



Seven & i Holdings Co., Ltd.

# Presentation for the First Quarter of FY2023

(Fiscal Year Ending February 29, 2024)

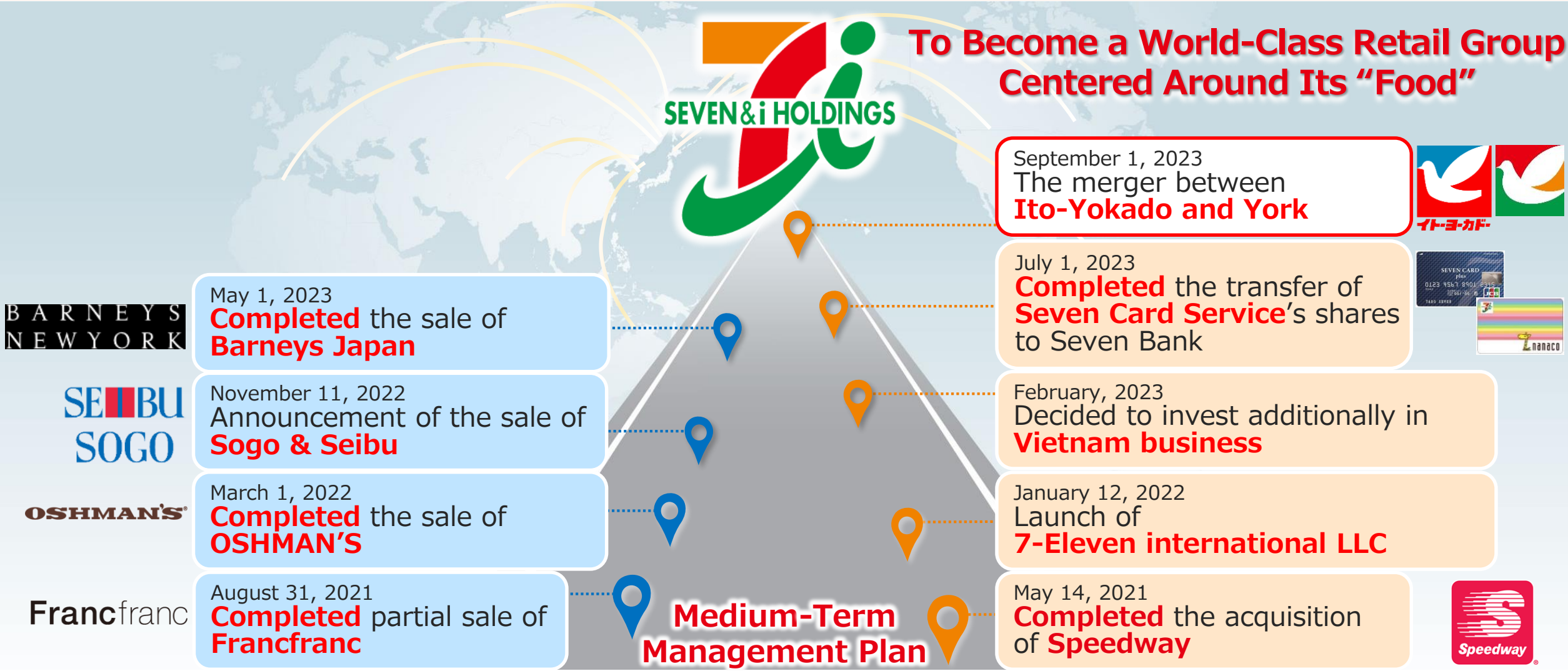
July 13, 2023

- ✓ The group has made steady progress in strategic initiatives
- ✓ Revenues from operations in Q1 FY2023 consolidated results achieved record highs
- ✓ Operating income of major domestic companies achieved the plan

# Strategic Initiatives: Status of Progress



To Become a World-Class Retail Group Centered Around Its "Food"



Continue strategic selection and concentration through reviewing the business portfolio to realize the corporate vision

# Q1 Consolidated Results Highlight

(Billions of yen, %)

	FY2022	FY2023	YOY	Change	vs. Plan	Change
Group's total sales *1	3,839.7	4,162.0	108.4	+322.2	99.1	(38.5)
Revenues from operations	2,447.3	2,650.6	108.3	+203.3	98.2	(49.3)
Operating income	102.3	81.9	80.1	(20.3)	94.5	(4.8)
Ordinary income	95.5	73.7	77.2	(21.8)	94.3	(4.4)
Net income attributable to owners of parent	65.0	42.1	64.9	(22.8)	86.1	(6.8)
EPS (yen)	73.65	47.76	64.8	(25.89)	86.1	(7.72)
EPS before amortization of goodwill (yen)	101.82	79.75	78.3	(22.06)	91.4	(7.54)
EBITDA *2	214.4	208.3	97.2	(6.0)	99.2	(1.6)

\*1 Group's total sales include the sales of franchisees of Seven-Eleven Japan, Seven-Eleven Okinawa and 7-Eleven, Inc.

