
May 2022: Outside Director of the Company (incumbent)
Member of the Compensation Committee of the Company (incumbent)
(Important Concurrent Positions)
General Counsel Asia of Asurion Japan Holdings G.K.
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. given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Ms. Rogers is one of the six Outside Directors elected at the 2022 AGM to bring fresh perspective to the Board and re-evaluate the corporate strategy from scratch. We commend the efforts of all six Outside Directors over the last year. By replacing the four Directors who we believe have been obstacles to progress over the last year, we enable these six Outside Directors to fulfill their initial mandate - to re-evaluate the strategy from scratch - without interference. Ms. Rogers in particular brings significant legal and risk management expertise. For these reasons, ValueAct proposes Ms. Rogers as an Outside Director.
(Special conflicts of interest) There are no special conflicts of interest between Jenifer Simms Rogers and the Company.
Note from Proposing Shareholder: Jenifer Simms Rogers is an outside director candidate.
Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.</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>Paul Yonamine
(August 20, 1957)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 1 year and 0 months

<u>Attendance at meetings</u>
Board of Directors:
12/12 (100%)</td><td>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: Director and Non-executive Chairman of GCA Corporation
Chairman & CEO of Central Pacific Financial Corp.
Executive Chairman of Central Pacific Bank
June 2019: Outside Director of Sumitomo Mitsui Banking Corporation (incumbent)
Dec. 2020: Outside Director of circlace Inc. (incumbent)
May 2022: Outside Director of the Company (incumbent)
Jan. 2023: Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp. (incumbent)
Chairman Emeritus & Director (Non Executive Director) of Central Pacific Bank (incumbent)
(Important Concurrent Positions)
Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp.
Chairman Emeritus & Director (Non Executive Director) of Central Pacific Bank
Outside Director of Sumitomo Mitsui Banking Corporation
Outside Director of circlace Inc.</td></tr>
<tr><td colspan="2">[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc. given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Mr. Yonamine is one of the six Outside Directors elected at the 2022 AGM to bring fresh perspective to the Board and re-evaluate the corporate strategy from scratch. We commend the efforts of all six Outside Directors over the last year. By replacing the four Directors who we believe have been obstacles to progress over the last year, we enable these six Outside Directors to fulfill their initial mandate - to re-evaluate the strategy from scratch - without interference. Mr. Yonamine in particular brings significant public company CEO expertise. For these reasons, ValueAct proposes Mr. Yonamine as an Outside Director.
(Special conflicts of interest) There are no special conflicts of interest between Paul Yonamine and the Company.
Note from Proposing Shareholder: Paul Yonamine is an outside director candidate.
Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.</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>Stephen Hayes Dacus
(November 7, 1960)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 1 year and 0 months

<u>Attendance at meetings</u>
Board of Directors:
12/12 (100%)
Nomination Committee:
2/2 (100%)</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)
May 2022: Outside Director of the Company (incumbent)
Dec. 2022: Member of the Nomination Committee of the Company (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. given by the Company]
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Mr. Dacus is one of the six Outside Directors elected at the 2022 AGM to bring fresh perspective to the Board and re-evaluate the corporate strategy from scratch. We commend the efforts of all six Outside Directors over the last year. By replacing the four Directors who we believe have been obstacles to progress over the last year, we enable these six Outside Directors to fulfill their initial mandate - to re-evaluate the strategy from scratch -without interference. Mr. Dacus in particular brings significant retail operations expertise. For these reasons, ValueAct proposes Mr. Dacus as an Outside Director.
(Special conflicts of interest) There are no special conflicts of interest between Stephen Hayes Dacus and the Company.
Note from Proposing Shareholder: Stephen Hayes Dacus is an outside director candidate.
Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.</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>Elizabeth Miin Meyerdirk
(December 1, 1981)
* 0 shares
Reappointment
Outside Director
Independent Director
Term of office: 1 year and 0 months

<u>Attendance at meetings</u>
Board of Directors:
12/12 (100%)</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, at Uber Eats, Uber Technologies, Inc.
June 2018: Uber Technologies, Inc.
Senior Director & Head of Strategy & Business Development at Uber Eats, Uber Technologies, Inc.
Sept. 2019: Uber Technologies, Inc.
Senior Director & Head of Strategy & Business Development; Head of Ads Marketplace at Uber Eats, Uber Technologies, Inc.
Dec. 2020: Chairwoman & CEO of Hey Favor, Inc. (incumbent)
May 2022: Outside Director of the Company (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. given by the Company]
She has a broad range experiences and a high level knowledge in DX (digital transformation), marketing, finance and accounting, and other fields, cultivated through her experience as a co-founder of Uber Eats, a division of Uber Technologies, Inc. and her management of e-commerce companies and other positions, globally.
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.
[Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder]
Ms. Meyerdirk is one of the six Outside Directors elected at the 2022 AGM to bring fresh perspective to the Board and re-evaluate the corporate strategy from scratch. We commend the efforts of all six Outside Directors over the last year. By replacing the four Directors who we believe have been obstacles to progress over the last year, we enable these six Outside Directors to fulfill their initial mandate - to re-evaluate the strategy from scratch - without interference. Ms. Meyerdirk in particular brings significant food delivery e-commerce expertise. For these reasons, ValueAct proposes Ms. Meyerdirk as an Outside Director.
(Special conflicts of interest) There are no special conflicts of interest between Elizabeth Miin Meyerdirk and the Company.
Note from Proposing Shareholder: Elizabeth Miin Meyerdirk is an outside director candidate.
Note from Company: “Reasons for Nomination as Candidate for Director and Outline of Expected Roles, etc. given by the Proposing Shareholder” are presented here exactly as submitted by the Proposing Shareholder.</td></tr>
</table>

(Notes from Company)

1. The Company established the “Nomination Committee” as an advisory committee to the Board of Directors. The committee’s chair and the majority of its members are Independent Outside Directors. Through the committee’s deliberations on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, “officers, etc.”), the Company utilizes the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members, and ensures objectivity and transparency in the procedures for deciding the nomination of officers, etc., thereby enhancing the supervisory function of the Board of Directors 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. “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. Mr. 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, Mr. 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 served as an Outside Director until June 15, 2022, a case came 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 fulfilled 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 received regular reports on the progress of the business improvement plan and appropriately monitored 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 reappointments of the candidates for Outside Director are approved, the Company intends to 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 2023. Each of the candidates above who are incumbent Directors is currently insured under the contract, and if the 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. Mr. Yoshiyuki Izawa, Mses. Meyumi Yamada, Jenifer Simms Rogers, Messrs. Paul Yonamine, Stephen Hayes Dacus, and Ms. Elizabeth Miin Meyerdirk 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 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.
11. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
12. Attendance at meetings of the Board of Directors and other meetings is the status of attendance during the 18th fiscal year.
13. The brief personal history, etc. of each of the above candidates is as of April 18, 2023.

Note from Proposing Shareholder:	With regard to the above currently serving Directors, we agree with them becoming candidates for Director, and agree that they will fulfill their duties as Director if this is approved as usual when candidates recommended by the Company are appointed. We have proposed this based on the recognition that each candidate consents to fulfilling their duties as Director if this is approved.
Note from Company:	The Note from Proposing Shareholder described above is presented as originally submitted by the Proposing Shareholder.

Shareholder proposal

Item No. 5 is a proposal from the Proposing Shareholder.

The number of voting rights owned by the (sole) Proposing Shareholder is 167,619.

The summary of the proposal, reasons for the proposal, and brief career histories, etc. of candidates are presented in this item as originally submitted by the Proposing Shareholder.

The Board of Directors of the Company opposes Item No. 5. The opposing opinion of the Board of Directors in relation to this Item is expressed on pages 41 to 44. Please refer to the Company's website below.

[The Company's website]

https://www.7andi.com/en/ir/stocks/general.html

Item No. 5: Election of four (4) Directors

(1) Summary of the Proposal

Katsuya Natori, Dene Rogers, Ronald Gill and Brittni Levinson to be elected Directors.

(2) Reasons for the proposal (Note from Company: includes candidates for Director in Item No. 4)

1. A Strengthened Board of Directors

We propose a strengthened Board of Directors, which replaces 4 incumbent Directors of the Company with 4 new Independent Outside Directors. Collectively, the new Board will have the experience and authority needed to upgrade the leadership of the Company and appoint a new President and Representative Director. The new President and Representative Director would, working together with the whole Board, establish and execute upon a global vision for 7-Eleven, independently consider all strategic options—including a spin-off of 7-Eleven via a tax-free dividend of 7-Eleven shares estimated to be worth over 8,500 JPY per share—and effectively represent shareholder interests to ensure the long-term sustainable growth of the Company. More information is available at http://valueact.com/presentations (in Japanese).

For details on how each candidate will contribute to the Company's growth, please refer to the "Reasons for nomination as a Director candidate" section included in each candidate's brief biography.

2. Shareholders Should Oppose the Reappointment of Mr. Isaka and Mr. Goto as Representative Directors

Mr. Isaka and Mr. Goto have been Representative Directors and members of the Nomination Committee since 2016. Since then, the Company has experienced lower ROE and total shareholder return relative to global peers. Mr. Isaka and Mr. Goto have preserved the status quo conglomerate structure and their executive positions within that structure rather than prioritize shareholders' interests. They have:

(1) Pursued a conglomerate strategy that emphasizes alleged synergies between a disparate set of businesses. The Company has experienced over 680 billion yen of special losses under present management in pursuit of this conglomerate strategy.

(2) Failed to establish strong global 7-Eleven leadership. 7-Eleven represents over 100% of consolidated adjusted operating profit, of which over 60% is earned overseas. Yet there is no global leader whose sole responsibility is to set and execute upon a global vision for 7-Eleven.

(3) Failed to publicly disclose a reported acquisition proposal in 2020, denying shareholders the opportunity to consider selling shares at a premium[1].

(4) Impeded an independent review of strategic options by the Outside Directors in line with governance best practices. Shareholders have been denied the opportunity to consider a spin-off of 7-Eleven via a tax-free dividend of shares estimated to be worth over 8,500 JPY per share. The Board announced a Strategy Committee but management undermined its independence by simultaneously announcing that strategic options for the SST Business will not be pursued for three years.
(5) Failed to establish a global environmental sustainability strategy. The Company is one of the largest gasoline retailers in the United States but still does not have a long-term strategy to address the environmental risks in this business.

3. Shareholders Should Oppose the Reappointment of Professor Ito (Nomination Committee Chair) and Mr. Yonemura (Member) who have been Outside Directors for nine years

They have failed in their duties on the Nomination Committee. Board tenure of nine years compromises independence. Professor Ito has also disclosed a related party transaction with the Company[2]. Beyond questionable independence, neither Professor Ito nor Mr. Yonemura have the executive experience to effectively select the Representative Directors of a global company. Despite Mr. Isaka and Mr. Goto's efforts to protect the status quo conglomerate structure and their own executive positions during their tenure, the Nomination Committee has not replaced them.
The new Board, which replaces four long-tenured members of the Nomination Committee with four qualified Independent Outside Directors, can select an appropriate leader to prioritize shareholders' interests and lead the company as a global champion.

[1] https://diamond.jp/premium/dw/dw230121/HTML5/pc.html#/page/1) (in Japanese)
[2] Please refer to https://www2.jpx.co.jp/disc/33820/140120221222582389.pdf (in Japanese).

(3) Brief Biography of the candidate

Candidate No. 1

Katsuya Natori	Birthdate: May 15, 1959
	Number of Company Shares Owned: 0 shares

■ Brief biography, position at Company, area of responsibility, other important positions	
1986	Graduation from the Supreme Court of Japan’s Legal Training and Research Institute
1986-1989	Masuda & Ejiri (currently Nishimura & Asahi), Associate Lawyer (Tokyo)
1990-1991	Davis Wright Tremaine (Seattle), Visiting Lawyer
1992-1993	Wilmer, Cutler & Pickering (Washington, D.C.), Visiting Lawyer (part time)
1993-1994	Esso Sekiyu K.K., Counsel
1995-1997	Apple Computer, Inc., General Counsel
1998-2001	Sun Microsystems K.K, General Counsel
2002-2003	Fast Retailing Co., Ltd., General Counsel and Executive Officer for Store Development
2004-2009	IBM Japan, Ltd., General Counsel
2010-2011	Global Process Services, IBM Japan, Ltd., Vice President
2012-	Natori Law Office, Founder
2012-2019	Olympus Corporation, External Statutory Auditor
2015-2021	Mitsui Ocean Development & Engineering Co., Ltd., External Director
2016-	Global One Real Estate Investment Corporation, Supervisory Director
2019-2021	Olympus Corporation, External Director and Chairman of Audit Committee
2020-	ITN Law Office, Managing Partner
2020-	Recruit Holdings Co., Ltd., External Statutory Auditor
2020-	Circlace Co., Ltd., Member, Outside Audit & Supervisory Board
2020-	Towns Co., Ltd., External Director
2021-	Tokyo Rope Mfg. Co., Ltd., External Director
2023-	Hino Motors Ltd., Member, External Audit and Supervisory Board (Temporary Position)
Education	
1982	Graduated from Keio University (Bachelor of Arts in Economics)
1990	Graduated from University of Washington School of Law (L.L.M.)
1993	Graduated from Georgetown University Graduate School of Business (Master of Business Administration)
Other	
2004-2018	Graduate Law School, Keio University, Adjunct Professor
2004-2016	Temple Law School Japan Campus, Professor
2009	Council of Science and Technology, Cabinet Office, Expert Advisor
2009	Member of the Study Group for Preventing Recurrence of Unauthorized Corruption Cases of ODA, Ministry of Foreign Affairs
2013-2015	Bunkyo Gakuin University. Visiting Professor
2013	Member of the International Intellectual Property Law Study Group
2018-2019	Chairman of the Study Group on Legal Functions of Japanese Companies to Strengthen International Competitiveness, Ministry of Economy, Trade and Industry
Important Concurrent Positions	Global One Real Estate Investment Corporation, Supervisory Director Recruit Holdings Co., Ltd., External Statutory Auditor Circlace Co., Ltd., Member, Outside Audit & Supervisory Board Tokyo Rope Mfg. Co., Ltd., External Director Hino Motors, Ltd., Member, External Audit and Supervisory Board (Temporary Position) ITN Law Office, Managing Partner

■ Reason for nomination as a Director candidate As a seasoned international lawyer and executive experienced in various Japanese and multinational companies, Mr. Natori has extensive knowledge on a wide range of issues related to the management of public companies. Mr. Natori has also served in governance roles at many leading public companies including as External Statutory Auditor and Outside Director at Olympus Corporation during its corporate transformation. Based on his experience and achievements, Mr. Natori is able to provide insight into corporate governance, executive leadership and corporate transformation that is deeply rooted in practice. For these reasons, ValueAct proposes Mr. Natori as an outside director.
(Special conflicts of interest) There are no special conflicts of interest between Katsuya Natori and the Company.

(Note) Katsuya Natori is an outside director candidate.

