



Consolidated Financial Results for the Three Months Ended May 31, 2023

July 13, 2023

Seven & i Holdings Co., Ltd. (URL <https://www.7andi.com/en>)

Securities Code No. 3382

President, Representative Director and CEO: Ryuichi Isaka

The Company's shares are listed on the Prime Market of the Tokyo Stock Exchange.

Submission date of the quarterly securities report scheduled: July 14, 2023

Starting date of paying dividend: -

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

(Notes) 1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.

2. All amounts less than one million yen have been truncated.

1. Results for the Three Months Ended May 31, 2023 (from March 1, 2023 to May 31, 2023)

(1) Results of operations (cumulative)

(Millions of yen)

	Revenues from Operations		Operating Income		Ordinary Income	
Three Months Ended May 31, 2023	2,650,666	8.3 %	81,992	(19.9) %	73,708	(22.8) %
Three Months Ended May 31, 2022	2,447,317	57.3 %	102,367	32.1 %	95,519	36.7 %
	Net Income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Three Months Ended May 31, 2023	42,180	(35.1) %	47.76	(yen)	47.76	(yen)
Three Months Ended May 31, 2022	65,039	51.2 %	73.65	(yen)	73.65	(yen)

(Notes) 1. Comprehensive income:

Three Months Ended May 31, 2023: 64,166 million yen [(67.0) %]

Three Months Ended May 31, 2022: 194,367 million yen [17.0%]

2. "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc., are applied from the beginning of the first quarter of the fiscal year ended February 28, 2023.

(Reference) Group's total sales:

Three Months Ended May 31, 2023: 4,162,053 million yen

Three Months Ended May 31, 2022: 3,839,756 million yen

EBITDA:

Three Months Ended May 31, 2023: 208,336 million yen

Three Months Ended May 31, 2022: 214,408 million yen

EPS before amortization of goodwill:

Three Months Ended May 31, 2023: 79.75 yen

Three Months Ended May 31, 2022: 101.82 yen

*Group's total sales include the sales of franchisees of SEVEN-ELEVEN JAPAN CO., LTD., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc.

*For EBITDA and EPS before amortization of goodwill, see "4.Others (5) Formula of various management indicators."

(2) Financial position

(Millions of yen)

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
As of May 31, 2023	10,598,356	3,652,880	32.8 %	3,939.73 (yen)
As of February 28, 2023	10,550,956	3,648,161	32.9 %	3,933.93 (yen)

(Note) "Accounting Standard for Revenue Recognition" (ASBJ Statement No.29, March 31, 2020), etc., are applied from the beginning of the first quarter of the fiscal year ended February 28, 2023.

(Reference) Owners' equity (net assets excluding non-controlling interests and subscription rights to shares):

As of May 31, 2023: 3,479,857 million yen

As of February 28, 2023: 3,474,547 million yen

2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year Ended February 28, 2023	-	49.50	-	63.50	113.00
Year Ending February 29, 2024	-				
Year Ending February 29, 2024 (forecast)		56.50	-	56.50	113.00

(Notes) 1. Revision of dividends forecast during the current quarterly period: None

2. Breakdown of year-end dividend for the fiscal year ended February 28, 2023:

Commemorative dividend 10.00 yen

3. Forecast of Business Results for the Fiscal Year ending February 29, 2024 (From March 1, 2023 to February 29, 2024)

(Millions of yen, YOY change %)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income per Share
Interim Period	5,553,000 (1.7)%	236,000 0.5%	220,000 0.1%	138,000 1.4%	156.24 (yen)
Entire Year	11,154,000 (5.6)%	513,000 1.3%	480,000 0.9%	285,000 1.4%	322.67 (yen)

(Note) Revision of business results forecast during the current quarterly period: None

(Reference) Group's total sales:

Interim Period: 8,660,000 million yen Entire Year: 17,418,000 million yen

EBITDA:

Interim Period: 483,000 million yen Entire Year: 1,010,000 million yen

EPS before amortization of goodwill:

Interim Period: 219.64 yen Entire Year: 450.04 yen

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specific subsidiaries accompanying change in scope of consolidation): None
Added: None Excluded: None
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (3) Changes in accounting policies, accounting estimates or restatements
 1. Changes due to amendment of accounting standards: Yes
 2. Changes due to other reasons other than 1. : None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (4) Number of shares outstanding (Common stock)
 1. Number of shares outstanding at the end of period (Including treasury stock)
As of May 31, 2023: 886,441,983 shares As of February 28, 2023: 886,441,983 shares
 2. Number of treasury stock at the end of period
As of May 31, 2023: 3,168,872 shares As of February 28, 2023: 3,217,271 shares
 3. Average number of shares during the period (Cumulative quarterly consolidated period)
As of May 31, 2023: 883,230,262 shares As of May 31, 2022: 883,118,369 shares

(Note) The Company has introduced the BIP Trust and ESOP Trust, and its shares held by these Trusts are included in the number of treasury stock to be deducted when calculating the number of treasury stock at the end of the fiscal period and the average number of shares during the period.
- (5) Formula of various management indicators
 1. EBITDA: Operating income + Depreciation and amortization + Amortization of goodwill
 2. EPS before amortization of goodwill: (Net income attributable to owners of parent + Amortization of goodwill) / Average number of shares during the period

NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

This quarterly financial results statement is exempt from the quarterly review procedures by certified public accountants or audit corporations.

FORWARD LOOKING STATEMENTS

1. The forecast of the business results is based on the Company's hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of the forecast.
2. This translation is to be used solely as a reference. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
3. Other materials related in the financial results are available on the Company's website.
(<https://www.7andi.com/en/ir/library>)

Attached Materials

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1. Qualitative Information on Results for the Three Months Ended May 31, 2023

(1) Qualitative information on consolidated results

I. Overview

In the three months ended May 31, 2023, the Japanese economy showed signs of improvement in consumer spending due to the normalization of economic activity as progress was made on the easing of activity restrictions imposed as a result of the COVID-19 pandemic. Meanwhile, the outlook remains uncertain. Notably, there are concerns about the effects of global monetary tightening on business conditions. Other concerns include the effects of rising prices associated with much higher energy costs and raw material prices, and fluctuations in foreign exchange rates.

In North America, the economy showed some signs of improvement, such as a recovery in employment conditions. However, the effects of continued inflation and monetary tightening fueled concerns about an economic slowdown, making the outlook uncertain.

In this environment, the Seven & i Group aims to be “a world-class retail group centered around its ‘food’ that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology.” To achieve this goal, the Group has been pushing ahead with the business strategies and Group strategy laid out in the updated Medium-Term Management Plan (announced on March 9, 2023).

Our consolidated results for the three months ended May 31, 2023 are summarized below.

“Accounting Standard for Revenue Recognition” (ASBJ Statement No.29, March 31, 2020), etc. have been applied since the fiscal year ended February 28, 2023.

(Millions of yen)

	Three months ended May 31, 2022		Three months ended May 31, 2023	
		YOY		YOY
Revenues from operations	2,447,317	157.3%	2,650,666	108.3%
Operating income	102,367	132.1%	81,992	80.1%
Ordinary income	95,519	136.7%	73,708	77.2%
Net income attributable to owners of parent	65,039	151.2%	42,180	64.9%

Exchange rates	U.S.\$1 = ¥116.34	U.S.\$1 = ¥132.42
	1yuan = ¥18.31	1yuan = ¥19.35

Group’s total sales (including sales of franchisees of SEVEN-ELEVEN JAPAN CO., LTD., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc.) amounted to ¥4,162,053 million (108.4% year on year). For the three months ended May 31, 2023, revenues from operations and operating income increased by ¥231.2 billion, and ¥2.4 billion, respectively, as a result of exchange rate fluctuations.

II. Overview by operating segment

The Company changed its classification of reportable segments since the first quarter of the fiscal year ending February 29, 2024. Figures for the three months ended May 31, 2022 in the table below have been revised to reflect the new classification.