\*2 EBITDA: Operating income + Depreciation and amortization + Amortization of goodwill

Notes) 1. Exchange rate: 1USD = 132.42JPY, 1CNY = 19.35JPY

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

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# Q1 Revenues from Operations, Operating Income and EBITDA by Operating Segment (YOY)



(Billions of yen, %)

	Revenues from operations		Operating income		EBITDA	
		YOY/Change		YOY/Change		YOY/Change
Consolidated	2,650.6	108.3 +203.3	81.9	80.1 (20.3)	208.3	97.2 (6.0)
Domestic CVS operations	229.0	106.4 +13.7	64.0	108.1 +4.8	86.0	107.2 +5.7
Overseas CVS operations	1,900.6	110.3 +176.7	20.9	47.7 (22.9)	98.1	89.5 (11.5)
Superstore operations	360.1	101.2 +4.3	3.3	94.2 (0.20)	13.1	103.4 +0.43
Financial services	50.9	107.2 +3.4	9.9	108.1 +0.74	18.4	102.8 +0.50
Others	124.9	105.5 +6.4	1.8	187.2 +0.86	5.7	117.0 +0.83
Eliminations/corporate	(15.1)	- (1.5)	(18.1)	- (3.5)	(13.2)	- (2.0)

Note) Exchange rate: 1USD = 132.42JPY, 1CNY = 19.35JPY

# Q1 Revenues from Operations, Operating Income and EBITDA by Operating Segment (vs. Plan)



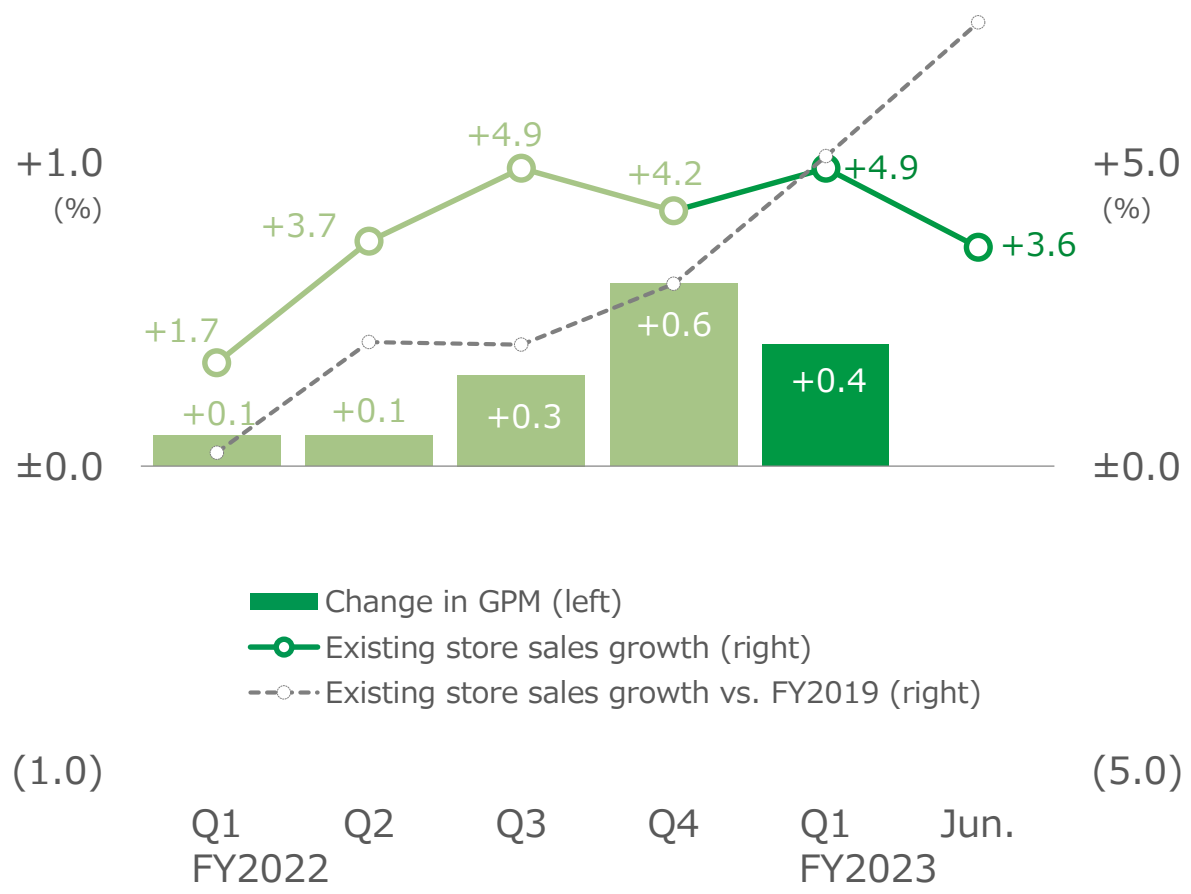
(Billions of yen, %)