Candidate No. 2

Dene Rogers		Birthdate: July 1, 1960 Number of Company Shares Owned: 0 shares
■ Brief biography, position at Company, area of responsibility, other important positions		
1982-1989	Chevron Overseas Petroleum, Engineer	
1989-1990	Claremont Petroleum, Senior Engineer	
1990-1992	Ampol Petroleum, Principal Engineer	
1992-1995	Japan Oil Development Company, Engineer	
1996-1998	Booz Allen Hamilton, Consultant	
1998-2001	GE Capital, Senior Vice President, Global Business Development	
2001-2003	Starwood Hotels & Resorts Worldwide, Senior Vice President, Development, Planning & New Products	
2003-2011	ESL Investments, Member	
2003-2006	Kmart USA Corporation, Executive Vice President	
2006-2011	Sears Canada Inc., Chief Executive Officer and Board Member	
2011-2013	Target Australia Pty Ltd., Chief Executive Officer	
2013-	Presidio & Company, Principal	
2013-	Biosenta Inc., Board Member	
2014-	Buildxact Group Limited, Board Member and Co-Founder	
2016-2017	RadioShack Corporation, Chief Executive Officer and Board Member	
2017-2018	Gymboree Group, Inc., Board Member and Interim Chief Operating Officer and Chief Financial Officer	
2019-2020	Captor Acquisition Corp., Chief Executive Officer	
2021-	Brandstak, Chief Operating Officer and Co-Founder	
Education		
1978-1982	Curtin University (Bachelor of Engineering)	
1995-1997	Yale University (Master of Business Administration)	
2017-2019	University of Oxford (Master of Science)	
Important Concurrent Positions	Presidio & Company, Principal Biosenta Inc., Board Member Buildxact Group Limited, Board Member and Co-Founder Brandstak, COO and Co-Founder	
■ Reason for nomination as a Director candidate Mr. Rogers has global experience leading several of the world's most influential and recognizable retailers including as EVP of Kmart USA ($16 billion in sales), CEO of Sears Canada ($5.5 billion in sales), and CEO of Target Australia ($3.5 billion in sales). At Kmart USA Mr. Rogers successfully executed a significant turnaround in profitability through store footprint optimization and operational improvements, and at Sears Canada he grew e-commerce sales to $1 billion and reinvigorated new customer acquisition. He also provides executive and board leadership to retail and technology companies in his current role as Principal at Presidio & Company. Mr. Rogers brings significant relevant experience to the Company in retail operations, e- commerce, and corporate transformation. Mr. Rogers is also a Japanese speaker. For these reasons, ValueAct proposes Mr. Rogers as an outside director.		
(Special conflicts of interest) There are no special conflicts of interest between Dene Rogers and the Company.		

(Note) Dene Rogers is an outside director candidate.

Candidate No. 3

Ronald Gill	Birthdate: February 25, 1966
	Number of Company Shares Owned: 0 shares

■ Brief biography, position at Company, area of responsibility, other important positions	
1991-1993	Sony Corporation of America, Sr. Financial Analyst, Treasury Dept.
1993-1995	Sony Corporation, Sr. Financial Analyst, Planning & Control Dept. of Customer Service Division
1995-1997	Sony Corporation, Finance Manager, Financial Planning & Control Division
1997-1998	SAP Japan & Northeast Asia, Controller, Northeast Asia Technical Operations
1998-1999	SAP Japan & Northeast Asia, Director, Northeast Asia Corporate Business Planning,
1999-1999	SAP Japan & Northeast Asia, Company Vice President, Operations
1999-2000	Dell Computer Corporation, Sr. Finance Consultant
2000-2003	Softfront, Inc., Chief Financial Officer
2003-2006	SAP AG, Chief Controller, Product and Technology Group
2006-2007	Hyperion Solutions (acquired by Oracle), Vice President, Finance
2007-2010	NetSuite Inc., Sr. Vice President, Finance
2010-2017	NetSuite Inc., Chief Financial Officer
2012-	HubSpot Inc., Chair of Audit Committee and Independent Board Member,
2018-2018	Duo Security, Chair of Audit Committee and Independent Board Member
2018	Lead Edge Capital, Operating Partner
2019-	Amplitude Inc., Chair of Audit Committee, Member of Compensation Committee, and Independent Board Member
2020-	Benchling, Inc., Chair of Audit Committee and Independent Board Member
Education	
1991	University of South Carolina (Master of International Business Studies)
1988	Baylor University (Bachelor of Business Administration)
Important Concurrent Positions	HubSpot Inc., Chair of Audit Committee and Independent Board Member Lead Edge Capital, Operating Partner Amplitude Inc., Chair of Audit Committee, Member of Compensation Committee, and Independent Board Member Benchling, Inc., Chair of Audit Committee and Independent Board Member

■ Reason for nomination as a Director candidate

Mr. Gill has deep experience leading finance organizations at several leading enterprise technology companies, most recently as the Chief Financial Officer of NetSuite, an enterprise technology company acquired by Oracle for $9.3 billion in 2016. He spent a large part of his career at Japanese technology companies including Sony Corporation and SAP Japan. Mr. Gill is currently an Operating Partner at Lead Edge Capital, which invests in high-growth technology companies. Based on his experience and achievements, Mr. Gill brings relevant perspectives in enterprise technology, finance, accounting, capital markets, and M&A to the Company. Mr. Gill is also a Japanese speaker. For these reasons, ValueAct proposes Mr. Gill as an outside director.

(Special conflicts of interest) There are no special conflicts of interest between Ronald Gill and the Company.

(Note) Ronald Gill is an outside director candidate.

Candidate No. 4

Brittni Levinson	Birthdate: December 3, 1984 Number of Company Shares Owned: 0 shares
■ Brief biography, position at Company, area of responsibility, other important positions	
2007-2009	Lehman Brothers/Barclays Capital, Investment Banking Analyst - Financial Institutions Group
2009-2011	Thomas H. Lee Partners, Private Equity Associate - Media, Information Services, and Technology Group
2014-2017	Game Creek Capital, Equity Research Analyst-Technology, Media, and Telecom
2017-2021	Cascade Asset Management (formerly, Bill & Melinda Gates Investments), Investment Analyst to Chief Investment Officer- Generalist
2021-	ValueAct Capital, Head of Sustainability
Education	
2003-2007	Cornell University (Bachelor of Science degree, cum laude, in Applied Economics and Management) (Charles H. Dyson School)
2011-2013	Harvard Business School (Master in Business Administration)
Important Concurrent Positions	ValueAct Capital, Head of Sustainability Board of Directors of Investor Stewardship Group Member of Council of Institutional Investors Corporate Governance Advisory Council
Other	
2022-	Investor Stewardship Group, Member of Board of Directors
2022-	Council of Institutional Investors, Member, Corporate Governance Advisory Council
■ Reason for nomination as a Director candidate Ms. Levinson is a 16-year veteran of the financial services and asset management industries. She has global governance, sustainability, and capital markets expertise. She has investment experience in the public and private markets. She has spent the past 6 years managing sustainability considerations as a driver of shareholder value. Ms. Levinson's sustainability experience provides valuable insight into managing the risk of and creating opportunities for business models that are affected by the climate transition as well as managing human capital issues such as employee engagement and safety concerns. For these reasons, ValueAct proposes Ms. Levinson as an outside director.	
(Special conflicts of interest) There are no special conflicts of interest between Brittni Levinson and the Company.	

(Note) Brittni Levinson is an outside director candidate.

Note from Company: the content and reason of proposals from shareholders in response to the form proposing shareholder proposals is presented here exactly as submitted.

Opinion of the Board of Directors
<u>The Board of Directors opposes Item No. 5.</u>

The Proposing Shareholder mentions the following points as the main reasons for the Shareholder Proposal, but we would like to explain our views in relation to these points as follows:

<u>Main reasons for the Shareholder Proposal by the Proposing Shareholder</u> (Please see pages 35 to 36 for details)

(1) A Strengthened Board of Directors
(2) Shareholders should oppose the reappointments of Mr. Isaka and Mr. Goto as Representative Directors
(3) Shareholders should oppose the reappointments of Mr. Ito (Nomination Committee Chair) and Mr. Yonemura (Member), who have been Outside Directors for nine years

<u>Our opinion regarding the reasons for the above Shareholder Proposal</u>

【Steps taken by the current management team: Promotion of the Group's growth strategy based on our strengths in "Food"】

Since the new management structure centered around the current President Ryuichi Isaka was put in place in May 2016, our Group has made a big change in course from our previous strategy of diversifying our business. We announced the Group's Medium-Term Management Plan for the first time, and announced our policy of "Positioning the CVS Business in Japan and the U.S. as the pillar of the Group's growth, and focusing management resources." In July 2021, we set the Group's long-term vision of "Ideal Group image for 2030," and announced the 5-year Medium-Term Management Plan up to fiscal year 2025 to achieve that vision. In this Medium-Term Management Plan, we clarified our policy of selection and concentration of the Group's businesses, based on the business portfolio strategy, and in the same year executed the acquisition of Speedway in the CVS business, following the Sunoco business in 2018, established 7-Eleven International LLC, and in 2023 decided on 7-Eleven International's additional investment and loan to the Vietnam business. We also promoted numerous strategic decisions to enhance the corporate value of the Group, including the disposal of non-core businesses, and completed the disposal of all shares of Oshman's Japan Co., Ltd. in 2022, and part of the shares of Francfranc Corporation in 2021, as well as announcing the disposal of all shares of Sogo & Seibu Co., Ltd. in 2022.

Moreover, in the Annual Shareholders' Meeting in 2022, we newly appointed 6 Outside Directors, and set up a governance structure suitable to the world's top class retail group, as well as changing the Board structure to one which Outside Directors form the majority, with the aim of achieving sustainable growth in the global market and enhancing corporate value over the mid-to-long term. Under this new Board and governance structure, we have been making Group Strategy Reevaluation that contribute to enhancing the Group's corporate value, based on the growth potential and profitability of each business segment. As a result, on March 9, 2023, we announced the update to the Medium-Term Management Plan, as well as the results of the Group Strategy Revaluation, which was supported unanimously by the Board. We set the Group's management policy of further accelerating the ongoing shift away from the previous comprehensive retailer strategy, and focusing on the growth strategy of the CVS Business in Japan and overseas while positioning "Food" as our strength, thereby allocating management resources in an optimal way, and engaging in the Group's growth strategy based on our strengths in "Food," which is the source of the Group's competitiveness. We also decided to set up the Strategy Committee, consisting only of independent Outside Directors. The Committee will monitor the progress of the growth strategy of the CVS Business in Japan and overseas, as well as the progress of structural reforms of the superstore business ("SST Business"), analyze and consider the optimal Group business structure to achieve these strategies, as well as strategic options including IPO, spinoff etc., and advise the Board on how to enhance the Group's corporate value over the mid-to-long term.

【Establishing a governance structure suitable for the world's top class retail group】

Since the announcement of the Medium-Term Management Plan in 2021, we have been aspiring to become the world's top class retail group, and under the management structure centered around President Isaka, SEVEN-ELEVEN JAPAN CO., LTD., 7-Eleven, Inc. and 7-Eleven International LLC are collaborating in promoting our global strategies. In order to reinforce the execution and promotion capabilities of each strategy, we have from April 2023 appointed a Head to each business segment and business domain to strengthen the management structure. The Board has confirmed that this shows how the new Board is structured in the optimal way for us to aim to become the world's top class retail group. We therefore see the Proposal by the Proposing Shareholder as inappropriate, due to the fact that while opposing the reappointment of the 2 current Representative Directors, there is no concrete proposal about the leadership to promote our global strategies, and we believe the Proposal is unrealistic for our company.

Moreover, since the new management structure was put in place in 2016, we have been improving and enhancing our corporate governance as well. We set the guideline for Directors, set up the Nomination and Compensation Committees in 2016, and have been establishing and developing corporate governance that is linked to the progress of Group management, such as appointing female Directors, introducing the stock compensation scheme that is linked to our earnings, as well as the separation of the Nomination and Compensation Committees. On top of this, we newly appointed 6 Outside Directors in the 2022 Annual Shareholders' Meeting, and shifted to a governance structure suitable for the world's top class retail group, and changed the composition of the Board to make Outside Directors form the majority, with the aim of achieving sustainable growth in the global markets and mid-to-long term corporate value enhancement. Moreover, aside from our Outside Directors engaging in "constructive dialogue with shareholders and investors," we have designated the Lead Independent Outside Director in 2022, with the aim of strengthening the collaboration among Outside Directors, as well as enhancing the communication between Outside Directors and the management team. Mr. Kunio Ito who has contributed as Outside Director over many years will be retiring, but Mr. Kunio Ito has thus far taken on the roles of Chairman of the Nomination Committee and Chairman of the Compensation Committee, making a significant contribution to our governance reforms, as well as acting as Lead Independent Outside Director in the new Board that was transformed in the Annual Shareholders' Meeting in 2022, leading our reforms towards a governance structure that is suitable for a global retail group. The "Nomination Committee," which has been chaired by Mr. Kunio Ito and has Mr. Toshiro Yonemura as its member, has been chaired by, as well as having its majority consist of, Independent Outside Directors. The Committee has utilized the expertise and advice from a diverse range of Outside Directors, further ensured objectivity and transparency in the nomination process, and contributed to further enhancing the corporate governance function, including newly appointing 6 Outside Directors in the 2022 Annual Shareholders' Meeting. Moreover, 2 Outside Directors were added as Nomination Committee members in December 2022, as well as further improving the objectivity and transparency of the nomination process for Directors etc., and the Board has confirmed that the current structure of the Nomination Committee is the optimal structure.

【Deliberation process for and reasons for objection to nominees by the Proposing Shareholder】

As for Mr. Katsuya Natori, Mr. Dene Rogers, Mr. Ronald Gill and Ms. Brittni Levinson, which are the individuals that have been proposed by the Proposing Shareholder, we have conducted interviews with 3 Directors from our Nomination Committee that have no interests with what is being proposed in the Shareholder Proposal, and the Nomination Committee has advised the Board, following considerations on the criteria and capabilities outlined in the "Directors' Guideline," as well as prioritizing the skillsets in areas such as "experience leading a listed company or other relevant organization in a chief executive role," experience and knowledge to realize the Group's growth strategy in terms of "Food," "DX," and "global management," and "experience and expertise in business transformation" in line with "Ideal Group image for 2030" which was reviewed based on the results of the aforementioned Group Strategy Reevaluation, and following considerations and deliberations from the standpoint of the roles, functions etc. in the overall Board composition. The Board considered and deliberated based on that advice and, due to the following reasons, decided that there is no need to appoint the 4 candidates in Item No. 5.

- The structure of the new Board that we propose is as follows, with a focus on diversity, and the fact that Outside Directors make up the majority.

Internal Directors	6	Of which, 1 is non-Japanese Director
Outside Directors	9	Of which, 9 are independent Outside Directors Of which, 3 are female Directors Of which, 4 are non-Japanese Directors
Total	15	Independent Outside Director ratio: 60.0% Female Director ratio: 20.0% Non-Japanese Director ratio: 33.3% (Rounded to one decimal place)

- The new Board structure proposed by the Company comprehensively considers the skillsets required of our Directors, and is a well-balanced proposal that will contribute the most in maximizing corporate value also from the perspective of the skill matrix (please see page 9) of the Board composition, and is the optimal structure as the company promotes its growth strategy as a global company.
- Mr. Katsuya Natori, Mr. Dene Rogers, Mr. Ronald Gill and Ms. Brittni Levinson, who were interviewed by the Company's Nomination Committee, were assessed, but it did not lead to the conviction that they will exert their capabilities for the enhancement of our corporate value. After comparing with the Director candidates that the Company is proposing, with whom the skills overlap, we determined that the candidates proposed by the Company were more suitable.
- The reasons outlined in the Shareholder Proposal include various misrepresentations and distortions of the facts regarding the Group's initiatives and progress, especially with respect to the misstatement for the independency of Mr. Ito, resulting in a serious misunderstanding towards the Company based on the Shareholder Proposal.