(Revenues from operations by operating segment)

(Millions of yen)

	Three months ended May 31, 2022		Three months ended May 31, 2023	
		YOY		YOY
Domestic convenience store operations	215,243	–	229,039	106.4%
Overseas convenience store operations	1,723,889	–	1,900,672	110.3%
Superstore operations	355,772	–	360,155	101.2%
Financial services	47,560	–	50,988	107.2%
Others	118,510	–	124,975	105.5%
Total	2,460,976	–	2,665,832	108.3%
Adjustments (Eliminations/corporate)	(13,659)	–	(15,165)	–
Consolidated Total	2,447,317	157.3%	2,650,666	108.3%

(Operating income by operating segment)

(Millions of yen)

	Three months ended May 31, 2022		Three months ended May 31, 2023	
		YOY		YOY
Domestic convenience store operations	59,282	–	64,088	108.1%
Overseas convenience store operations	43,981	–	20,981	47.7%
Superstore operations	3,519	–	3,316	94.2%
Financial services	9,205	–	9,947	108.1%
Others	986	–	1,847	187.2%
Total	116,975	–	100,180	85.6%
Adjustments (Eliminations/corporate)	(14,608)	–	(18,188)	–
Consolidated Total	102,367	132.1%	81,992	80.1%

Domestic convenience store operations

In Domestic convenience store operations, revenues from operations amounted to ¥229,039 million (106.4% year on year), and operating income amounted to ¥64,088 million (108.1% year on year).

SEVEN-ELEVEN JAPAN CO., LTD. (“SEJ”) is focusing on addressing changes in customers’ purchasing behavior that emerged from the COVID-19 pandemic, in addition to population aging and increases in single-person households and working women. Accordingly, SEJ has been implementing activities including strengthening the development of original merchandise such as fast food and *Seven Premium*, 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. In addition, SEJ has been enhancing measures to achieve a nationwide roll-out of the “7NOW” delivery service in the fiscal year ending February 28, 2025. These measures include establishing a system to increase the number of stores handling the service.

In the three months ended May 31, 2023, we benefited from the success of various measures such as proactively conducting fair events setting themes based on region, menu, etc., and offer a varied assortment of merchandise for each theme, and conducting sales promotion initiatives leveraging our app. We also benefited from a recovery in customer traffic and favorable weather, while some concerns

remained about the COVID-19 pandemic. As a result, existing store sales increased year on year. Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥1,325,005 million (105.4% year on year). Operating income was ¥64,477 million (108.1% year on year), despite a continued increase in utilities costs resulting from higher energy costs.

SEJ marked its 50th anniversary in 2023. Looking ahead, SEJ will seek to foster the well-being of all its stakeholders not only through its traditional strength of “convenience”, but also through a four-part vision encompassing health, community, the environment, and human resources, in order to contribute to the solution of social issues.

Overseas convenience store operations

In Overseas convenience store operations, revenues from operations amounted to ¥1,900,672 million (110.3% year on year), and operating income amounted to ¥20,981 million (47.7% year on year).

In North America, 7-Eleven, Inc. (“SEI”) sought to achieve sustained business growth and improved business efficiency, even as concerns emerged about continued inflation and monetary tightening causing an economic recession. To achieve these goals, SEI endeavored to expand the development and distribution of its high quality and highly profitable proprietary products (fresh foods, proprietary beverages, and private brands), step up efforts focused on the “7NOW” delivery service, and enhance customer loyalty through the use of digital technology.

As a result, in the three months ended March 31, 2023, merchandise sales at existing stores in the U.S. increased year on year in U.S. dollars. Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥2,267,741 million (111.2% year on year), due to growth in merchandise sales. Meanwhile, operating income amounted to ¥47,818 million (70.4% year on year) due to factors such as a rebound from historically high levels of fuel gross profit in the previous year.

In addition, the integration process with the Speedway business acquired in May 2021 is proceeding smoothly, with synergies amounting to U.S.\$800 million expected to be generated in the fiscal year ending December 31, 2023.

7-Eleven International LLC has plans to establish a store network of 50,000 stores in areas outside Japan and North America by the fiscal year ending December 31, 2025, and to open stores in 30 countries and regions worldwide, including Japan and North America by the fiscal year ending December 31, 2030. Based on these goals, it will advance growth strategies both in countries where it already has stores and those where it will open stores for the first time. As for existing countries, 7-Eleven International LLC decided in February 2023 to invest in and finance the Vietnam business. And for new countries, the first store was opened in Israel in January, 2023. As a result, 7-Eleven has the stores in 19 countries and regions worldwide.

Superstore operations

In Superstore operations, revenues from operations amounted to ¥360,155 million (101.2% year on year), and operating income amounted to ¥3,316 million (94.2% year on year).

Ito-Yokado Co., Ltd will demonstrate the accomplishments of the structural reforms which have been implemented through the fiscal year ended February 28, 2023. Concurrently, it will execute fundamental reform measures aimed at improving the profitability of Superstore operations. As part of these efforts, Peace Deli Nagareyama Kitchen, which is the Seven & i Group’s first shared infrastructure site, started supplying fresh food and meal kits processed at the plant to stores in the Tokyo metropolitan area on March 28, 2023.