	Revenues from operations		Operating income		EBITDA	
		vs. Plan/Change		vs. Plan/Change		vs. Plan/Change
Consolidated	2,650.6	98.2 (49.3)	81.9	94.5 (4.8)	208.3	99.2 (1.6)
Domestic CVS operations	229.0	102.5 +5.6	64.0	105.1 +3.0	86.0	104.3 +3.5
Overseas CVS operations	1,900.6	97.6 (47.7)	20.9	58.0 (15.2)	98.1	86.5 (15.3)
Superstore operations	360.1	99.3 (2.6)	3.3	207.3 +1.7	13.1	111.4 +1.3
Financial services	50.9	90.4 (5.4)	9.9	122.8 +1.8	18.4	112.1 +1.9
Others	124.9	100.1 +0.17	1.8	- +1.8	5.7	392.2 +4.2
Eliminations/corporate	(15.1)	- +0.63	(18.1)	- +1.8	(13.2)	- +2.5

Note) Exchange rate: 1USD = 132.42JPY, 1CNY = 19.35JPY

# Seven-Eleven Japan (1)

## Existing store sales & GPM



## SG&A

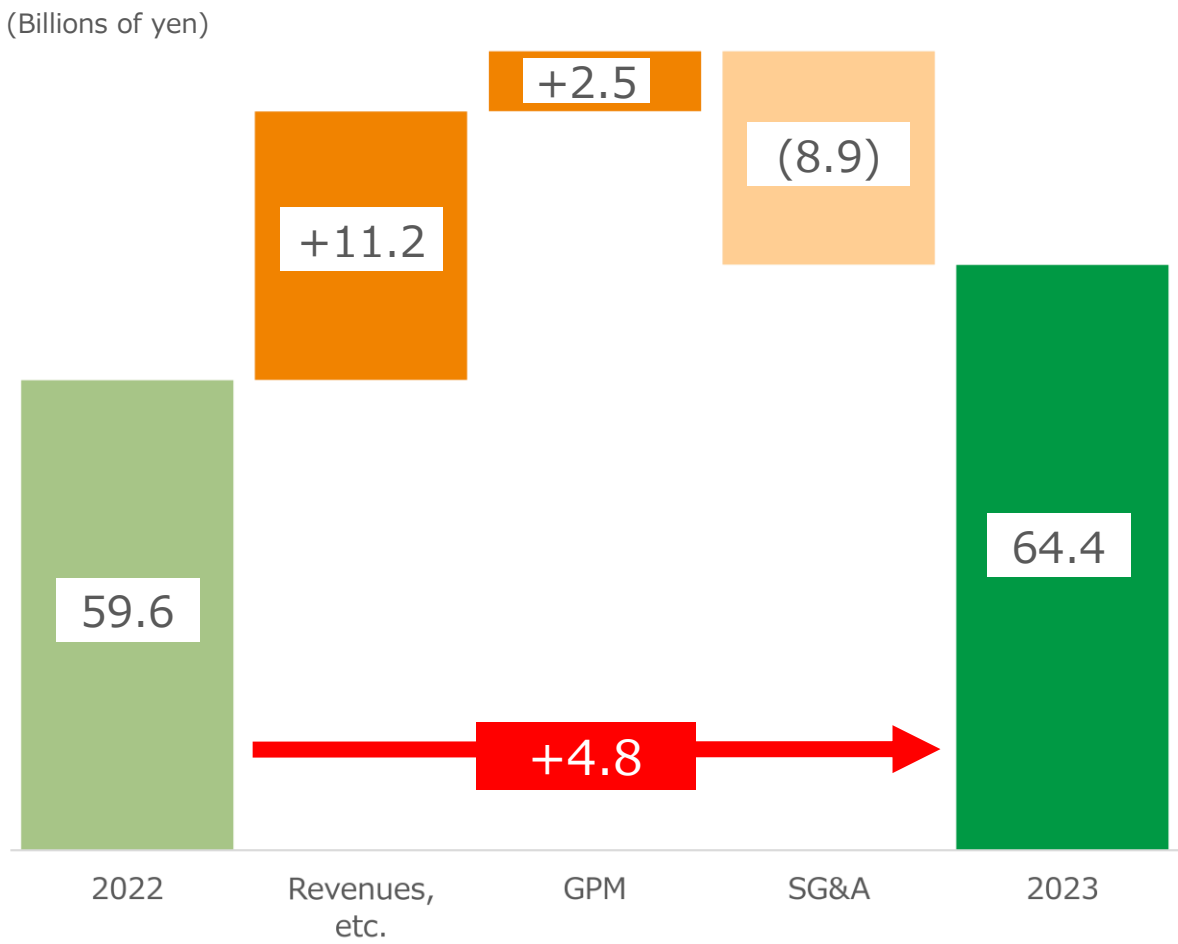
(Billions of yen, %)