Based on the above, the Company's Board is convinced that the new Director structure proposed by the Company is the optimal structure for the Company, and opposes Item No. 5 by the Proposing Shareholder.

Business Report (March 1, 2022 to February 28, 2023)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 18th fiscal year, amid continuing wariness of the spread of COVID-19 infections, the Japanese economy continued to recover, led by consumer spending, reflecting the absence of government-mandated activity restrictions such as semi-emergency COVID-19 measures. The government did not impose such restrictions in order to facilitate both infection prevention and economic activity. However, the situation still warranted caution. There were signs of uncertainty emerging due to the Ukraine situation and other factors, as well as the impact of rising prices on household budgets, which reflected soaring energy costs and raw material prices as a result of the yen's rapid depreciation, and supply constraints.

In North America, consumer spending showed signs of slowing amid the continuation of historically high levels of inflation, exacerbated by the effects of policy interest rate hikes and other factors. Issues such as supply constraints caused by labor shortages and logistics disruptions have had an impact on the real economy.

In this environment, under the new Board of Directors and governance structure, the Seven & i Group has continued to discuss various strategic actions that could increase the Group's corporate value while taking into account the growth profile and efficiency of each business. On March 9, 2023, the Group announced the results of the Group Strategy Reevaluation based on those discussions. It defined its "Ideal Group Image for 2030" as "a world-class retail group centered around its 'food' that leads retail innovation through global strategies centered on the 7-Eleven business and proactive utilization of technology." In addition, based on the approach to the business portfolio, we have entered into an agreement to transfer all shares outstanding of Sogo & Seibu Co., Ltd. held by the Company to Sugi Godo Kaisha, a special purpose company which is a related entity of Fortress Investment Group LLC, and are holding discussions to execute the agreement on November 11, 2022. Looking ahead, the Group will focus on generating corporate value over the medium to long term and achieving the Group's continuous growth based on the results of the Group Strategy Reevaluation and the updated Medium-Term Management Plan 2021-2025.

Consequently, our consolidated results in the 18th fiscal year were as follows. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations from the fiscal year ended February 28, 2023.

Revenues from operations were ¥11,811,303 million (up 35.0% YOY), operating income came to ¥506,521 million (up 30.7% YOY), ordinary income was ¥475,887 million (up 32.7% YOY), and net income attributable to owners of parent was ¥280,976 million (up 33.3% 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 ¥17,842,688 million (up 25.3% YOY). In addition, due to foreign exchange rate fluctuations during the 18th fiscal year, revenues from operations and operating income increased by ¥1,465.6 billion and ¥47.5 billion, respectively.

Overview of business by segment

<u>Domestic convenience store operations</u>

Revenues from operations: ¥890,293 million (up 2.0% YOY)
Operating income: ¥232,033 million (up 3.9% YOY)

The impact of COVID-19 has caused commercial areas to shrink in size and highlighted growing differences in customer needs among individual stores. In this environment, SEVEN-ELEVEN JAPAN CO., LTD. continued to implement activities that integrate three initiatives, specifically expanding its assortment of high-value-added merchandise, changing store layouts as part of efforts to increase the number of items carried and conducting sales promotions that produce an event-like sense of excitement. The goal of these initiatives is to increase the number of customers visiting 7-Eleven stores to find the merchandise they seek. To address growing demand for delivery services, SEJ has been strengthening its initiative “7NOW” by expanding the number of stores to approximately 3,800 (as of the 18th fiscal year), a service that allows customers to order items via smartphone for delivery to a designated location in as little as 30 minutes.

In addition to these initiatives, for the 18th fiscal year, we benefited from factors including an increase in the number of stores carrying new fast-food products and “Traceable Vegetables,” which is a fruits and vegetables brand of Ito-Yokado Co., Ltd., to broaden the customer base. We also benefited from the success of proactive sales promotion initiatives such as various fair events, as well as a recovery in customer traffic and favorable weather. As a result, existing store sales increased year on year. Operating income increased to ¥232,873 million (up 4.4% YOY), despite a continued increase in utilities costs resulting from much higher fuel cost adjustment rates. Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥5,148,742 million (up 4.0% YOY).

<u>Overseas convenience store operations</u>

Revenues from operations: ¥8,846,163 million (up 70.3% YOY)
Operating income: ¥289,703 million (up 81.2% YOY)

In North America, 7-Eleven, Inc. (“SEI”) strove for stable store management even as certain problems emerged, such as labor shortages and supply constraints caused by logistics disruptions in the U.S. market. It continued to implement measures such as expanding the development and distribution of its high quality and highly profitable original products (fresh foods, proprietary beverages, and private brands) and stepping up efforts focused on the 7NOW delivery service, which is available at approximately 5,700 stores.

For the 18th fiscal year, despite signs of consumer spending restraint due to surging prices, merchandise sales at existing stores in the U.S. increased year on year in U.S. dollars. In yen terms, operating income amounted to ¥396,568 million (up 76.4% YOY). Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥10,442,360 million (up 61.5% YOY).

In addition, the integration process with the Speedway business acquired in May 2021 is proceeding smoothly, with synergies amounting to approximately US$682 million, far surpassing the US$450 million initially expected to be generated in the 18th fiscal year. In addition, the Cost Leadership Committee has been established and the cost structure is being drastically revised. Efforts will be made to improve profitability even further by implementing measures such as developing appropriate decision-making frameworks and changing attitudes toward cost control.

<u>Superstore operations</u>

Revenues from operations: ¥1,449,165 million (down 20.0% YOY)
Operating income: ¥12,107 million (down 35.6% YOY)

Ito-Yokado Co., Ltd., an operator of general merchandise stores, continued to promote its regrowth strategy, including closing unprofitable stores, optimizing workforce, and productivity improvement initiatives such as IT utilization.

For the 18th fiscal year, existing store sales (including tenants) rose year on year, as sales of tenants and other merchants grew mainly due to a recovery in customer traffic, and the rebound from the previous year’s shortened opening hours and limited number of visitors. However, operating income amounted to ¥408 million (down 74.8% YOY), mainly due to deterioration in the food gross profit margin and an increase in utilities costs and other expenses due to much higher fuel cost adjustment rates.

In addition, existing store sales at York-Benimaru Co., Ltd., a food supermarket operator, declined year on year, primarily due to a downturn in food sales, which had been firm since the start of the COVID-19 pandemic. However, the merchandise gross profit margin improved mainly owing to the effects of its merger on March 1, 2022 with Life Foods Co., Ltd., which had been making and selling side dishes at York-Benimaru stores. York-Benimaru’s operating income amounted to ¥18,013 million (up 22.5% YOY).

Department and specialty store operations

Revenues from operations: ¥463,739 million (down 34.9% YOY)
Operating income: ¥3,434 million (up ¥11,588 million YOY)

In Department store operations, existing store sales increased year on year, primarily due to a recovery in mainstay apparel sales and solid sales of luxury brands. These trends reflected the rebound from the previous year’s shortened opening hours and limited number of visitors. In restaurant operations, an operating loss was posted despite an improving performance trend due to a rebound from the previous year’s shortened operating hours and restrictions on the serving of alcoholic beverages, along with a recovery in demand for eating out.

In addition, based on the approach to the business portfolio, we have entered into an agreement to transfer all shares outstanding of Sogo & Seibu Co., Ltd. held by the Company to Sugi Godo Kaisha, a special purpose company which is a related entity of Fortress Investment Group LLC, and are holding discussions to execute the agreement.

Financial services operations

Revenues from operations: ¥194,295 million (down 0.1% YOY)
Operating income: ¥37,140 million (down 1.1% YOY)

As of the end of the 18th fiscal year, the number of ATMs of Seven Bank, Ltd. installed in Japan had increased to 26,889 units (up 695 units from the previous fiscal year-end). The average number of transactions per day per ATM amounted to 101.1 (up 4.4 YOY), owing to continued growth in the number of cash charge transactions at ATMs as consumers opted for various cashless payments, as well as improvement in the number of transactions at deposit-taking financial institutions. As a result, total transactions of Seven Bank’s ATMs during the 18th fiscal year increased year on year. Cash and bank deposits of Seven Bank, Ltd. were ¥1,024.3 billion, which includes cash to be held in ATMs.

In Others, revenues from operations amounted to ¥26,044 million (up 28.0% YOY), and operating loss amounted to ¥466 million (up ¥350 million YOY).

Eliminations and corporate

Revenues from operations: ¥(58,398) million (down ¥2,831 million YOY)
Operating loss: ¥67,432 million (up ¥23,750 million YOY)

In order to realize the Ideal Group Image for 2030, the Company has recorded expenses related to the development of the “7iD” membership platform to expand customer interfaces, the evolution of the “7NOW” delivery service and the Last Mile DX Platform for Net Supermarket (online supermarket) and other such services to provide new experiences and value, and the construction of the Group’s common infrastructure system for purposes such as enhancing operational efficiency and enhance security.

(2) Capital expenditures and fundraising

Total capital expenditures in the 18th fiscal year were ¥431,961 million. 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	95,913
Overseas convenience stores	188,641
Superstores	54,643
Department and specialty stores	19,292
Financial services	34,223
Others	469
Eliminations and corporate	38,778
Total	431,961

(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 18th fiscal year and the most recent three fiscal years

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

Item	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	18th fiscal year March 1, 2022 to February 28, 2023
Revenues from operations	Millions of yen 6,644,359	Millions of yen 5,766,718	Millions of yen 8,749,752	Millions of yen 11,811,303
Net income attributable to owners of parent	Millions of yen 218,185	Millions of yen 179,262	Millions of yen 210,774	Millions of yen 280,976
Net income per share	Yen 246.95	Yen 203.03	Yen 238.68	Yen 318.14
Total assets	Millions of yen 5,996,887	Millions of yen 6,946,832	Millions of yen 8,739,279	Millions of yen 10,550,956
Net assets	Millions of yen 2,757,222	Millions of yen 2,831,335	Millions of yen 3,147,732	Millions of yen 3,648,161
Net assets per share	Yen 2,946.83	Yen 3,022.68	Yen 3,375.50	Yen 3,933.93

(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 “Accounting Standard for Revenue Recognition” and relevant ASBJ regulations effective from the beginning of the 18th fiscal year.

(4) Corporate reorganization measures, etc.

(i) 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.

(ii) 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.

(iii) Transfer of shares of Sogo & Seibu Co., Ltd.

The Company has determined that utilizing the real estate business expertise, turnaround experience, and financial power of Fortress Investment Group LLC will contribute towards a more profitable operation of Sogo & Seibu's department stores as well as the promotion of growth and efficiency of Sogo & Seibu by maximizing the value of its real estate assets. On November 11, 2022, the Company entered into an agreement with Sugi Godo Kaisha, a special purpose company which is a related entity of Fortress Investment Group LLC, to transfer all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company, and are in discussions to execute the agreement.

(5) Status of major subsidiaries (as of February 28, 2023)

(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 18th 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	¥2,593,865 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 165 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. Currently, in Japan, the accelerated change in the social structure, such as the aging population and the increases 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. On the other hand, the employment environment is expected to remain challenging in light of rising minimum wages and the expansion of social insurance enrollment.

Moreover, in the U.S., there are higher expectations for convenience store retailing to meet demand for fresh, healthy and delicious food. Globally, significant opportunities exist for the Group to provide locally adapted, safe, reliable 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. 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 find themselves in a situation where they will have to work to solve these issues more seriously than ever.

In our superstore operations, we possess strengths in food that support the Group's competitiveness. These strengths include the Group's merchandising assortment, procurement capabilities, supplier network, product innovation capabilities, and private brands (*Seven Premium*). This strength in food will become an increasingly important competitive advantage to support the growth of the Group's domestic and overseas convenience store operations from the standpoint of the aforementioned macro and market trends expected in the future.

As a result of the Group Strategy Reevaluation, which considers the aforementioned changes in the Group's business environment, our Board of Directors has decided to focus on growth strategies for domestic and overseas convenience store operations, leveraging the Group's historical strength in food. We will optimally allocate management resources to become a global retail group with food at its core, based on the decision that this course will maximize the Group's medium- to long-term corporate value. In terms of the Group's action plans based on this management policy, we will accelerate growth strategies for domestic and overseas convenience store operations, carry out drastic transformation of superstore operations, and develop a Group capital reallocation plan that will underpin the complete execution of our action plans. We will also establish an effective organizational structure to monitor the progress of strategic initiatives and continuously consider the optimal Group business structure and strategic alternatives. To do so, our Board of Directors has decided to swiftly implement the following initiatives.

The implementation of the initiatives outlined below is deeply anchored in the Group's corporate creed and basic stance. We are confident that these initiatives will enable us to achieve the updated "Ideal Group Image for 2030."

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

(i) North America Convenience Store Operations

7-Eleven, Inc. will focus on the following four key strategic areas and aim for continuous growth and improved efficiency in the business over the medium term.

1) Expanding the development and distribution of its proprietary products (fresh foods, proprietary beverages, and private brands) to 34% of sales by FY2025 while growing overall merchandise margins and continuing to strengthen the value chain.

2) In the 7NOW delivery business, aim for revenue of US$1 billion by FY2025 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 US$800 million synergies in FY2023.

4) Continue to pursue growth in the fragmented North American market through both M&A opportunities and organic new build stores.

(ii) Global Convenience Store Operations

7-Eleven International LLC plans to expand global convenience store operations outside of Japan and North America, and to achieve 50,000 stores by the fiscal year ending December 31, 2025. It also plans to open stores in over 30 countries and regions worldwide, including Japan and North America by the fiscal year ending December 31, 2030. In terms of the overall direction of its specific initiatives, 7-Eleven International LLC will aim to increase its profits by maximizing the full growth potential of licensees. This will be achieved through strategic investment in licensees in existing areas and also through leveraging our business transformation methods obtained from our experience in revitalizing 7-Eleven, Inc. in the U.S. and in achieving significant growth through such means as utilizing the aforementioned strengths in food. Alongside these efforts, we will also work to develop business in new countries.

We have also decided to contribute further investment and financing to the Vietnam business. We will continue to proactively consider M&A deals, including strategic investments in licensees, to realize accelerated earnings growth in global convenience store operations, which have high growth potential.

(iii) Domestic Convenience Store Operations

SEVEN-ELEVEN JAPAN CO., LTD. will continue to realize stable growth by improving customer attraction and profitability, leveraging the merchandising capabilities that support its strength in food = highly appealing original products, including *Seven Premium*. Furthermore, we will continue to tackle the challenges of providing new merchandise assortments and new store concepts by utilizing our knowledge and supplier networks, which we have developed in superstore operations, to adapt to the ever-changing social structure and shifting customer values and behavior in Japan, as described earlier.

Meanwhile, we aim to further strengthen our 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.