In the three months ended May 31, 2023, existing store sales (including tenants) rose year on year, as sales of tenants and other merchants rebounded mainly due to a recovery in customer traffic. However, the operating loss amounted to ¥163 million (in contrast to operating income of ¥770 million for the same period of the previous fiscal year), mainly owing to an increase in utilities costs due to higher energy costs and other expenses.

On June 16, 2023, Ito-Yokado Co., Ltd. and York Co., Ltd. entered into a merger agreement with Ito-Yokado Co., Ltd. being the surviving company and York Co., Ltd. being the dissolved company. This agreement seeks to maximize synergies and operational efficiency of Superstore operations in the Tokyo metropolitan area.

Existing store sales at York-Benimaru Co., Ltd. increased year on year, as it benefited from the success of suitable price increases in response to soaring raw material prices, and sales promotion initiatives. As a result, York-Benimaru's operating income amounted to ¥4,581 million (102.7% year on year), despite a continued increase in utilities costs due to higher energy costs and other expenses. York-Benimaru will continue enhancing its high-growth integrated delicatessen production and sales business model, and to target sustainable growth as a supermarket operator that proposes lifestyle solutions.

The Group companies in Superstore operations, centered on Ito-Yokado Co., Ltd., have expansive procurement capabilities spanning fresh food, processed food and other items, a wide range of knowledge, information gathering capacity and relationships of trust with suppliers that have been fostered over many years. Meanwhile, SEJ possesses a merchandise development process created independently and overwhelming sales capabilities. By leveraging one another's strengths, we will continue to expand sales from competitive private brands and implement last mile initiatives, and thereby promote our Group food strategy.

Financial services

In Financial services, revenues from operations amounted to ¥50,988 million (107.2% year on year), and operating income amounted to ¥9,947 million (108.1% year on year).

As of May 31, 2023, the number of domestic ATMs operated by Seven Bank, Ltd. stood at 26,936, up 47 from the previous fiscal year-end. The average number of transactions per day per ATM amounted to 104.0 (up 4.6 year on year), owing to improvement in the number of transactions at deposit-taking institutions in step with a rebound in customer traffic and an increase in non-banking transactions such as consumer finance in line with increased demand for funds, as well as a sustained high level of cash charge transactions as consumers opted for various cashless payments. As a result, total transactions of Seven Bank's ATMs during the three months ended May 31, 2023 increased year on year. As of May 31, 2023, Seven Bank had cash and deposits (including cash for ATM loading) of ¥1,159.0 billion.

In addition, we entered into an agreement on April 6, 2023 to transfer all shares of Seven Card Services Co., Ltd. owned by Seven Financial Service Co., Ltd., a consolidated subsidiary of the Company, to Seven Bank, Ltd. Through this transaction, we aim to capture synergies by integrating the management of banking and non-banking businesses.

Others

In Others, revenues from operations amounted to ¥124,975 million (105.5% year on year), and operating income amounted to ¥1,847 million (187.2% year on year).

Both revenues and income increased mainly due to sales growth benefited from a recovery in customer traffic.

Based on the approach to the business portfolio, we completed on May 1, 2023 to transfer all shares outstanding of Barneys Japan Co., Ltd. held by the Company to Laox Holdings Co., LTD.

Adjustments (eliminations/corporate)

The operating loss from adjustments totaled ¥18,188 million (an operating loss of ¥14,608 million for the same period of the previous fiscal year).

This operating loss mainly reflected expenses related to the construction of the Group's shared infrastructure system for purposes such as enhancing operating efficiency and bolstering security. Moreover, we will continue to work on measures to realize the Ideal Group Image for 2030, including the development of the 7iD membership platform to expand customer interfaces, and the evolution of the "7NOW" delivery service and the Last Mile DX Platform for Ito-Yokado's *Net Supermarket* (online supermarket) and other such services to provide new experiences and value.