SG&A	Amount	Q1		Major factors for change
		YOY	YOY change	
SG&A	146.6	106.5	+8.9	
Advertising expenses	8.5	131.5	+2.0	Resumption of merchandise exhibitions 50 <sup>th</sup> anniversary related
Salaries and wages	20.3	104.4	+0.85	Revision of compensation system
Land and building rent	48.4	101.2	+0.59	Increase in number of stores
Depreciation and amortization	21.5	104.7	+0.96	
Utility expenses	15.7	117.8	+2.3	Increase in utility cost
Others	32.0	107.2	+2.1	Increase in settlement fees

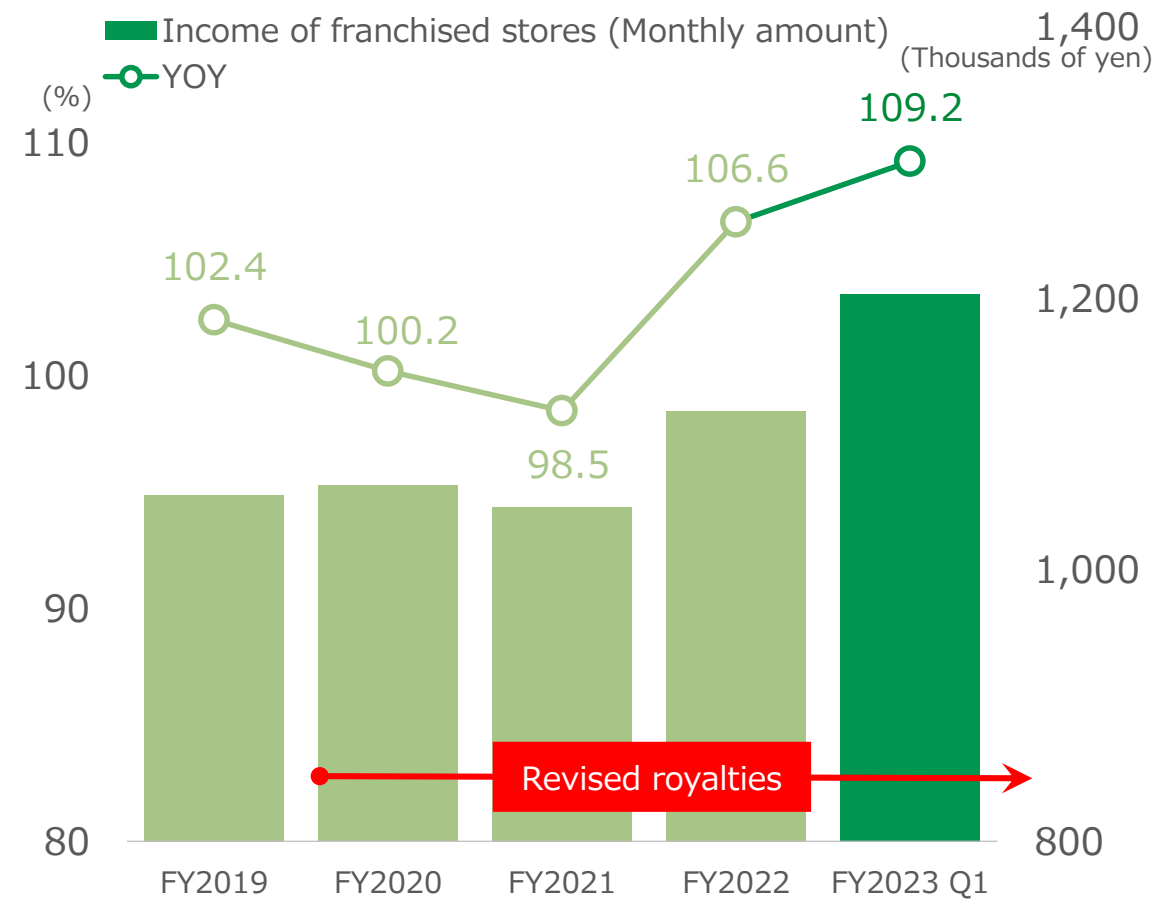
Growth in sales and gross profit due to the initiatives of linking the development of high quality merchandise, sales promotions including fairs, and setting up sales floor