(iv) Superstore Operations

Although superstore operations contribute to the Group’s strength in food, we strongly recognized the need to improve the profitability and capital efficiency of superstore operations as an individual business segment, particularly at Ito-Yokado Co., Ltd., which has a wider product offering beyond food. In the fiscal year ended February 28, 2023, we continued to implement various structural reform initiatives to complete the structural reforms implemented to date. Going forward, in addition to delivering the results of such structural reforms, we will further accelerate business structure transformation in line with the direction of 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 ¥55.0 billion by the fiscal year ending February 28, 2026 in the Tokyo metropolitan area and an 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 business(Note 1)
2) In addition to the previously announced store closures from the business structure transformation, Ito-Yokado Co., Ltd. has decided to close an additional 14 stores to accelerate its focus on the Tokyo metropolitan area(Note 2)
3) Integrate Ito-Yokado Co., Ltd. and York Co. Ltd. as Tokyo metropolitan superstore operations to maximize synergy and operational efficiency in the Tokyo metropolitan area, which is an area of focus

4) Realize a profit structure that can achieve further profit growth by establishing strategic infrastructure (Process Center (PC)/Central Kitchen (CK), 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

Notes: 1. Self-operated apparel business
2. Number of stores: 126 as of February 28, 2023; 93 stores as of February 28, 2026 (planned)

Deepening relationships with customers through retail and financial integration centered on 7iD

We have long worked to create new experiences and values through the promotion of DX, to strengthen customer touchpoints, which are a shared Group-wide foundation for value. To date, we have strengthened our relationship with each customer by collecting data from customers through 7iD, which enables them to use a shared ID across the Group, and by putting that data to good use in CRM and other capabilities. We have also used 7iD to enhance service functions in the last mile, among other things. In the future, we also intend to use 7iD to create new value in financial services, retail media and other areas.

Notably, in financial services, we have decided that it would be desirable to consolidate the Group's financial business in Seven Bank, Ltd. and accelerate its growth, in order to quickly address customer needs and pursue synergies through the integrated management of banking and non-banking businesses by ensuring unity and consistency in the Group's financial strategy. Under this policy, we have decided to consolidate the credit card and electronic money operations previously undertaken by Seven Card Service Co., Ltd. under the umbrella of Seven Bank, Ltd. By having both companies operate businesses as one entity, we will be able to provide a lineup of multiple payment methods, as well as fund management and procurement methods, sought by individual customers under an integrated promotion framework, enabling us to meet the expectations of customers for financial services even more rapidly than we did before. In the future, as we reorganize various financial services from the customer's perspective, we will integrate and strengthen the knowledge, expertise, and other capabilities that both companies have accumulated thus far. We will use 7iD to develop financial services and provide unique experiences befitting a distribution and retail group.

New Group Initiatives to Ensure the Complete Execution of the Group Growth Strategy and Action Plans Above

Capital Reallocation

We will continue our efforts to recover capital by increasing operating cash flow through growth mainly in convenience store operations, and also by advancing drastic transformation initiatives and consideration of best owners in businesses that require prioritized consideration through a review of the business portfolio. We plan to intensively allocate the cash flow we generate to strategic investments in convenience store operations, which are the Group's growth driver, based on investment decisions focused on capital efficiency, with a view to achieve accelerated growth.

Regarding shareholder return, we will emphasize balancing it with strategic investments in convenience store operations. At the same time, we expect to conduct agile share buybacks to improve return on equity (ROE) and earnings per share (EPS). Together with upwardly revising our targets in "Medium-Term Management Plan 2021-2025," we have decided the shareholder return policy as "stable and continuous improvement of dividends per share, as well as achievement of a total shareholder return ratio of 50%(Note) or more (cumulative)."

Note: Cumulative total shareholder return ratio from the fiscal year ending February 29, 2024 to the fiscal year ending February 28, 2026

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. We also identified "Seven Material Issues" that are highly compatible with our business areas. 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 conjunction with the global expansion of our business, we are promoting CO_2 emission reduction and plastic-related measures in collaboration with 7-Eleven licensees around the world.

In addition, communities are becoming increasingly concerned about the human rights efforts of companies as their activities become more global in nature. The Group works to protect human rights under its Corporate Action Guidelines. We have established the Seven & i Group Human Rights Policy, which is primarily based on the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the 10 principles of the U.N. Global Compact, and the U.N. Guiding Principles on Business and Human Rights. 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/ (in Japanese)

(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. We have further improved the diversity of the Board of Directors and increased the number of independent outside directors to a majority. This change was made to build a governance system that is suitable for our goal of becoming a global retail group, which is part of our "Ideal Group Image for 2030." Furthermore, we have recently appointed an additional representative director of the Company to strengthen and stabilize the governance structure, bringing the total number of representative directors to three. Concurrently, we have appointed Chief Officers (CxO) for each corporate function, as well as a Head for each business segment and business area.

In addition, we have established the Strategy Committee composed solely of independent outside directors to provide advice to the Board of Directors for the purpose of increasing the Group's medium- to long-term corporate value. The Strategy Committee will continue to monitor the progress of the Group's strategic policies, and comprehensively and objectively analyze and review the optimal group structure and other matters to achieve the Group's strategic goals.

In the future, the Board of Directors will continue its efforts to conduct appropriate decision-making while implementing highly effective supervision, to promptly fulfill the Board of Directors' roles and responsibilities, and to further strengthen corporate governance. These efforts will be made in order to achieve sustainable growth in global markets and to increase the Group's corporate value over the medium and long terms.

(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. In human resource development, we adhere to the concept of being "a company that grows together with its human resources." With this in mind, 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.

In addition, we will work to create workplaces where everyone can work comfortably by reforming work styles and improving productivity. We are establishing frameworks to create environments that allow diversity and differences among workers and to support flexible work styles. We are focusing 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. Furthermore, the Group has established the Engagement Improvement Committee, consisting of the presidents of each Group operating company, to formulate and monitor action plans to improve employee engagement. We will continue to promote these activities based on the belief that increased employee engagement and a desire to contribute will revitalize our organization and boost our corporate competitiveness.

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 listening sincerely to the voices of all stakeholders, we will strive to provide more value and appropriate returns on profits to all stakeholders.

(7) Scope of principal businesses (as of February 28, 2023)

The Group is centered on the retail industry and comprises 190 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.*
Overseas convenience stores (106 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.*
Superstores (21 companies)	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. 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.* DAIICHI CO., LTD.*
Department and specialty stores (27 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. 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* Tower Records Japan Inc.* Nissen Credit Service Co., Ltd.*

Business segments	Names of major Group companies
Financial services (16 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.*
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.* PIA Corporation*
Corporate (1 company)	SEVEN & i Financial Center Co., Ltd.

(Note)

* 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.

(8) Principal business locations (as of February 28, 2023)

(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: 265 stores

(Overseas convenience stores)

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 5,948 stores

(Note)
The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2022.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 126 stores

York-Benimaru Co., Ltd.

- Head office: 5-42, Yashimamachi, Koriyama, Fukushima
- Corporate stores: 246 stores

(Department and specialty stores)

Sogo & Seibu Co., Ltd.

- Head office: 1-18-21 Minami-Ikebukuro, Toshima-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: 497 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, 2023)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Domestic convenience stores	8,802 employees	377 employees (decrease)
Overseas convenience stores	50,769 employees	1,628 employees (increase)
Superstores	13,858 employees	518 employees (decrease)
Department and specialty stores	7,111 employees	389 employees (decrease)
Financial services	1,904 employees	98 employees (increase)
Others	693 employees	29 employees (increase)
Corporate (shared)	1,017 employees	48 employees (increase)
Total	84,154 employees	519 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 83,094 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.

(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	743 employees	26 employees (increase)	44 years 2 months	15 years 5 months
Females	274 employees	22 employees (increase)	40 years 10 months	15 years 2 months
Total or average	1,017 employees	48 employees (increase)	43 years 3 months	15 years 4 months

(Notes)

1. Most of the Company’s employees have been transferred from SEVEN-ELEVEN JAPAN CO., LTD. and Ito-Yokado Co., Ltd. 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).

(10) Status of major lenders (as of February 28, 2023)

Lender	Amount borrowed (Millions of yen)
Japan Bank for International Cooperation	298,974
Sumitomo Mitsui Banking Corporation	226,042
MUFG Bank, Ltd.	204,823
Bank of America Corporation	172,807
Mizuho Bank, Ltd.	142,275

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

None.

2. Items Regarding Shares (as of February 28, 2023)

(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 1,836,199 shares of treasury stock.

(3) Number of shareholders: 74,745

(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)	121,723	13.8
Ito-Kogyo Co., Ltd.	70,701	8.0
Custody Bank of Japan, Ltd. (Trust account)	52,596	5.9
SMBC Nikko Securities Inc.	34,588	3.9
SSBTC CLIENT OMNIBUS ACCOUNT	21,197	2.4
Masatoshi Ito	19,658	2.2
Nippon Life Insurance Company	17,672	2.0
VALUEACT CAPITAL MASTER FUND L.P.	16,761	1.9
MITSUI & CO., LTD.	16,222	1.8
JAPAN SECURITIES FINANCE CO., LTD.	14,153	1.6

(Note)
The calculation of the percentage of shares held does not include shares of treasury stock. The shares of treasury stock do not include 1,358 thousand shares held by the "Board Incentive Plan (BIP) Trust" (the "BIP Trust") and the "ESOP Trust for Granting Stock" (the "ESOP Trust").

(5) Shares delivered to officers as consideration for the execution of duties during the 18th fiscal year

Classification	Number of shares	Number of persons to whom shares were delivered
Directors (excluding Outside Directors)	19,943 shares	2

(6) 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, 2023, the number of the Company's shares held by "BIP Trust" and "ESOP Trust" was 753 thousand shares and 605 thousand shares, respectively.

Reference: cross-shareholdings

In principle, the Group does not hold cross-shareholdings except where there is an accepted rationale for doing so, such as maintaining or strengthening business alliances or business relationships, in order to maintain and strengthen business competitiveness. Stocks held are reviewed annually and shares with less rationale or less effectiveness for holding are to be sold in view of the circumstances of the investee companies. For further information on cross-shareholdings, please refer to the Company's website (https://www.7andi.com/en/ir/management/governance/structure.html#cross).

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, 2023)

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 18th 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, 2023)

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 7-Eleven, Inc.
Representative Director and Vice President	Katsuhiro Goto	Member of the Nomination Committee of the Company Director of SEVEN-ELEVEN JAPAN CO., LTD. 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	Yoshimichi Maruyama	Member of the Compensation Committee of the Company 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	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	Kunio Ito	Chair of the Nomination Committee of the Company Member of the Compensation Committee of the Company 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.
Director	Toshiro Yonemura	Chair of the Compensation Committee of the Company Member of the Nomination Committee of the Company Outside Director of Kansaidengyosha Co., Ltd.
Director	Yoshiyuki Izawa	Member of the Nomination Committee of the Company Outside Director (Member of the Audit and Supervisory Committee) of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.
Director	Meyumi Yamada	Member of the Nomination Committee of the Company Director of istyle Inc. Outside Director of SEINO HOLDINGS CO., LTD. Outside Director of Sompo Holdings, Inc.
Director	Jenifer Simms Rogers	Member of the Compensation Committee of the Company General Counsel Asia of Asurion Japan Holdings G.K. External Director of Mitsui & Co., Ltd. Outside Director of Kawasaki Heavy Industries, Ltd. Outside Director of Nissan Motor Co., Ltd.
Director	Paul Yonamine	Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp. Chairman Emeritus & Director (Non Executive Director) of Central Pacific Bank Outside Director of Sumitomo Mitsui Banking Corporation Outside Director of circlace Inc.
Director	Stephen Hayes Dacus	Member of the Nomination Committee of the Company Chairman of the Supervisory Board of Hana Group SAS Chairman of Daiso California L.L.C.
Director	Elizabeth Miin Meyerdirk	Chairwoman & CEO of Hey Favor, Inc.

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	Nobutomo Teshima	Audit & Supervisory Board Member of SEVEN-ELEVEN JAPAN CO., LTD. Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
Audit & Supervisory Board Member	Kazuhiro Hara	Certified Public Accountant Certified Tax Accountant
Audit & Supervisory Board Member	Mitsuko Inamasu	Attorney at Law Independent Outside Director (Member of the Audit and Supervisory Committee) of NTT DATA Corporation
Audit & Supervisory Board Member	Kaori Matsuhashi (Real name: Kaori Hosoya)	Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd. Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation

Director who resigned during the 18th fiscal year

Name	Date of resignation	Position in the Company on the date of resignation	Area of responsibility in the Company and important concurrent positions on the date of resignation
Tetsuro Higashi	December 31, 2022	Director	Outside Director of UBE Corporation External Director of Nomura Real Estate Holdings, Inc.

(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) the chair of each committee and a majority of the members of each committee 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 18th 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. Director Junro Ito was appointed as the Company’s Representative Director effective April 1, 2023, after the end of the 18th fiscal year.

3. Mr. Tetsuro Higashi resigned from his position as a Director of the Company on December 31, 2022.

4. Director Meyumi Yamada resigned from her position as an Outside Director of JAPAN POST INSURANCE Co., Ltd. effective June 15, 2022. Director Paul Yonamine resigned from his position as Chairman & CEO of Central Pacific Financial Corp. and Executive Chairman of Central Pacific Bank effective December 31, 2022.

5. Directors Kunio Ito, Toshiro Yonemura, Yoshiyuki Izawa, Meyumi Yamada, Jenifer Simms Rogers, Paul Yonamine, Stephen Hayes Dacus, and Elizabeth Miin Meyerdirk are Outside Directors.

6. Director Meyumi Yamada was appointed as a member of the Nomination Committee effective May 26, 2022, and

Directors Yoshiyuki Izawa and Stephen Hayes Dacus were appointed as members of the Nomination Committee effective December 8, 2022. Directors Yoshimichi Maruyama and Jenifer Simms Rogers were appointed as members of the Compensation Committee effective May 26, 2022, and Director Toshiro Yonemura was appointed as a member of the Compensation Committee effective December 8, 2022.

7. Tetsuro Higashi assumed the position of Chair of the Compensation Committee effective May 26, 2022, and upon his resignation, Director Toshiro Yonemura assumed the position of Chair of the Compensation Committee effective December 8, 2022.

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

9. Standing Audit & Supervisory Board Member Nobutomo Teshima 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 Nobutomo Teshima 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 twenty five (25) 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.

10. 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.

11. 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. The relevant agreement with Tetsuro Higashi, who resigned, was terminated as of the date of his resignation.

12. 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.

13. During the 18th fiscal year, Director Joseph Michael DePinto attended 16 of 17 meetings of the Board of Directors, Director Yoshiyuki Izawa attended 11 of 12 meetings of the Board of Directors, and other Directors attended all meetings of the Board of Directors that they were required to attend. Tetsuro Higashi attended 13 out of 14 meetings of the Board of Directors prior to his resignation on December 31, 2022.

・During the 18th fiscal year, Standing Audit & Supervisory Board Members and Audit & Supervisory Board Members attended all meetings of the Board of Directors that they were required to attend. Nobutomo Teshima, Standing Audit & Supervisory Board Member, attended 18 out of 19 meetings of the Audit & Supervisory Board, and other Standing Audit & Supervisory Board Members and Audit & Supervisory Board Members attended all meetings of the Audit & Supervisory Board that they were required to attend.