(2) Qualitative information on consolidated financial position

I. Assets, liabilities and net assets

(Millions of yen)

	February 28, 2023	May 31, 2023	Change
Total assets	10,550,956	10,598,356	47,400
Total liabilities	6,902,794	6,945,476	42,681
Net assets	3,648,161	3,652,880	4,718

Exchange rates	U.S.\$1 = ¥132.70	U.S.\$1 = ¥133.53
	1yuan = ¥19.01	1yuan = ¥19.42

Total assets amounted to ¥10,598,356 million, up ¥47,400 million from the previous fiscal year-end. Current assets increased ¥54,147 million from the previous fiscal year-end, mainly due to an increase in other current assets such as an increase in accounts receivable - other despite a decrease in cash and bank deposits due to repayment of interest-bearing debt including redemption of bonds. Non-current assets decreased ¥6,562 million, mainly due to a decrease in amortization of goodwill.

Total liabilities increased ¥42,681 million from the previous fiscal year-end to ¥6,945,476 million, mainly due to an increase in deposits received caused by seasonal factors despite a decrease in interest-bearing debt from redemption of bonds.

Net assets increased ¥4,718 million from the previous fiscal year-end to ¥3,652,880 million, mainly due to an increase in total accumulated other comprehensive income, despite a decrease in shareholders' equity due to payment of dividends, including a commemorative dividend for SEVEN-ELEVEN JAPAN CO., LTD.'s 50th anniversary as part of the year-end dividend from surplus for the previous fiscal year.

II. Cash flows

(Consolidated cash flows)

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023	Change
Cash flows from operating activities	280,155	317,626	37,470
Cash flows from investing activities	(92,829)	(95,107)	(2,277)
Cash flows from financing activities	(86,031)	(252,355)	(166,324)
Cash and cash equivalents at end of the period	1,527,092	1,645,968	118,875

Net cash provided by operating activities amounted to ¥317,626 million, mainly due to an increase in deposits received due to seasonal factors.

Net cash used in investing activities amounted to ¥95,107 million, mainly due to acquisition of property and equipment and acquisition of intangible assets, which were partly offset by proceeds from sales of investments in securities.

Net cash used in financing activities amounted to ¥252,355 million, mainly due to redemption of bonds.

As a result of the above, cash and cash equivalents for the three months ended May 31, 2023 totaled ¥1,645,968 million.

(3) Qualitative information on forecasts

The forecasts for the fiscal year ending February 29, 2024 remain unchanged from those announced on April 6, 2023.

2. Related to Summary Information (Others)

(1) Changes in significant subsidiaries during the period: None

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates or restatements

(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)

The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter the "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the first quarter of the fiscal year ending February 29, 2024, and it has applied the new accounting policy prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement, prospectively in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement.

There is no impact on the quarterly consolidated financial statements.

(4) Supplementary information

(Transfer of Subsidiary Shares)

The Company has resolved to enter into an agreement (the "Agreement") to transfer all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company to a special purpose company, which is a related entity of Fortress Investment Group LLC, Sugi Godo Kaisha (the "Transferee Company") (the "Transfer") at a meeting of its Board of Directors held on November 11, 2022, and entered into the Agreement as of the same date. The Transfer should meet the certain conditions for the execution. At the present moment, it is under negotiation and the Company does not reflect accounting treatments based on assumption of the Transfer execution.

(Application of Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System)

The Company and some of its domestic consolidated subsidiaries have transferred from the Consolidated Taxation System to the Group Tax Sharing System from the beginning of the first quarter of the fiscal year ending February 29, 2024. Accordingly, the accounting and disclosure of corporate and local income taxes and deferred income taxes are in accordance with the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (ASBJ PITF No. 42, August 12, 2021, hereinafter referred to as "PITF 42"). In addition, in accordance with PITF 42, Section 32(1), the Company does not expect the adoption of PITF 42 to have any impact on the changes in accounting policies.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	February 28, 2023	May 31, 2023
	Amount	Amount
ASSETS		
Current assets	3,060,653	3,114,801
Cash and bank deposits	1,670,872	1,639,833
Call loan	23,000	48,000
Notes and accounts receivable - trade, and contract assets	422,635	428,818
Trade accounts receivable - financial services	93,490	96,375
Merchandise and finished goods	280,044	288,906
Work in process	119	102
Raw materials and supplies	2,216	2,337
Prepaid expenses	78,588	77,372
ATM-related temporary payments	102,755	96,374
Other	397,288	448,947
Allowance for doubtful accounts	(10,356)	(12,265)
Non-current assets	7,489,195	7,482,633
Property and equipment	4,341,750	4,344,742
Buildings and structures, net	1,614,830	1,608,360
Furniture, fixtures and equipment, net	463,518	466,418
Land	1,196,007	1,198,663
Lease assets, net	6,264	5,941
Right-of-use assets, net	885,645	890,804
Construction in progress	156,842	155,518
Other, net	18,640	19,035
Intangible assets	2,364,673	2,352,620
Goodwill	1,913,017	1,896,793
Software	265,638	269,293
Other	186,016	186,533
Investments and other assets	782,772	785,269
Investments in securities	243,215	246,865
Long-term loans receivable	14,903	14,737
Long-term leasehold deposits	321,945	320,868
Advances for store construction	770	540
Net defined benefit asset	87,088	88,095
Deferred income taxes	57,186	54,141
Other	60,627	62,981
Allowance for doubtful accounts	(2,965)	(2,960)
Deferred assets	1,106	921
Business commencement expenses	773	628
Bond issuance cost	332	292
TOTAL ASSETS	10,550,956	10,598,356