# Seven-Eleven Japan (2)

## Change in operating income



## Trend in income of franchised stores



Despite cost increase such as energy cost, operating income increased thanks to strong sales



# Seven-Eleven Japan (3)

## “Ideal Image” and “Four-part Vision”



Health	Realize a healthy society through valuable merchandise and services
Community	Realize a society that thrives alongside neighborhoods
Environment	Realize a circular society that respects the environment
Human resources	Realize a fulfilling society in which diverse people can play an active role

## Recent initiatives toward realization

Merchandise	Sales promotion	Sales floor and stores
<ul style="list-style-type: none"> <li>Pursue valuable merchandise and services</li> <li>Develop merchandise focused on health and the environment</li> <li>Develop merchandise with long-term freshness and environmentally friendly containers</li> </ul>	<ul style="list-style-type: none"> <li>Continually improve fairs and strengthen regional fairs</li> <li>Seven-Eleven 50<sup>th</sup> anniversary fair</li> <li>Strengthen App-based sales promotion</li> </ul>	<ul style="list-style-type: none"> <li>Merchandise assortments responsive to needs</li> <li>Introduce labor-saving equipment and strengthen customer service capabilities</li> <li>Open stores that fit the location</li> </ul>

Realize the “Ideal Image” by offering both economic and social value

# Seven-Eleven Japan (4)

## Seven-Eleven's strength as a foundation for growth - strong value chain



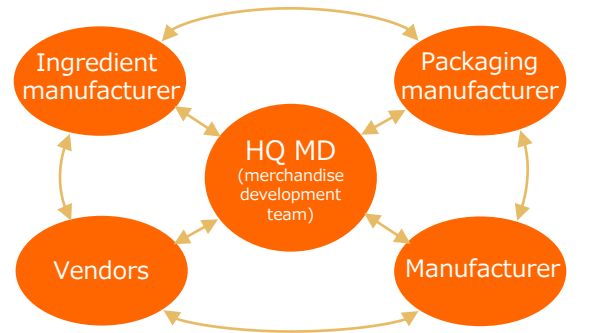
Merchandise development by Team MD (merchandising)



Realization of high quality merchandise



Sanitation, quality control and logistics efficiency



Cooperation with SST operations

Dedicated facilities which produce only SEJ merchandise

159 sites  
(Composition 90.3%)