14. Executive officers of the Company as of February 28, 2023 were as follows:

Position	Name
Executive Officer and President	Ryuichi Isaka
Executive Officer and Vice President	Katsuhiro Goto
Managing Executive Officer	Junro Ito
Managing Executive Officer	Yoshimichi Maruyama

Position	Name
Managing Executive Officer	Takuji Hayashi
Managing Executive Officer	Yukio Mafune
Managing Executive Officer	Tetsuya Yamamoto
Managing Executive Officer	Kimiyoshi Yamaguchi
Managing Executive Officer	Seiichiro Ishibashi
Executive Officer	Masaki Saito
Executive Officer	Tsuyoshi Kobayashi
Executive Officer	Mayumi Tsuryu
Executive Officer	Minoru Matsumoto
Executive Officer	Shinya Ishii
Executive Officer	Hidekazu Nakamura
Executive Officer	Nobuyuki Miyaji
Executive Officer	Tamaki Wakita

(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 the policy on compensation of Directors and Audit & Supervisory Board Members of the Company and revision of a compensation system

For the purposes of further clarifying the link between the compensation, etc. of eligible Directors, etc. 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 stock-based compensation system more closely linked to medium- and long-term business performance.

Furthermore, after the Company announced the “Medium-Term Management Plan 2021-2025” as the new medium-term management plan in July 2021, and setting the basic financial policy and consolidated financial numerical targets, the Company made revisions to the compensation system and made partial revisions to the compensation policy in April 2022 with the aim of further motivating Directors to contribute to the improvement of medium- and long-term corporate value.

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.

《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 (the "Directors and Audit & Supervisory Board Members") to be "the important measures to enhance the motivation and morale of Directors and Supervisory Board Members and to take appropriate risk for the sake of continued growth of the medium- and long-term corporate value and sustainable growth of our group based on a basic view on corporate governance," and build and operate the system based on the points set forth below.

◇ Emphasis is placed on the link between the business performance and corporate value of our group, and establishing a system that further enhances the motivation and morale to contribute to the continuous improvement of business performance and corporate value over the medium to long term.

◇ To secure highly capable human resources who will enhance corporate governance through supervision and auditing of the execution of operations, and 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 Directors and Audit & Supervisory Board Members, continue to consider to tailor it more appropriately in light of future trends in legal systems and society.

2. Compensation levels

The levels of compensation for Directors and Audit & Supervisory Board Members 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 Directors and Audit & Supervisory Board Members in major companies of the same size as the Company based on market capitalization and revenues, etc.

3. Compensation composition

(1) Operating Directors

(a) Ratio of compensation composition

The ratio of compensation composition of operating Directors (*) is as follows:

The ratio of performance-based and stock-based compensation for Representative Directors is set higher in order to promote the sharing of profits and risks with our shareholders who have medium- and long-term perspectives.

	Fixed compensation	Performance-based compensation	
		Bonuses	Stock-based compensation
Representative Directors	35%	30%	35%
Directors	50%	25%	25%

← Monetary compensation →← Stock-based compensation →

* Calculated on the assumption that performance-based bonuses and performance-based 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 bonuses

- Short-term incentive compensation will be a performance-based cash 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 KPIs (key performance indicators) for performance-based compensation (bonuses) is per the table below. In order to evaluate the capability of the main business to make a profit in cash and to incorporate the shareholder perspectives, consolidated net income is also used together as a KPI.

Key Performance Indicators for performance-based bonuses

KPI	Ratio	Purpose of Evaluation
(a) Consolidated Operating CF (excl. financial services)*	60%	Evaluation of profit-making capability in the main business in cash
(b) Consolidated Net Income	40%	Evaluation of the degree of achievement of budgeted net income

<The coefficient formula pertaining to performance-based bonuses>

Coefficient pertaining to performance-based bonuses = ｛(a)＋(b)｝ ×(c)

(a) "Consolidated operating CF (excl. financial services)*" related coefficient × 60%

(b) “Consolidated net income” related coefficient × 40%

(c) “Individual evaluations” related coefficient

- When evaluating KPIs, the range of compensation of Representative Directors is set wider by using different coefficients pertaining to performance-based bonuses from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.
- The coefficients pertaining to performance-based bonuses will vary depending on, not only an evaluation of KPI, but also individual evaluations.

*Management accounting figures based on NOPAT excluding financial services.

(iii) Performance-based and stock-based compensation

- Medium- and long-term incentive compensation is a performance-based and stock-based compensation that varies based on the Company’s business performance, management indicators, non-financial indicators, etc. (the 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 initial covered period will be four fiscal years starting from the fiscal year ended February 29, 2020, and the subsequent covered periods will be per three fiscal years.
- 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 coefficient pertaining to performance-based and stock-based compensation and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPI for performance-based and stock-based compensation is per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators and the degree of the achievement will be evaluated.
- The Company, aiming for the balance of corporate value and social value, added a target to reduce the amount of CO2 emissions under the environmental declaration called “GREEN CHALLENGE 2050” made in May 2019, as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2021.
- The degree of improvement in employee engagement will be added as the KPI for performance-based and stock-based compensation from the fiscal year ending February 28, 2023 to further promote the creation of an environment that allows various human resources to exercise their abilities.

*A BIP (Board Incentive Plan) Trust is an incentive plan for officers established with reference to a performance share plan and a restricted share compensation plan in the U.S.

Key Performance Indicators for performance-based and stock-based compensation

KPIs	Ratio	Purpose of Evaluation
(a) Consolidated ROE	60%	Evaluation of profitability against equity
(b) Consolidated EPS	40%	Evaluation of net income from shareholders' viewpoint
(c) CO_2 Emissions	See the formula below	Evaluation of the degree of promotion of reducing the environmental burden
(d) Employee engagement		Evaluation of the degree of improvement of employee engagement*

*Comprehensive evaluation by the Compensation Committee

<Coefficient formula pertaining to performance-based and stock-based compensation>

Coefficient pertaining to performance-based and stock-based compensation = $\{(a)+(b)\} \times \{(c)+(d)\}$

(a) "Consolidated ROE" related coefficient × 60%

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

(c) "CO_2 emissions" related coefficient

(d) "Employee engagement" related coefficient

- When evaluating KPI, 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) Ratio of compensation composition

The ratio of compensation composition of Outside Directors and Audit & Supervisory Board Members is as follows:

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

← Monetary 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, the basic policy on compensation of Directors and Audit & Supervisory Board Members, is 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 on 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 KPI, and then determined by the Board of Directors based on reports received from 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 Directors and Audit & Supervisory Board Members 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 to Directors and Audit & Supervisory Board Members.

(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 ¥1,200 million (not more than ¥400 million per fiscal year)
  Limit on the points granted per fiscal year: 80,000 points (1 point = 1 share of common stock)

(Resolved at the 17th Annual Shareholders' Meeting held on May 26, 2022, separately from monetary compensation)

(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 "by the Board of Directors based on reports received from the Compensation Committee" in 4. (2) in the above policy was previously "by 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 18th 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	456	225	59	171
Outside Directors	11	190	190	–	–
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	3	77	77	–	–
Outside Audit & Supervisory Board Members	3	56	56	–	–

(Notes)

1. The above includes four (4) Directors (including two (2) Outside Directors) and one (1) Audit & Supervisory Board Member who retired at the conclusion of the 17th Annual Shareholders' Meeting held on May 26, 2022, and one (1) Outside Director who retired on December 31, 2022.
2. 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.
3. 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.
4. The 17th Annual Shareholders' Meeting held on May 26, 2022 revolved as follows regarding compensation amounts for Directors' stock-based compensation (BIP Trust). The number of Directors is four (4) in accordance with the resolution of this Shareholders' Meeting.
   3 fiscal years / ¥1.2 billion or less (however, a total of ¥1.0 billion covering four fiscal years, with respect to the period of coverage started from the fiscal year ended February 29, 2020)
   The upper limit of the total points to be granted per fiscal year: 80,000 points (1 point = 1 share of common stock)
5. 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.
6. Stock-based compensation (BIP Trust) was granted to four (4) Directors (excluding Outside Directors).

(iii) KPI results pertaining to performance-based compensation in the 18th fiscal year

KPIs	Results in the fiscal year ended February 28, 2023
(a) Consolidated Operating CF (excl. financial services)*	¥832.8 billion
(b) Consolidated Net Income	¥280.9 billion

* a management accounting figure based on NOPAT excluding financial services.

Key Performance Indicators for performance-based and stock-based compensation

KPIs	Results in the fiscal year ended February 28, 2023
(a) Consolidated ROE	8.7%
(b) Consolidated EPS	318.14 yen
(c) CO_2 Emissions	1,970,726 t

(Notes) 1. The result of "(c) CO_2 Emissions" is from the fiscal year ended February 28, 2022.
2. "Employee engagement" related coefficient has been decided using the comprehensive evaluation by the Compensation Committee.

(iv) Reasons the Board of Directors has deemed that compensation, etc. of each Director pertaining to the 18th fiscal year aligns with the determination policy

The determination of details of compensation, etc. of each Director pertaining to the 18th fiscal year is made by the Board of Directors 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 18th 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
Kunio Ito	17/17 (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	17/17 (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.
Yoshiyuki Izawa	11/12 (91.7%)	Mr. Yoshiyuki Izawa 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, business administration, finance, and capital markets, etc.
Meyumi Yamada	12/12 (100.0%)	Ms. Meyumi Yamada 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 DX (digital transformation), organizational management, marketing, and sustainability, etc.
Jenifer Simms Rogers	12/12 (100.0%)	Ms. Jenifer Simms Rogers 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 global legal affairs and risk management, finance and accounting and sustainability, etc.
Paul Yonamine	12/12 (100.0%)	Mr. Paul Yonamine 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 DX (digital transformation), organizational management, finance and accounting, etc.
Stephen Hayes Dacus	12/12 (100.0%)	Mr. Stephen Hayes Dacus 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, marketing, finance and accounting, etc.
Elizabeth Miin Meyerdirk	12/12 (100.0%)	Ms. Elizabeth Miin Meyerdirk 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 DX (digital transformation), marketing, finance and accounting, etc.
Tetsuro Higashi	13/14 (92.9%)	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.

(Notes)

1. Directors Yoshiyuki Izawa, Meyumi Yamada, Jenifer Simms Rogers, Paul Yonamine, Stephen Hayes Dacus and Elizabeth Miin Meyerdirk attended the Board of Directors meetings held after their appointment on May 26, 2022.
2. Tetsuro Higashi resigned from his position as a Director of the Company on December 31, 2022.

(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	17/17 (100.0%)	26/26 (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	17/17 (100.0%)	26/26 (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 (Real name: Kaori Hosoya)	17/17 (100.0%)	26/26 (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 18th fiscal year	886
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	903

(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 18th 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 verification of the maintenance and operation of internal controls in contracted services.

(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 14 members (including 8 Independent Outside Directors / 11 men and 3 women) 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 17 members (16 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 17 meetings during the 18th 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 18th 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, the Company has carried out risk analysis, evaluation and measures regarding the handling of 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 18th fiscal year, as in the 17th fiscal year, we continued our efforts to strengthen our information collection and management system, and strengthened the system to gather important information from Group companies in an appropriate and timely manner in order to cooperate with each other to deal with such information, as well as to centrally manage such information and report it, without omission or delay, to management and the relevant divisions.

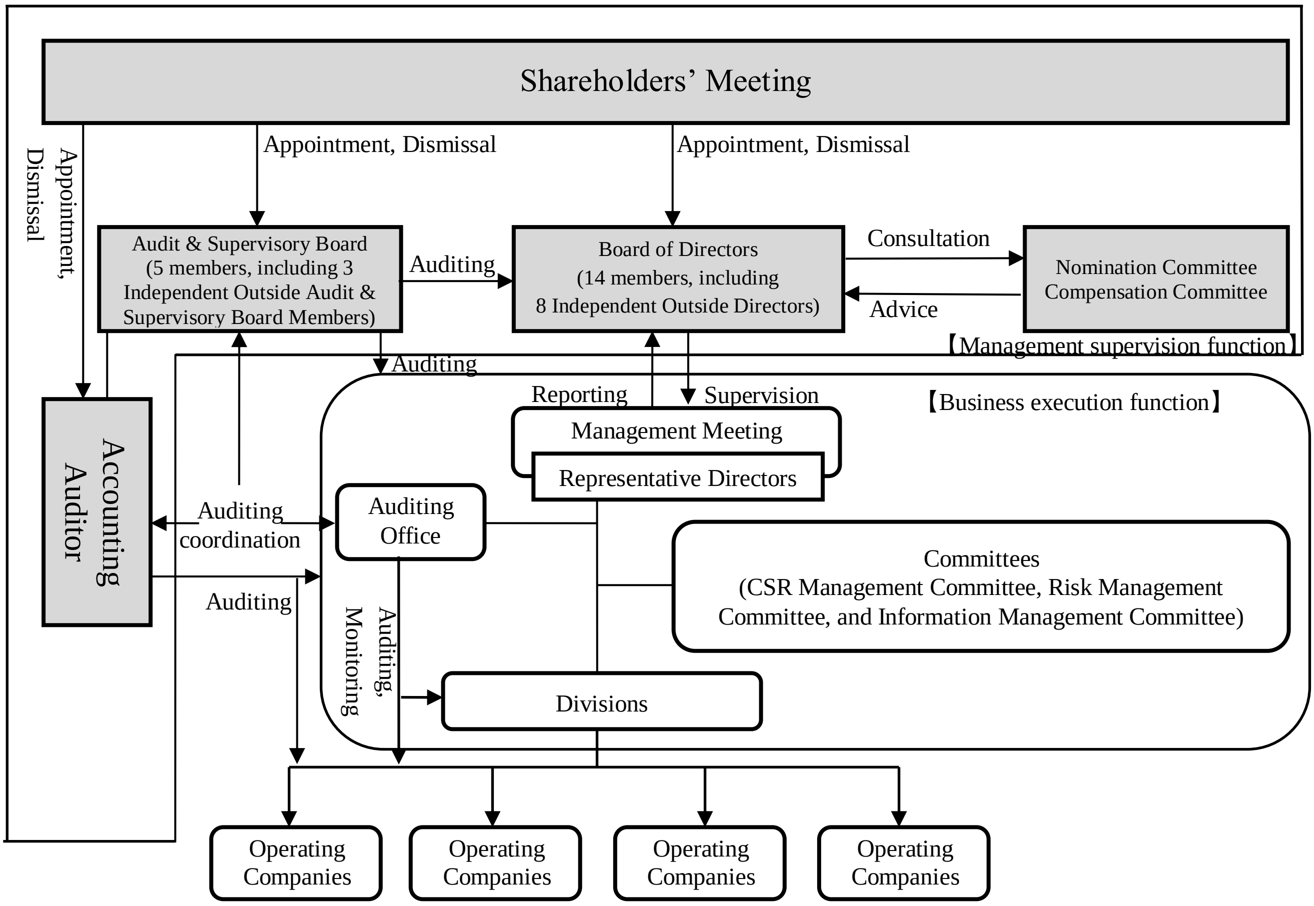
In addition, in order to comply with laws, regulations, and guidelines surrounding information security, as well as to strengthen our countermeasures against cyber attacks, which are becoming more sophisticated by the day, we are reviewing information handling procedures, strengthening management of contractors, and educating officers and employees to enhance our information security system and promote the advancement of human, organizational, physical, and technical safety control measures.

In particular, we conducted in-house training for all officers of the Group regarding the prevention of insider trading in order to familiarize them with the rules prohibiting insider trading, prevent insider trading, and properly handle information such as material facts.

These initiatives are disseminated to all Group companies by the Information Management Committee, which also provides direction to them, and supports the autonomous and continuous promotion of these initiatives by monitoring and evaluating them, thereby making efforts to strengthen the governance of information management.

Corporate Governance System

The Company’s corporate governance system is as follows:



Reference: Effectiveness evaluations of the Board of Directors

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

(Note)

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.