(Millions of yen)

	February 28, 2023	May 31, 2023
	Amount	Amount
LIABILITIES		
Current liabilities	3,265,089	3,603,831
Notes and accounts payable, trade	536,173	555,908
Short-term loans	143,568	147,227
Current portion of bonds	355,823	449,860
Current portion of long-term loans	145,605	141,186
Income taxes payable	25,549	14,476
Accrued expenses	276,771	244,231
Contract liabilities	211,356	204,587
Deposits received	165,501	257,720
ATM-related temporary advances	61,772	53,015
Lease obligations	121,472	124,337
Allowance for sales promotion expenses	1,104	828
Allowance for bonuses to employees	14,389	26,374
Allowance for bonuses to Directors and Audit & Supervisory Board Members	483	68
Deposits received in banking business	810,139	774,322
Call money	110,000	321,900
Other	285,377	287,785
Non-current liabilities	3,637,704	3,341,644
Bonds	1,394,728	1,101,994
Long-term loans	936,070	932,848
Deferred income taxes	184,242	185,283
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	526	536
Allowance for stock payments	4,555	4,724
Net defined benefit liability	13,584	11,869
Deposits received from tenants and franchised stores	50,322	50,011
Lease obligations	834,913	840,833
Asset retirement obligations	155,137	155,081
Other	63,623	58,460
TOTAL LIABILITIES	6,902,794	6,945,476
NET ASSETS		
Shareholders' equity	2,981,545	2,968,321
Common stock	50,000	50,000
Capital surplus	408,926	408,926
Retained earnings	2,532,491	2,519,083
Treasury stock, at cost	(9,873)	(9,688)
Total accumulated other comprehensive income	493,001	511,536
Unrealized gains (losses) on available-for-sale securities, net of taxes	34,823	38,372
Unrealized gains (losses) on hedging derivatives, net of taxes	4,799	4,792
Foreign currency translation adjustments	444,478	459,812
Remeasurements of defined benefit plans	8,899	8,559
Subscription rights to shares	49	49
Non-controlling interests	173,565	172,973
TOTAL NET ASSETS	3,648,161	3,652,880
TOTAL LIABILITIES AND NET ASSETS	10,550,956	10,598,356

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income

Consolidated quarterly statements of income

(Millions of yen)

	Three Months Ended	Three Months Ended
	May 31, 2022	May 31, 2023
	Amount	Amount
Revenues from operations	2,447,317	2,650,666
Net sales	2,087,947	2,252,655
Cost of sales	1,709,660	1,867,536
Gross profit on sales	378,286	385,118
Operating revenues	359,370	398,011
Gross profit from operations	737,657	783,129
Selling, general and administrative expenses	635,289	701,137
Operating income	102,367	81,992
Non-operating income	2,740	4,283
Interest income	679	2,714
Equity in earnings of affiliates	559	–
Other	1,500	1,569
Non-operating expenses	9,588	12,567
Interest expenses	2,999	5,506
Interest on bonds	4,563	4,898
Equity in losses of affiliates	–	163
Other	2,025	1,998
Ordinary income	95,519	73,708
Special gains	6,234	5,326
Gain on sales of property and equipment	5,030	3,126
Gain on sales of investments in securities	97	2,035
Other	1,106	165
Special losses	7,550	14,451
Loss on disposals of property and equipment	3,063	3,295
Impairment loss	1,988	3,572
Loss on transfer of subsidiary	–	4,866
Restructuring expenses	181	437
Other	2,317	2,279
Income before income taxes	94,203	64,583
Total Income taxes	26,378	19,590
Income taxes - current	18,986	17,909
Income taxes - deferred	7,392	1,680
Net income	67,824	44,993
Net income attributable to non-controlling interests	2,785	2,812
Net income attributable to owners of parent	65,039	42,180