Domestic production facilities

176 sites

Temperature-separated, combined distribution centers

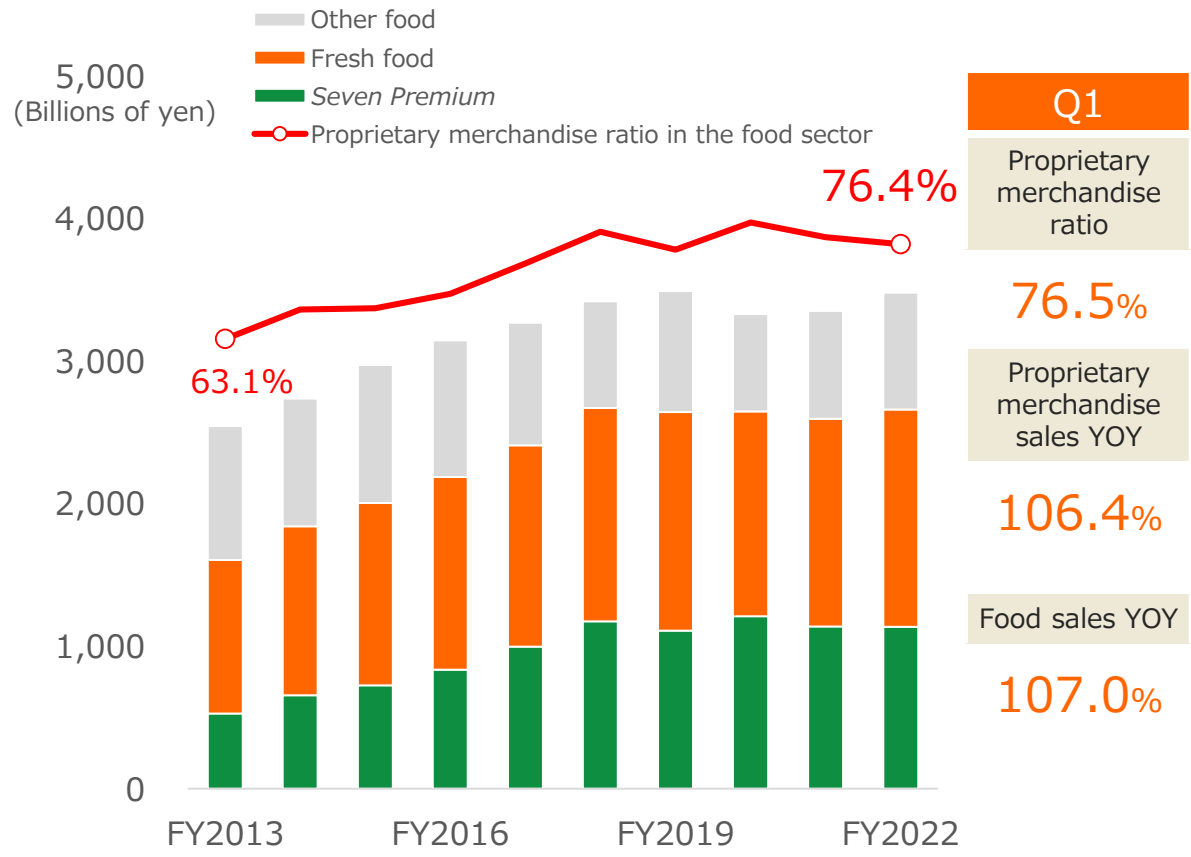
164 sites

Cold Chain (refrigerated distribution network) development

Create added value through developing unique strengths in our value chain

# Seven-Eleven Japan (5)

Trend in sales of proprietary merchandise as our growth foundation



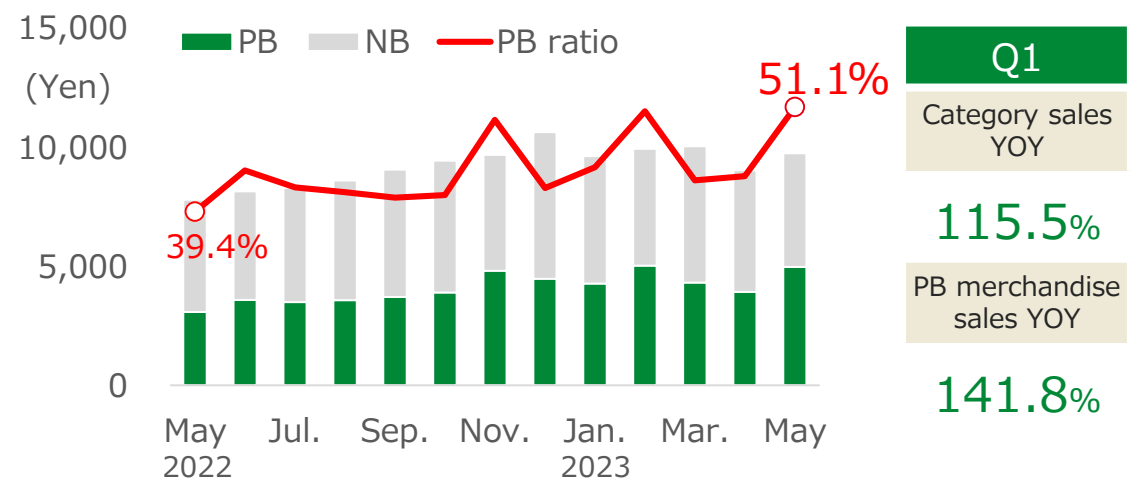
**Q1**

- Proprietary merchandise ratio: 76.5%
- Proprietary merchandise sales YOY: 106.4%
- Food sales YOY: 107.0%

Change in composition of cup noodle's sales volume (Q1)