CONSOLIDATED BALANCE SHEET (as of February 28, 2023)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**3,060,653**	**Current liabilities**	**3,265,089**
Cash and bank deposits	1,670,872	Notes and accounts payable, trade	536,173
Call loan	23,000	Short-term loans	143,568
Notes and accounts receivable - trade, and contract assets	422,635	Current portion of bonds	355,823
Trade accounts receivable-financial services	93,490	Current portion of long-term loans	145,605
Merchandise and finished goods	280,044	Income taxes payable	25,549
Work in process	119	Accrued expenses	276,771
Raw materials and supplies	2,216	Contract liabilities	211,356
Prepaid expenses	78,588	Deposits received	165,501
ATM-related temporary payments	102,755	ATM-related temporary advances	61,772
Other	397,288	Lease obligations	121,472
Allowance for doubtful accounts	(10,356)	Allowance for sales promotion expenses	1,104
Non-current assets	**7,489,195**	Allowance for bonuses to employees	14,389
Property and equipment	**4,341,750**	Allowance for bonuses to Directors and Audit & Supervisory Board Members	483
Buildings and structures	1,614,830		
Furniture, fixtures and equipment	463,518	Deposits received in banking business	810,139
Vehicles	18,640	Call money	110,000
Land	1,196,007	Other	285,377
Lease assets	6,264	**Non-current liabilities**	**3,637,704**
Right-of-use assets	885,645	Bonds	1,394,728
Construction in progress	156,842	Long-term loans	936,070
Intangible assets	**2,364,673**	Deferred income taxes	184,242
Goodwill	1,913,017	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	526
Software	265,638		
Other	186,016		
Investments and other assets	**782,772**	Allowance for stock payments	4,555
Investments in securities	243,215	Net defined benefit liability	13,584
Long-term loans receivable	14,903	Deposits received from tenants and franchised stores	50,322
Long-term leasehold deposits	321,945		
Advances for store construction	770	Lease obligations	834,913
Net defined benefit asset	87,088	Asset retirement obligations	155,137
Deferred income taxes	57,186	Other	63,623
Other	60,627	**TOTAL LIABILITIES**	**6,902,794**
Allowance for doubtful accounts	(2,965)	NET ASSETS	
Deferred assets	**1,106**	**Shareholders' equity**	**2,981,545**
Business commencement expenses	773	Common stock	50,000
Bond issuance cost	332	Capital surplus	408,926
		Retained earnings	2,532,491
		Treasury stock, at cost	(9,873)
		Total accumulated other comprehensive income	**493,001**
		Unrealized gains on available-for-sale securities, net of taxes	34,823
		Unrealized gains (losses) on hedging derivatives, net of taxes	4,799
		Foreign currency translation adjustments	444,478
		Remeasurements of defined benefit plan	8,899
		Subscription rights to shares	**49**
		Non-controlling interests	**173,565**
		TOTAL NET ASSETS	**3,648,161**
TOTAL ASSETS	**10,550,956**	**TOTAL LIABILITIES AND NET ASSETS**	**10,550,956**

CONSOLIDATED STATEMENT OF INCOME (March 1, 2022 to February 28, 2023)

(Millions of yen)

Item	Amount	
Revenues from operations		**11,811,303**
Net sales		10,265,151
Cost of sales		8,503,617
Gross profit on sales		**1,761,534**
Operating revenues		1,546,151
Gross profit from operations		**3,307,685**
Selling, general and administrative expenses		2,801,164
Operating income		**506,521**
Non-operating income		
Interest and dividend income	7,317	
Equity in earnings of affiliates	2,506	
Gain on valuation of investment securities	1,920	
Other	4,083	15,827
Non-operating expenses		
Interest expenses	15,673	
Interest on bonds	20,711	
Other	10,076	46,460
Ordinary income		**475,887**
Special gains		
Gain on sales of property and equipment	9,116	
Gain on sales of investments in securities	272	
Other	4,120	13,510
Special losses		
Loss on disposals of property and equipment	14,038	
Impairment loss	43,420	
Restructuring expenses	10,298	
Other	18,878	86,636
Income before income taxes		**402,761**
Income taxes - current	71,881	
Income taxes - deferred	38,710	110,591
Net income		**292,169**
Net income attributable to non-controlling interests		11,193
Net income attributable to owners of parent		**280,976**

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2022 to February 28, 2023)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	**Total shareholders' equity**
Balance at March 1, 2022	**50,000**	**408,645**	**2,319,155**	**(10,282)**	**2,767,517**
Cumulative effects of changes in accounting policies			22,815		**22,815**
Increase (Decrease) due to the adoption of IFRS in foreign subsidiaries			(902)		**(902)**
Restated balance	**50,000**	**408,645**	**2,341,068**	**(10,282)**	**2,789,430**
Increase (decrease) for the year					
Cash dividends			(89,787)		**(89,787)**
Net income attributable to owners of parent			280,976		**280,976**
Purchase of treasury stock				(16)	**(16)**
Disposal of treasury stock		0		425	**425**
Other		281	234	(0)	**515**
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	**–**	**281**	**191,423**	**409**	**192,114**
Balance at February 28, 2023	**50,000**	**408,926**	**2,532,491**	**(9,873)**	**2,981,545**

	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, 2022	**37,696**	**4,270**	**157,570**	**13,901**	**213,438**	**56**	**166,719**	**3,147,732**
Cumulative effects of changes in accounting policies								**22,815**
Increase (Decrease) due to the adoption of IFRS in foreign subsidiaries								**(902)**
Restated balance	**37,696**	**4,270**	**157,570**	**13,901**	**213,438**	**56**	**166,719**	**3,169,645**
Increase (decrease) for the year								
Cash dividends								**(89,787)**
Net income attributable to owners of parent								**280,976**
Purchase of treasury stock								**(16)**
Disposal of treasury stock								**425**
Other								**515**
Net changes of items other than shareholders' equity	(2,872)	529	286,908	(5,002)	**279,563**	**(7)**	**6,846**	**286,401**
Net increase (decrease) for the year	**(2,872)**	**529**	**286,908**	**(5,002)**	**279,563**	**(7)**	**6,846**	**478,516**
Balance at February 28, 2023	**34,823**	**4,799**	**444,478**	**8,899**	**493,001**	**49**	**173,565**	**3,648,161**

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: 165

(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 18th fiscal year, three (3) companies were newly made consolidated subsidiaries following the establishment of two (2) companies and the acquisition of shares in one (1) company.

Eleven (11) companies were excluded from the scope of consolidation following the dissolution of Life Foods Co., Ltd. and two (2) other companies through mergers, the sale of Oshman's Japan Co., Ltd. and liquidation of seven (7) companies.

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:

Tenmaya Store Co., Ltd.

DAIICHI CO., LTD.

PIA Corporation

(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: (a) securities other than shares that do not have a market value; and (b) shares that do not have a market value

(a) Securities other than shares that do not have a market value are stated at fair value. 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) Shares that do not have a market value 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.

(iv) Right-of-use assets

Some foreign consolidated subsidiaries have adopted IFRS 16 Leases and application of Accounting Standards Update ("ASU") 2016-02, Leases (Topic842). Therefore, lessees are in principle required to recognize all leases as assets and liabilities on their balance sheets. Right-of-use assets recorded in assets as result of the application of IFRS 16 Leases are depreciated using the straight-line method.

Moreover, as a result of the application of ASU 2016-02, Leases (Topic842), the amount equivalent to depreciation of right-of-use assets for operating lease is recorded not as "Depreciation and amortization" but as "Land and building rent," because it is not depreciable assets.

(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

Points granted to customers under the loyalty program, which is designed to promote sales, are divided into two types: points granted based on the amount of purchases and points granted based on events other than purchases.

Of these, allowance for sales promotion expenses is provided for the use of points granted to customers for events other than purchases at the amount expected to be used in the future as at the balance sheet date.

(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 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.

(vi) 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 18th 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 18th 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) Accounting policy for significant revenue and expenses

The Group recognizes revenue based on the following five-step approach.

Step 1: Identifying the contract

Step 2: Identifying the performance obligations

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to the performance obligations

Step 5: Recognizing revenue as the performance obligation is satisfied

(i) Revenue recognition criteria for each operating segment

a. Domestic convenience store operations

Domestic convenience store operations operate a convenience store business comprising directly managed corporate stores and franchised stores mainly under SEVEN-ELEVEN JAPAN CO., LTD.

The Group sells processed foods, fast foods, daily delivered foods, and non-food merchandise to customers visiting the directly managed corporate stores. For these merchandise sales, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation of the merchandise is satisfied at that time of the delivery.

The Group assumes contractual obligations to franchised convenience stores, such as licensing of the use of the business expertise and trademarks, lending of equipment, purchase cooperation, advertising, management consulting, credit support for merchandise purchases, preparation for business commencement, as well as provision of services including training and accounting/bookkeeping services. These activities are determined to be a single performance obligation since they are closely connected with each other and cannot be separately performed as distinct services. This performance obligation is satisfied over time or as the service is provided. In addition, revenue is recognized over the contract period as gross profit on sales is generated, since the transaction prices are royalties based on the gross profit on sales of the stores.

Sales promotion expenses and other consideration paid to customers are deducted from the transaction prices.

b. Overseas convenience store operations

Overseas convenience store operations operate a convenience store business comprising directly managed corporate stores and franchised stores mainly under 7-Eleven, Inc.

The Group sells processed foods, fast foods, daily delivered foods, and non-food merchandise to customers visiting the directly managed corporate stores. For these merchandise sales, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation of the merchandise is satisfied at the time of delivery.

The Group sells gasoline to customers visiting the stores and dealers. For these merchandise sales, revenue is recognized at the time of delivery of the merchandise to the customer by determining that the performance obligation of the merchandise is satisfied at that time of the delivery.

The Group assumes contractual obligations to franchised convenience stores, such as licensing of the use of the trademarks, provision of training, preparation for business commencement, advertising, management instructions, and permitting the use of the land, buildings and equipment. These activities are determined to be a single performance obligation since they are closely connected with each other and cannot be separately performed as distinct services. This performance obligation is satisfied over time or as the service is provided. In addition, revenue is recognized over the contract period as gross profit on sales is generated, since the transaction prices are royalties based on the gross profit on sales of the stores.

The revenue is measured at the amount of the consideration promised under the contract with the customer less discounts or others

Foreign consolidated subsidiaries that adopt US GAAP have applied ASU No. 2014-09 "Revenue from Contracts with Customers (Topic606)."

c. Superstore operations

Superstore operations of the Group, whose main components are Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., and York. Co., Ltd., comprise general merchandise store (GMS) operations and food supermarket operations, and operate a retail business that provides a comprehensive range of daily life necessities such as food and other daily necessities. Superstore operations operate merchandise sales at the Company or provision of services to tenants. As for merchandise sales at the Company, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation is satisfied at the time of the delivery of the merchandise. As for the provision of services to tenants, revenue is recognized as the service is provided by determining that the performance obligation is satisfied over the contract period.

As for merchandise sales at the Company, revenue is measured at the amount of the consideration promised under the contract with the customer less discounts or others. The provision of services to tenants includes some transactions where mainly the transaction price is a variable consideration based on net sales to the tenant.

d. Department and specialty store operations

Department store operations of the Company, whose main components are Sogo & Seibu Co., Ltd., operate a retail business that provides a various and wide assortment of high-quality merchandise. As for merchandise sales at the Company, it engages in sales of apparel, apparel accessories, household goods, foods, and other merchandise. For this kind of merchandise sales, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation is satisfied mainly at the time of the delivery of the merchandise.

As for the provision of services to tenants is a transaction in which sales floor space, facilities, etc. are continuously provided to tenants, revenue is recognized as the service is provided by determining that the performance obligation is satisfied over the contract period.

Specialty store operations operate a retail business that provides advanced and unique merchandise and services. As for merchandise sales at the stores, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation is satisfied mainly at the time of the delivery of the merchandise. For mail order sales, revenue is recognized mainly at the time when the merchandise is shipped out.

e. Financial services

Financial services operate a banking business, credit card business, electronic money business, and leasing business. Commission fee income received for the provision of various services are recognized as revenue at the point when each transaction occurs.

(ii) Granting options for customers to obtain additional goods or services

Based on the loyalty program, which is designed to promote sales, the Group grants points in accordance with the amount of purchase by members and provide goods or services equivalent to the points used. The Group identifies the points granted as performance obligations, and the transaction price is allocated based on the stand-alone selling price calculated considering the estimated future forfeitures, etc.

(iii) Determination of a principal or an agent

If the Group has control of the merchandise or service before it is transferred to a customer, the transaction is deemed to be a transaction by a principal, and the revenue is recognized at the total amount. If the Group does not have such control or if the Group's performance obligation is to arrange the provision of the merchandise or service, the transaction is deemed to be a transaction by an agent, and the revenue is recognized on the net amount (an amount equivalent to the commission fee). In our group, revenue related to commission fees for the sales on wholesaler owned goods and merchandise sales by tenants is recognized on the net amount by subtracting payments to suppliers from the total amount.

(6) 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.

(7) 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

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 tax effect accounting for the transition from the Consolidated Taxation System to the Group Tax Sharing System

The Company and part of its wholly owned domestic consolidated subsidiaries will transition from the Consolidated Taxation System to the Group Tax Sharing System from the following consolidated fiscal year. However, with respect to items subject to the review of the Non-Consolidated Taxation System conducted to correspond with the transition from the Consolidated Taxation System to the Group Tax Sharing System, which was established 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.

From the beginning of the following consolidated fiscal year, the Company plans to apply “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42 issued on August 12, 2021), which prescribes treatment for accounting and disclosure for income tax, local income tax, and tax effect accounting in cases where the Group Tax Sharing System is applied.

Notes concerning changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

“Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020, hereinafter the “Accounting Standard for Revenue Recognition”) and relevant revised ASBJ regulations are applied from the beginning of the 18th fiscal year, it has recognized revenue at the time the control promised goods or services is transferred to customers at the amount that is expected to be received upon exchange of said goods or services.

The main changes due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations are as follows:

1. Revenue recognition for transactions as an agent

Previously, revenue related to commission fees for the sales on wholesaler owned goods and merchandise sales by tenants was recognized at the total amount of consideration received from customers. However, after determining the role (principal or agent) in providing goods or services to customers, the Company has changed to the method of recognizing revenue on the net amount by subtracting payments to suppliers from the total amount. These revenues are included in “Operating revenues.”

2. Revenue recognition related to the Company’s loyalty program

Based on the loyalty system, which is designed to promote sales, the Company grants points in accordance with the amount of purchase by members and provide goods or services equivalent to the points used. Previously, in order to prepare for the use of points granted, the amount expected to be used in the future was recorded as a “Provision for sales promotion,” and the corresponding amount was recorded as “Selling, general and administrative expenses.” However, the Company has changed to the method in which the granted points are identified as performance obligations, and the transaction price is allocated based on the stand-alone selling price calculated considering the estimated future forfeitures, etc., and revenue is deferred as a “Contract liabilities.”

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the 18th fiscal year was added to or deducted from the opening balance of retained earnings of the 18th fiscal year, and thus the new accounting policy was applied from such opening balance.

As a result, “Retained earnings” were reduced by 11,948 million yen at the beginning of the 18th fiscal year. In addition, for the 18th fiscal year, “Net sales” decreased by 763,375 million yen, “Cost of sales” decreased by 638,385 million yen, “Operating revenues” increased by 78,673 million yen, “Selling, general and administrative expenses” decreased by 47,220 million yen, and “Operating income,” “Ordinary income,” and “Income before income taxes” increased by 904 million yen, respectively.