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Three Months Ended May 31, 2022	Three Months Ended May 31, 2023
	Amount	Amount
Net income	67,824	44,993
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(2,826)	3,602
Unrealized gains (losses) on hedging derivatives, net of taxes	412	(15)
Foreign currency translation adjustments	129,616	15,912
Remeasurements of defined benefit plans, net of taxes	(884)	(325)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	224	(0)
Total other comprehensive income (loss)	126,542	19,173
Comprehensive income (loss)	194,367	64,166
Comprehensive income (loss) attributable to owners of parent	190,562	60,714
Comprehensive income (loss) attributable to non-controlling interests	3,805	3,452

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Three Months Ended	Three Months Ended
	May 31, 2022	May 31, 2023
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	94,203	64,583
Depreciation and amortization	87,164	98,084
Impairment loss	2,092	3,797
Amortization of goodwill	24,876	28,259
Interest income	(679)	(2,714)
Interest expenses and interest on bonds	7,563	10,405
Equity in losses (earnings) of affiliates	(559)	163
Gain on sales of property and equipment	(5,030)	(3,126)
Loss on disposals of property and equipment	3,063	3,295
Loss on transfer of subsidiary	–	4,866
Loss (gain) on sales of investments in securities	(97)	(2,035)
Decrease (increase) in notes and accounts receivable, trade	(43,608)	(7,007)
Decrease (increase) in trade accounts receivable, financial services	(580)	(2,885)
Decrease (increase) in inventories	(23,693)	(11,718)
Increase (decrease) in notes and accounts payable, trade	68,252	18,875
Increase (decrease) in deposits received	40,115	91,986
Net increase (decrease) in bonds in banking business	–	(20,000)
Net increase (decrease) in deposits received in banking business	(24,606)	(35,817)
Net decrease (increase) in call loan in banking business	–	(25,000)
Net increase (decrease) in call money in banking business	70,000	211,900
Net decrease (increase) in ATM-related temporary accounts	(7,086)	(2,289)
Other	32,998	(54,344)
Subtotal	324,386	369,279
Interest and dividends received	633	2,580
Interest paid	(11,423)	(14,441)
Income taxes paid	(35,680)	(39,794)
Income taxes refund	2,240	3
Net cash provided by operating activities	280,155	317,626
Cash flows from investing activities		
Acquisition of property and equipment	(66,606)	(77,869)
Proceeds from sales of property and equipment	9,705	9,974
Acquisition of intangible assets	(26,068)	(30,211)
Payment for purchase of investments in securities	(5,376)	(6,061)
Proceeds from sales of investments in securities	119	11,570
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation	–	(0)
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation	938	–
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	–	(2,687)
Payment for long-term leasehold deposits	(2,284)	(4,091)
Refund of long-term leasehold deposits	5,281	5,219
Proceeds from deposits from tenants	750	488
Refund of deposits from tenants	(974)	(557)
Payment for acquisition of business	(198)	–
Payment for time deposits	(213)	(417)
Proceeds from withdrawal of time deposits	91	2,781
Other	(7,993)	(3,245)
Net cash used in investing activities	(92,829)	(95,107)

(Millions of yen)

	Three Months Ended	Three Months Ended
	May 31, 2022	May 31, 2023
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans	(8,172)	3,144
Proceeds from long-term debts	11,400	28,700
Repayment of long-term debts	(37,176)	(39,020)
Payment for redemption of bonds	–	(185,525)
Proceeds from share issuance to non-controlling shareholders	–	2,368
Purchase of treasury stock	(3)	(2)
Dividends paid	(45,581)	(55,719)
Dividends paid to non-controlling interests	(455)	(561)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(183)	(0)
Other	(5,859)	(5,739)
Net cash used in financing activities	(86,031)	(252,355)
Effect of exchange rate changes on cash and cash equivalents	10,908	1,016
Net increase (decrease) in cash and cash equivalents	112,202	(28,819)
Cash and cash equivalents at beginning of period	1,414,890	1,674,787
Cash and cash equivalents at end of period	1,527,092	1,645,968

(4) Doubts on the premise of going concern

None

(5) Notes to consolidated quarterly statements of income

A breakdown of restructuring expenses is as follows:

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Impairment loss	103	225
Early retirement benefit	-	38
Others	77	174
Total	181	437

(6) Notes to consolidated quarterly statements of cash flows

Reconciliation of Cash and cash equivalents as of May 31, 2022 and 2023 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows is as follows.