Trend in category sales of cup noodle per store and day



**Q1**

- Category sales YOY: 115.5%
- PB merchandise sales YOY: 141.8%

Flexible response to changes in the environment in merchandise strategy

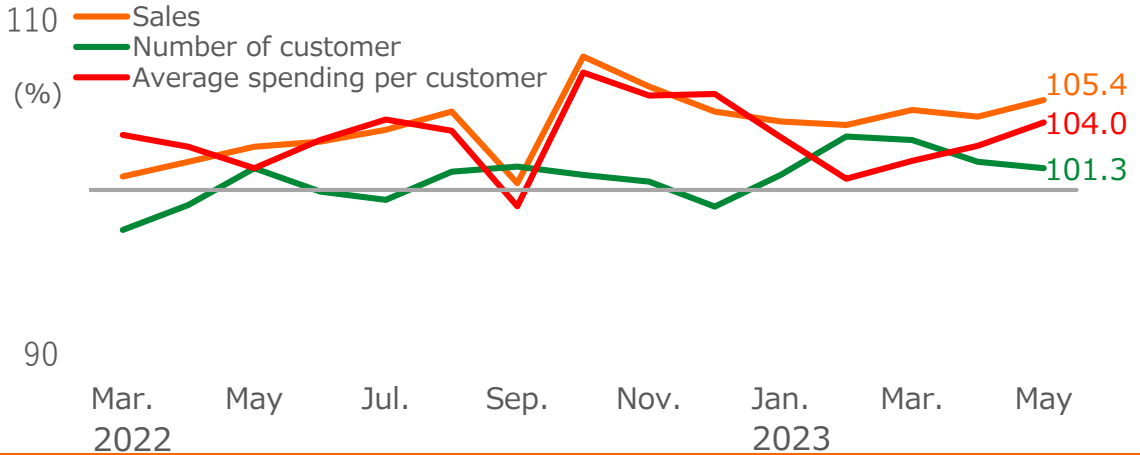
High ratio of proprietary merchandise contributes to Seven-Eleven's resilience