The impact on per-share information is described in the relevant section.

Due to the application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations, “Notes and accounts receivable-trade,” which was presented in “Current assets” in the consolidated balance sheets for the 17th fiscal year, is included in “Notes and accounts receivable-trade and contract assets” from the 18th fiscal year, and “Deposits received,” “Allowance for sales promotion expenses,” “Allowance for loss on future collection of gift certificates” and a portion of “Other,” which was presented in “Current liabilities,” are included in “Contract liabilities” from the 18th fiscal year. For “Provision for sales returns,” which was presented in “Current liabilities,” refund liabilities are included in “Other” under “Current liabilities,” and returned assets are included in “Other” under “Current assets.”

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the 18th fiscal year, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements of the 18th fiscal year.

In addition, in the notes relating to financial instruments, notes have been provided for items relating to the breakdown, etc. of the fair value of financial instruments by level.

(Application of ASU 2016-02 “Leases (Topic842)”)

The Company’s foreign subsidiaries that adopted U.S. GAAP have applied ASU 2016-02, Leases (Topic842) effective from the beginning of the first quarter of the 18th fiscal year. Lessees are in principle required to recognize all leases as assets and liabilities on their balance sheets. In applying this accounting standard, the accepted method for the transitional treatment which the cumulative effect of a change in accounting policy is recognized at the date of application have been adopted.

As a result of the application of this accounting standard, mainly “Right-of-use assets” increased by 855,613 million yen, “Lease obligations” increased by 877,234 million yen in the consolidated balance sheets in the 18th fiscal year, and “Retained earnings” at the beginning of the 18th fiscal year increased by 34,764 million yen, respectively.

Notes concerning changes in method of presentation

(Consolidated Statements of Income)

“Gain on valuation of investments in securities,” which was previously included in “Other” of Non-operating income in the 17th fiscal year, exceeded 10% of the total amount of Non-operating income, and is separately presented for the 18th fiscal year due to significant increase.

“Insurance income” and “Income from electronic money breakage” of non-operating income, which were separately presented in the 17th fiscal year, are included in “Other” in the 18th fiscal year because they became insignificant in terms of amount.

“Commitment fee” of non-operating expenses, which was separately presented in the 17th fiscal year, is included in “Other” in the 18th fiscal year because it became insignificant in terms of amount.

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 18th fiscal year, the following items have risks of having a material effect on the consolidated financial statements for the following fiscal year:

Determination of whether impairment losses on long-lived assets are required to be recognized(1) Amounts recorded in the consolidated financial statements for the 18th 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 carrying amount of long-lived assets per store tends to be relatively large.
Amounts recorded in the consolidated balance sheets and consolidated statements of income for the 18th 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.	318,474	22,316	10,559
Sogo & Seibu Co., Ltd.	196,339	71,241	11,047

(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. Ito-Yokado Co., Ltd. continued to promote measures, including closing unprofitable stores, optimizing workforce, and productivity improvement initiatives such as IT utilization. However, there were indications of impairment for several stores in the 18th fiscal year as changes in the external environment including soaring raw material prices and energy prices had a significant impact. For the 18th fiscal year, Sogo & Seibu Co., Ltd. recognized the operating income; however, there were indications of impairment for several stores in the 18th fiscal year as changes in the external environment including soaring merchandise purchase prices and energy prices had a significant impact. In addition, the Company entered into an agreement on transfer of all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company to a third party.
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.

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 estimated cost fluctuation. 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

(Transfer of Subsidiary Shares)

The Company entered into an agreement with Sugi Godo Kaisha (the "Transferee Company"), a special purpose company which is a related entity of Fortress Investment Group LLC, to transfer all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company to the Transferee Company (the "Transfer") on November 11, 2022. The Transfer is subject to the fulfillment of certain prescribed conditions for its execution.

If the fulfillment of the certain prescribed conditions is anticipated as a result of the progress of negotiations for the execution of the Transfer, accounting treatment will be required to record an allowance for the loss on the transfer of the business, to record deferred tax liabilities related to the investment in the subsidiary, and to examine the possibility of recovering deferred tax assets on the assumption that the subject subsidiary will no longer be a consolidated tax entity.

At the time of preparation of the consolidated financial statements, the Transfer is still under negotiation to fulfill the certain prescribed conditions for the execution of the transaction, and the above accounting treatment has not been performed. If the certain prescribed conditions are fulfilled and the Transfer is executed in the next fiscal year, it may have a significant impact on the consolidated financial statements for the next fiscal year.

(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, 2023, the carrying amount and the number of the Company's shares remaining in the BIP Trust are ¥2,876 million and 753 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, 2023, the carrying amount and the number of the Company’s shares remaining in the Trust are ¥2,322 million and 605 thousand shares, respectively.

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:	¥581 million
Land:	¥1,258 million
Investments in securities:	¥86,736 million
Long-term leasehold deposits:	¥1,149 million
Total	¥89,726 million

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

Long-term loans:

(including current portion of long-term loans):

¥9,229 million

Investments in securities (¥2,503 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 (¥1,006 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment: ¥2,625,245 million

The Company's foreign subsidiaries that adopted U.S. GAAP have applied ASU 2016-02, Leases (Topic842). As a result, the amount equivalent to depreciation of right-of-use assets related with operating lease is not included in accumulated depreciation, because the amount was deducted from right-of-use assets directly.

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees of consolidated subsidiaries are ¥34 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:	¥817,777 million
Outstanding balance:	¥47,345 million
Unused credit balance	¥770,431 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, 2022	Number of shares increased	Number of shares decreased	As of February 28, 2023
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, 2022	Number of shares increased	Number of shares decreased	As of February 28, 2023
Common stock	3,325	2	111	3,217

(Notes)

1. The 2 thousand increase in the number of common stock in treasury stock was due to an increase of 2 thousand shares resulting from the purchase of odd-lot shares.
2. The 111 thousand decrease in the number of common stock in treasury stock was due to a decrease of 111 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, 2023 includes 1,358 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 26, 2022; Annual Shareholders' Meeting	Common stock	45,999	52.00	February 28, 2022	May 27, 2022
October 6, 2022; Board of Directors' meeting	Common stock	43,788	49.50	August 31, 2022	November 15, 2022
Total		89,787			

(Notes)

1. The total amount of cash dividends determined by the resolution of the Annual Shareholders' Meeting held on May 26, 2022 includes ¥76 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 6, 2022 includes ¥67 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 18th fiscal year but to be effective during the 19th fiscal year

At the Annual Shareholders' Meeting to be held on May 25, 2023, the following proposal for resolution will be presented for matters concerning common stock dividends.

(i) Total amount of cash dividends: ¥56,172 million

(ii) Dividend per share: ¥63.50

(iii) Record date: February 28, 2023

(iv) Effective date: May 26, 2023

(Notes)

1. The total amount of cash dividends includes ¥86 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.
2. Dividend per share ¥63.50 includes commemorative dividend of ¥10.00 for the 50th anniversary of the establishment of SEVEN-ELEVEN JAPAN CO., LTD.

Plans call for the dividends to be paid from retained earnings.

4. Items relating to share subscription rights at the end of the 18th 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
	21st share subscription rights issue	Common stock	3,000 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 principal and 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, 2023, the market values, and the difference between these amounts are as follows. Shares that do not have a market value and investments in partnerships, etc. are not included in the following table (please refer to (Note) on page 110). "Cash and bank deposits," "Notes and accounts payable, trade" and "Short-term loans" are omitted because they are in cash and their market values approximate their book values due to their short maturities.

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Notes and accounts receivable - trade, and contract assets	422,635		
Allowance for doubtful accounts*1	(3,759)		
	418,876	422,494	3,617
(2) Investments in securities	179,030	183,394	4,364
(3) Long-term leasehold deposits*2	328,305		
Allowance for doubtful accounts*3	(412)		
	327,893	322,184	(5,708)
Total assets	925,799	928,072	2,273
(1) Deposits received in banking business	810,139	810,173	33
(2) Bonds*4	1,750,551	1,552,146	(198,405)
(3) Long-term loans*5	1,081,676	1,060,303	(21,372)
(4) Deposits received from tenants and franchised stores*6	51,610	46,856	(4,753)
Total liabilities	3,693,978	3,469,480	(224,498)
Derivative instruments*7			
(i) Items for which hedge accounting is not applied	(7)	(7)	–
(ii) Items for which hedge accounting is applied	27	27	–
Derivative instruments	19	19	–

(Notes)

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

*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, and the figures in parentheses indicate total net liabilities.

(Note) The amounts recorded on the Consolidated Balance Sheet for shares that do not have a market value and investment in partnerships, etc. are as follows, and are not included in Assets “(2) Investments in securities.”

Classification	Consolidated Balance Sheet (Millions of yen)
Unlisted shares*1	17,501
Shares of subsidiaries and affiliates*1	33,329
Investment in partnerships, etc.*2	13,355

(Notes)

*1 Unlisted shares and shares of subsidiaries and affiliates are not subject to disclosure of their fair values in accordance with Paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020).

*2 Investment in partnerships, etc. is not subject to disclosure of fair value in accordance with Paragraph 27 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, July 4, 2019).

3. Items relating to the breakdown, etc. of fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate their fair values.

Level 1 fair value:	Among the inputs to the calculation of observable fair value, fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is calculated that are formed in an active market
Level 2 fair value:	Among the inputs to the calculation of observable fair value, fair value calculated using inputs for fair value calculations other than Level 1 inputs
Level 3 fair value:	Fair value calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the calculation of fair value are used, the fair value of financial instruments is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

(1) Financial assets and liabilities recorded at fair value on the consolidated balance sheets

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Available-for-sale securities				
Stocks	70,480	–	–	70,480
Government bonds and municipal bonds	–	44,558	–	44,558
Bonds	–	54,514	–	54,514
Total assets	70,480	99,072	–	169,552
Derivative transactions				
Currency-related	–	(29)	–	(29)
Interest rate-related	–	49	–	49
Total liabilities	–	19	–	19

(2) Financial assets and liabilities that are not recorded at fair value on the consolidated balance sheets

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	–	348,616	73,877	422,494
Investments in securities				
Available-for-sale securities				
Stocks	13,841	–	–	13,841
Long-term leasehold deposits	–	322,184	–	322,184
Total assets	13,841	670,801	73,877	758,520
Deposits received in banking business	–	810,173	–	810,173
Bonds	–	1,552,146	–	1,552,146
Long-term loans	–	1,060,303	–	1,060,303
Deposits received from tenants and franchised stores	–	46,856	–	46,856
Total liabilities	–	3,469,480	–	3,469,480

Note

Explanation of valuation techniques used in the calculation of fair value and inputs related to the calculation of fair value

(Assets)

Investments in securities

Listed stocks are based on the prices quoted on the stock exchange and are classified as Level 1 fair value. Municipal bonds and bonds are classified as Level 2 fair value because they are not traded frequently in the market and are not considered to have prices quoted in an active market.

Notes and accounts receivable-trade, and contract assets

For notes and accounts receivable-trade, and contract assets with short settlement periods, the relevant book values are used because market values and book values are almost equivalent, and it is classified as Level 2 fair value. 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, and is classified as Level 3 fair value.

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, and is classified as Level 2 fair value.

(Liabilities)

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. Such fair value is classified as Level 2 fair value.

Bonds

For the fair value of domestic bonds, bonds that have market prices are based on market value, bonds that do not have market prices are measured using 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, and they are classified as Level 2 fair value. Also, the fair value of foreign currency-denominated bonds is classified as Level 2 fair value, since the bonds are subject to the allocation method for currency swaps, which is calculated by discounting future cash flows accounted for as a single currency swap at the interest rate that would be applicable to a new issue of similar domestic bonds.

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, and is classified as Level 2 fair value. Also, long-term loans with variable interest rates are subject to special treatment of interest rate swaps or integrated treatment of interest rate and currency swaps (special treatment and allocation treatment), which is calculated by discounting the total amount of principal and interest treated together with the relevant interest rate or currency swap at a reasonably estimated interest rate that would be applied to similar loans, and are classified as Level 2 fair value.

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, and is classified as Level 2 fair value.

Derivatives

Currency-related fair value is measured with the discounted present value method by using observable inputs such as interest rates and foreign exchange rates. In addition, 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. Such fair value is classified as Level 2 fair value.

Interest rate-related fair value is measured with the discounted present value method by using observable inputs such as interest rates and foreign exchange rates. 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. 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. Such fair value is classified as Level 2 fair value.

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: ¥3,933.93
2. Net income per share: ¥318.14

(Notes)

1. As stated in "Notes concerning changes in accounting policies," "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations are applied, the application of which is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. Consequently, the net assets per share for the 18th fiscal year decreased by 12.78 yen and the net income per share increased by 0.74 yen.

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 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 1,358 thousand shares.

3. 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 1,395 thousand shares.

Notes concerning significant subsequent event

None.

Notes concerning revenue recognition

(1) Information disaggregating revenue from contracts with customers is as follows.

(Millions of yen)

	Reportable segment						Total	Adjustments (Note 1)	Revenues from external customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department and specialty store operations	Financial services	Others			
Japan	885,358	–	1,404,763	456,708	111,953	8,775	2,867,559	561	2,868,120
North America	–	8,578,330	–	–	9,054	–	8,587,384	–	8,587,384
Other regions	–	27,660	37,435	919	4,797	–	70,813	–	70,813
Revenue from contracts with customers	885,358	8,605,990	1,442,199	457,627	125,805	8,775	11,525,756	561	11,526,318
Other income (Note 2)	2,858	237,375	2,428	2,936	39,092	292	284,984	–	284,984
Revenues from external customers	888,216	8,843,366	1,444,627	460,564	164,898	9,068	11,810,741	561	11,811,303

(Notes)

1. The “Adjustments” category represents operating revenues that do not belong to any reportable segment.
2. “Other income” includes revenues based on ASU No. 2016-02 “Leases (Topic842)” and rental income from movable and real estate properties based on “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13), and finance income, etc. based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

(2) Information that provides the basis for understanding revenue

Information that provides the basis for understanding revenue from contracts with customers is described in “Notes relating to Significant Accounting Policies for the Preparation of Consolidated Financial Statements, 4. Items relating to accounting policies, (5) Accounting policy for significant revenue and expenses.”

(3) Information for understanding the amount for the 18th fiscal year and the following fiscal years

(i) Balance of receivables, contract assets and contract liabilities arising from contracts with customers

The amounts of receivables, contract assets and contract liabilities arising from contracts with customers are as follows.

(Millions of yen)

	As of March 1, 2022	As of February 28, 2023
Receivables from contracts with customer		
Notes receivable	64	66
Accounts receivable-trade	364,705	421,179
Other	91,622	133,351
Contract assets	488	531
Contract liabilities	175,882	211,356

Contract assets relate primarily to consideration for work for which revenue has been recognized but not yet invoiced in contracts where the performance obligation is satisfied over a specified period of time. Contract assets become unconditional rights to payment and are reclassified to trade receivables when invoiced. Contract assets are included in “Notes and accounts receivable - trade, and contract assets” in the consolidated balance sheets.