(Millions of yen)

	Three months ended May 31, 2022	Three months ended May 31, 2023
Cash and bank deposits	1,533,231	1,639,833
Restricted cash	8,584	18,954
Time deposits with maturities and certificate deposits in excess of three months	(14,723)	(12,820)
Cash and cash equivalents	1,527,092	1,645,968

(7) Segment information

I. Three months ended May 31, 2022 (From March 1, 2022 to May 31, 2022)

(i) Information on revenues from operations and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Revenues from operations								
1. Customers	214,801	1,723,317	354,673	40,074	114,354	2,447,220	96	2,447,317
2. Intersegment	442	571	1,099	7,486	4,156	13,756	(13,756)	-
Total	215,243	1,723,889	355,772	47,560	118,510	2,460,976	(13,659)	2,447,317
Segment income (loss)	59,282	43,981	3,519	9,205	986	116,975	(14,608)	102,367

Notes:

- Others represent the businesses which are not included in any of the reportable segments and consist of the department store operations, specialty store operations and real estate operations, etc.
- The adjustments on segment income (loss) of (14,608) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to operating segments.
- Segment income (loss) is reconciled with the operating income in the consolidated quarterly statements of income.

(ii)Impairment of fixed assets and goodwill by reportable segment

No significant items to be reported.

II. Three months ended May 31, 2023 (From March 1, 2023 to May 31, 2023)

(i)Information on revenues from operations and income (loss) by reportable segment

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Revenues from operations								
1.Customers	228,535	1,900,013	359,019	43,211	119,773	2,650,553	113	2,650,666
2.Intersegment	504	659	1,136	7,776	5,202	15,279	(15,279)	-
Total	229,039	1,900,672	360,155	50,988	124,975	2,665,832	(15,165)	2,650,666
Segment income (loss)	64,088	20,981	3,316	9,947	1,847	100,180	(18,188)	81,992

Notes:

- Others represent the businesses which are not included in any of the reportable segments and consist of the department store operations, specialty store operations and real estate operations, etc.
- The adjustments on segment income (loss) of (18,188) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to operating segments.
- Segment income (loss) is reconciled with the operating income in the consolidated quarterly statements of income.

(ii)Impairment of fixed assets and goodwill by reportable segment

No significant items to be reported.

(iii)Changes in classification of reportable segments

At a meeting of the Board of Directors held on April 6, 2023, the Company resolved to change the classification of operating segments. The details of the change in the segment classification due to this change are as follows.

- “Department and specialty store operations” is classified as “Others” operating segment.
- A part of the "Superstore operations" (Peace Deli Co., Ltd.) is classified as "Others" operating segment as a group functional company.

Segment information for the first quarter ended May 31, 2022 has been reclassified into the new segment classification.

(Reference)

Revenues from operations and operating income by geographic area segments are as described below.

Three months ended May 31, 2022 (From March 1, 2022 to May 31, 2022)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	710,407	1,719,320	17,588	2,447,317	–	2,447,317
2. Intersegment	14,759	–	18	14,778	(14,778)	–
Total revenues	725,167	1,719,320	17,606	2,462,095	(14,778)	2,447,317
Operating income (loss)	72,899	44,064	(82)	116,882	(14,514)	102,367

Three months ended May 31, 2023 (From March 1, 2023 to May 31, 2023)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	736,148	1,895,744	18,773	2,650,666	–	2,650,666
2. Intersegment	13,508	122	28	13,659	(13,659)	–
Total revenues	749,657	1,895,867	18,801	2,664,326	(13,659)	2,650,666
Operating income (loss)	74,544	20,204	385	95,134	(13,142)	81,992

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. "Others" consist of the results in the China, etc.

(8) Notes on significant changes in the amount of shareholders' equity

None

(9) Subsequent event

None