Contract liabilities are mainly the balances of gift certificates, e-money, and points issued by the Group and opening preparation fees received from franchisees the performance obligation of which has not been fulfilled as of the end of the fiscal year. Contract liabilities arising from e-money, gift certificates, and points are reversed as they are used, while contract liabilities arising from opening preparation fees received from franchisees are reversed as revenue is recognized over time.

The amount of revenue recognized from contract liabilities included in the balance of contract liabilities at the beginning of the period was ¥106,992 million. The amount of revenue recognized from performance obligations that had been satisfied in prior periods was not material.

(ii) Transaction prices allocated to remaining performance obligations

As of February 28, 2023, the total transaction price amount allocated to the remaining performance obligations was ¥254,914 million. The Group expects to recognize revenues from remaining performance obligations such as e-money, gift certificates, and points, etc. as they are used, and from remaining performance obligations such as fixed rents from tenants and opening preparation fees received from franchisees as time passes, generally within 15 years.

Variable consideration such as royalties based on transactions, sales or rent with an initial expected contract period of one year or less are not included in the table above. Royalties based on sales or rent are primarily royalties received from franchisees, and the remaining contract terms range from 1 to 15 years for each individual contract.

Other notes

Notes concerning business combination

Finalization of provisional treatment for business combinations

The Company's consolidated subsidiary 7-Eleven, Inc. concluded an agreement with U.S. company Marathon Petroleum Corporation ("MPC"), for the acquisition of 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 in MPC's retail division) on August 3, 2020, and acquisition process was completed on May 14, 2021 through SEI Speedway Holdings, LLC, a wholly owned subsidiary established by 7-Eleven, Inc. Provisional accounting treatment was applied in the previous fiscal year, and the transaction was finalized in the 18th fiscal year.

In addition, the acquisition cost of the acquired company and the acquired business changed due to adjustments in the consideration paid in the 18th fiscal year. The details and amounts of the initial allocation of acquisition costs due to these changes are as follows.

Goodwill (before adjustment)	US$12,267,329 thousand	(¥1,357,134 million)
Adjusted amount of goodwill		
Change in acquisition cost due to adjustment of consideration paid	US$66,000 thousand	(¥7,301 million)
Change in property and equipment	US$6,566 thousand	(¥726 million)
Change in current liabilities	US$15,732 thousand	(¥1,740 million)
Other	US$965 thousand	(¥106 million)
Total	US$89,265 thousand	(¥9,875 million)
Goodwill (adjusted)	US$12,356,594 thousand	(¥1,367,010 million)

(Note 1) Yen amounts are converted at the rate of May 13, 2021 (1 US dollar = 110.63 yen).

The acquiring company, SEI Speedway Holdings, LLC, and its parent company, 7-Eleven, Inc. are in compliance with U.S. GAAP and have adopted ASU 2015-16. The revised allocation of acquisition costs is not reflected at the end of the 17th fiscal year, as ASU 2015-16 requires the acquiring company to recognize any adjustments to the provisional accounting recognized during the measurement period in the reporting period in which the revised amount is determined.

The impact of this change on operating income, ordinary income, and income before income taxes for the 18th fiscal year was immaterial.

NON-CONSOLIDATED BALANCE SHEET (as of February 28, 2023)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		**LIABILITIES**	
Current assets	**69,962**	**Current liabilities**	**371,496**
Cash and bank deposits	918	Current portion of bonds	150,000
Prepaid expenses	2,836	Short-term loans from subsidiaries and affiliates	154,006
Accounts receivable, other	40,494		
Income taxes receivable	18,367	Current portion of long-term loans	41,000
Deposits held by subsidiaries and affiliates	5,943	Lease obligations	5,859
Other	1,402	Accounts payable, other	15,482
Non-current assets	**2,523,569**	Accrued expenses	1,027
Property and equipment	**21,547**	Income taxes payable	1,644
Buildings and structures	2,569	Advance received	241
Fixtures, equipment and vehicles	2,198	Allowance for bonuses to employees	647
Land	2,712	Allowance for bonuses to Directors and Audit & Supervisory Board Members	141
Lease assets	899		
Construction in progress	13,167	Other	1,445
Intangible assets	**81,961**	**Non-current liabilities**	**710,804**
Software	29,006	Bonds	250,000
Software in progress	32,928	Long-term loans	398,974
Lease assets	20,021	Long-term loans from subsidiaries and affiliates	6
Other	4		
Investments and other assets	**2,420,061**	Lease obligations	17,271
Investments in securities	39,483	Allowance for stock payments	2,040
Stocks of subsidiaries and affiliates	2,359,003	Provision for loss on guarantees	33,286
Prepaid pension cost	1,970	Deposits paid in subsidiaries	2,702
Long-term leasehold deposits	4,233	Deposits received from tenants	2,223
Deposits paid in subsidiaries and affiliates	10,000	Deferred income taxes	3,759
Other	5,370	Other	539
Deferred assets	**332**	**TOTAL LIABILITIES**	**1,082,301**
Bond issuance costs	332	**NET ASSETS**	
		Shareholders' equity	**1,500,079**
		Common stock	**50,000**
		Capital surplus	**1,232,897**
		Additional paid-in capital	875,496
		Other capital surplus	357,401
		Retained earnings	**227,007**
		Other retained earnings	227,007
		Retained earnings brought forward	227,007
		Treasury stock, at cost	**(9,825)**
		Accumulated gains from valuation and translation adjustments	**11,435**
		Unrealized gains on available-for-sale securities, net of taxes	11,435
		Subscription rights to shares	**49**
		TOTAL NET ASSETS	**1,511,564**
TOTAL ASSETS	**2,593,865**	**TOTAL LIABILITIES AND NET ASSETS**	**2,593,865**

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2022 to February 28, 2023)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividend income	241,026	
Management consulting fee income	4,573	
Commission fee income	2,277	
Other	591	248,468
General and administrative expenses		72,010
Operating income		**176,457**
Non-operating income		
Interest income	113	
Dividend income	444	
Other	55	614
Non-operating expenses		
Interest expenses	2,121	
Interest on bonds	995	
Other	298	3,415
Ordinary income		**173,656**
Special gains		
Consolidated tax payment individual attribution adjustment amount	11,788	
Other	276	12,064
Special losses		
Loss on disposals of property and equipment	11	
Impairment loss	1,124	
Loss on valuation of stocks of subsidiaries and affiliates	15,113	
Other	4,584	20,833
Income before income taxes		**164,887**
Income taxes - current	(14,921)	
Income taxes - deferred	28	(14,893)
Net income		**179,780**

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2022 to February 28, 2023)

(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 Retained earnings brought forward	Total retained earnings		
Balance at March 1, 2022	**50,000**	**875,496**	**357,400**	**1,232,897**	**137,037**	**137,037**	**(10,235)**	**1,409,699**
Cumulative effects of changes in accounting policies					(23)	(23)		**(23)**
Balance at March 1, 2022 (as restated)	**50,000**	**875,496**	**357,400**	**1,232,897**	**137,014**	**137,014**	**(10,235)**	**1,409,676**
Increase (decrease) for the year								
Cash dividends					(89,787)	(89,787)		**(89,787)**
Net income					179,780	179,780		**179,780**
Purchase of treasury stock							(16)	**(16)**
Disposal of treasury stock			0	0			425	**425**
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	**–**	**–**	**0**	**0**	**89,993**	**89,993**	**409**	**90,402**
Balance at February 28, 2023	**50,000**	**875,496**	**357,401**	**1,232,897**	**227,007**	**227,007**	**(9,825)**	**1,500,079**

	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, 2022	**11,360**	**11,360**	**56**	**1,421,117**
Cumulative effects of changes in accounting policies				**(23)**
Balance at March 1, 2022 (as restated)	**11,360**	**11,360**	**56**	**1,421,094**
Increase (decrease) for the year				
Cash dividends				**(89,787)**
Net income				**179,780**
Purchase of treasury stock				**(16)**
Disposal of treasury stock				**425**
Net changes of items other than shareholders' equity	74	**74**	**(7)**	**66**
Net increase (decrease) for the year	**74**	**74**	**(7)**	**90,469**
Balance at February 28, 2023	**11,435**	**11,435**	**49**	**1,511,564**

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

Securities other than shares that do not have a market value:

Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 18th 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.

Shares, etc. with no market price:

Shares that do not have a market value 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:

In principle, the entire amount is expensed at the time of expenditure. However, if the bonds are recorded as deferred assets, the issuance cost is amortized on a straight-line basis over the redemption period of the bonds.

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 18th 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 18th fiscal year. In calculating retirement benefit obligations, the estimated total retirement benefit obligation is allocated to the period up to the end of the 18th 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. Accounting policy for revenue and expenses

As a holding company, the Company's revenues consist mainly of business management fees, outsourcing fees, and dividend income from subsidiaries. The Company recognizes business management fees and outsourcing fees as revenues when the Company's services are provided because the Company's performance obligation is to provide outsourced services to its subsidiaries in accordance with the terms of the contract; accordingly, the Company's performance obligation is fulfilled when the services are performed. Dividend income is recognized as of the effective date of the dividends.

6. 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.

7. 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) Application of the Consolidated Taxation System

The Company has applied the Consolidated Taxation System.

(3) Treatment of tax effect accounting for the transition from the Consolidated Taxation System to the Group Tax Sharing System

From the next fiscal year, the Company will transit from the Consolidated Taxation System to the Group Tax Sharing System. However, 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.

From the beginning of the next fiscal year, the Company plans to apply "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (PITF No. 42 issued on August 12, 2021), which prescribes treatment for accounting and disclosure for income tax, local income tax, and tax effect accounting in cases where the Group Tax Sharing System is applied.

Notes concerning changes in accounting policies

(Application of Accounting Standard for Revenue Recognition, etc.)

"Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020, hereinafter the "Accounting Standard for Revenue Recognition") and relevant revised ASBJ regulations are applied from the beginning of the fiscal year ended February 28, 2023, it has recognized revenue at the time the control promised goods or services is transferred to customers at the amount that is expected to be received upon exchange of said goods or services.

The application of the Accounting Standard for Revenue Recognition and relevant revised ASBJ regulations is subject to the transitional treatment provided for in the proviso to paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effect of the retrospective application, assuming the new accounting policy had been applied to periods prior to the beginning of the fiscal year ended February 28, 2023 was added to or deducted from the opening balance of retained earnings of the fiscal year ended February 28, 2023, and thus the new accounting policy was applied from such opening balance.

The impact of this change on retained earnings at the beginning of the fiscal year, operating income, ordinary income, and income before income taxes for the fiscal year ended February 28, 2023 is immaterial.

Further, the impact on owners' equity per share and net income per share is immaterial.

(Application of Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019) and other standards from the beginning of the fiscal year ended February 28, 2023, and it has applied the new accounting policy prescribed by the Accounting Standard for Fair Value Measurement, etc., prospectively in accordance with the transitional measures provided for in paragraph 19 of the Accounting Standard For Fair Value Measurement, and paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). There is no impact on the Financial Statements of the fiscal year ended February 28, 2023.

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 18th fiscal year, the following items have risks of having a material effect on the financial statements for the following fiscal year:

The valuation of stocks of subsidiaries and affiliates

(1) Amounts recorded in the financial statements for the 18th fiscal year

Shares of subsidiaries that do not have a market value	¥2,352,554 million
Shares of affiliates that do not have a market value	¥4,946 million
Loss on valuation of stocks of subsidiaries and affiliates	¥15,113 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 that do not have a market value, 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 18th fiscal year, there are no shares of subsidiaries and affiliates that do not have a market value and whose substantial value has declined significantly but for which no impairment loss has been recognized.

Supplementary information

(Transfer of Subsidiary Shares)

The Company entered into an agreement with Sugi Godo Kaisha (the "Transferee Company"), a special purpose company which is a related entity of Fortress Investment Group LLC, to transfer all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company to the Transferee Company (the "Transfer") on November 11, 2022. The Transfer is subject to the fulfillment of certain prescribed conditions for its execution.

If the fulfillment of the certain prescribed conditions is anticipated as a result of the progress of negotiations for the execution of the Transfer, accounting treatment will be required, such as recording a provision for the transfer of shares, etc.

At the time of preparation of the non-consolidated financial statements, the Transfer is still under negotiation to fulfill the certain prescribed conditions for the execution of the transaction, and the above accounting treatment has not been performed. If the certain prescribed conditions are fulfilled and the Transfer is executed in the next fiscal year, it may have a significant impact on the non-consolidated financial statements, etc. for the next fiscal year.

(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: ¥5,284 million

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

(1) Short-term receivables:	¥35,651 million
(2) Short-term payables:	¥9,214 million
(3) Long-term payables:	¥19,457 million

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions	
Revenues from operations:	¥247,903 million
General and administrative expenses:	¥10,344 million
(2) Non-operating transactions:	¥17,807 million

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year Common stock 3,194,684 shares

(Note)

Shares of treasury stock at the end of the fiscal year include 1,358 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:	¥273 million
Accrued enterprise taxes and business office taxes:	¥94 million
Subscription rights to shares:	¥15 million
Tax loss carried forward:	¥9,519 million
Denial of impairment loss:	¥668 million
Valuation loss on subsidiaries' and affiliates' stock:	¥91,240 million
Allowance for stock payments	¥517 million
Provision for loss on guarantees:	¥10,194 million
Assets adjusted for gain or loss on transfer	¥348 million
Other:	¥608 million
Sub-total:	¥113,480 million
Less: Valuation allowance:	(¥111,588 million)
Total:	¥1,891 million

Deferred tax liabilities

Prepaid pension cost:	(¥603 million)
Unrealized losses on available-for-sale securities, net of taxes:	(¥5,047 million)
Total:	(¥5,651 million)
Deferred tax assets (liabilities), net:	(¥3,759 million)

Notes concerning non-current assets utilized through leases

Future lease payments for non-cancellable operating leases

Due within one year:	¥1,771 million
Due after one year:	¥14,981 million
Total:	¥16,753 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	Account title	Year-end balance
Subsidiary	SEVEN & i Financial Center Co., Ltd.	Ownership Direct: 100	Deposit and borrowing of funds Concurrently serving corporate officers	Deposit of funds (Note 1)	2,140,738	Deposits held by subsidiaries and affiliates	5,943
				Interest on deposits (Note 1)	113	Deposits paid in subsidiaries and affiliates	10,000
						Other current assets	21
				Borrowing of funds (Note 1)	2,014,000	Short-term loans payable to subsidiaries and affiliates	154,000
				Interest on borrowed funds (Note 1)	547	Accrued expenses	1
Subsidiary	SEVEN-ELEVEN JAPAN CO., LTD.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 2)	3,088	Accounts receivable	29,070
				Operational consignment (Note 3)	783		
				Tax payment under consolidated taxation	53,940		
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 3)	1,229	Accounts receivable	413
				Adjustment to individually attributed consolidated taxation amount (Note 4)	6,226		
Subsidiary	Sogo & Seibu Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Adjustment to individually attributed consolidated taxation amount (Note 4)	3,051	–	–
Subsidiary	Seven & i Net Media Co., Ltd.	Ownership Direct: 100	–	Operational consignment	7,815	Accounts payable, other	1,562

(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.

Notes concerning per share information

1. Net assets per share:	¥1,711.32
2. Net income per share:	¥203.55

(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 1,358 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 1,395 thousand shares.

Notes concerning significant subsequent event

None.

Notes concerning revenue recognition

(Information that provides the basis for understanding revenue from contracts with customers)

As stated in "5. Accounting policy for revenue and expenses" under "Notes concerning matters pertaining to significant accounting policies."

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.