# Seven-Eleven Japan (6)

## Effect of main fairs on daily sales



## Existing store YOY trend



## Regional fairs in 2023

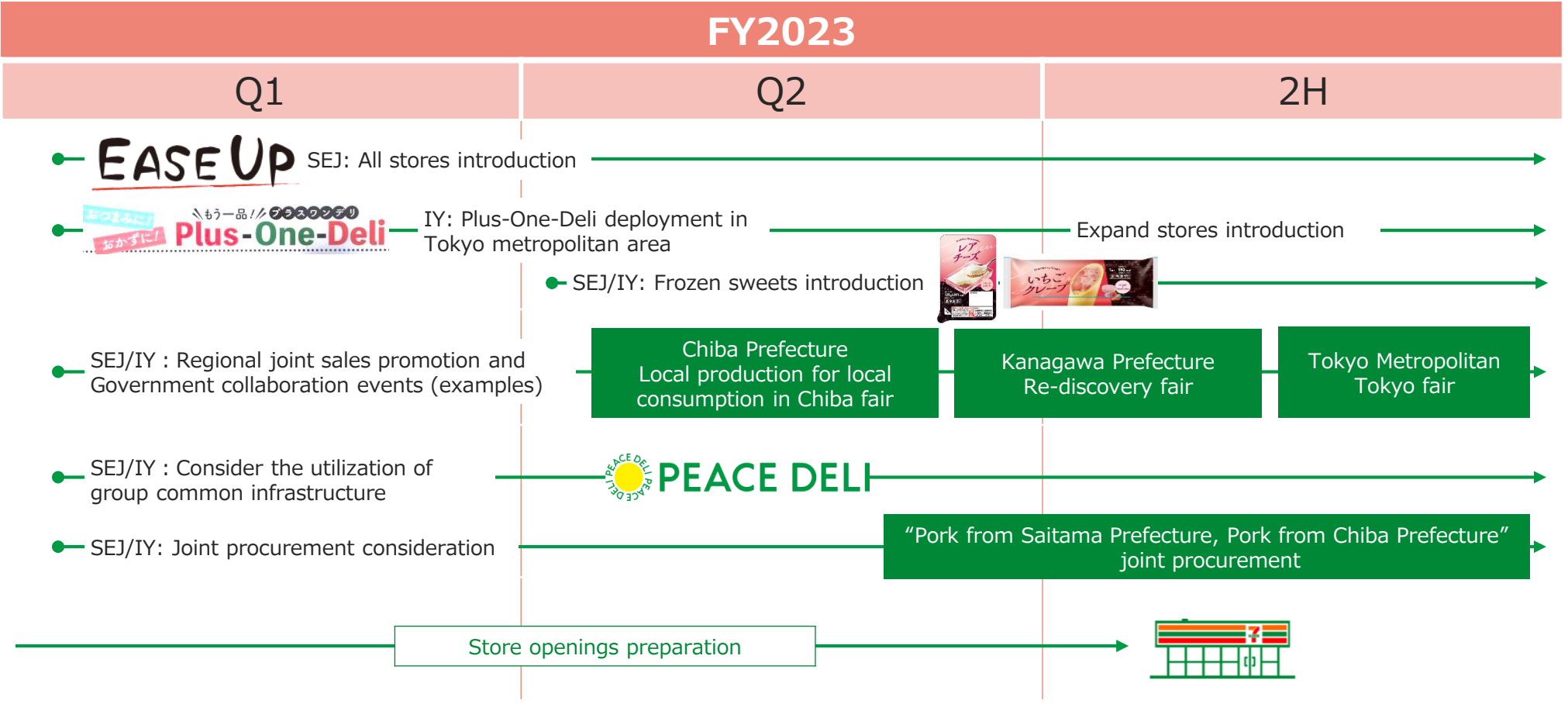


\* YOY daily sales growth rate per store in the area where it was held during the fair

Aim to attract new and existing customers to visit the stores through initiatives rooted in the community in addition to the main fairs

# Seven-Eleven Japan (7)

SIP\* initiatives

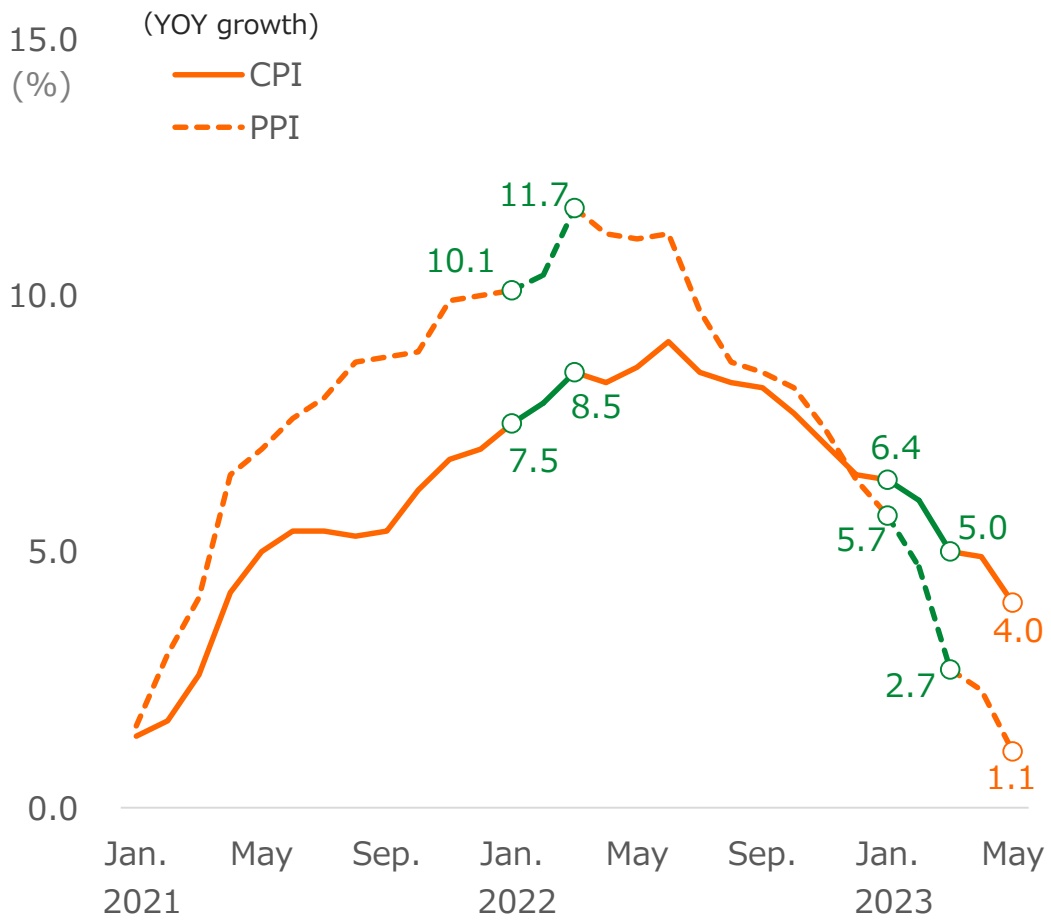


\* SIP: SEJ and IY (Ito-Yokado) Partnership

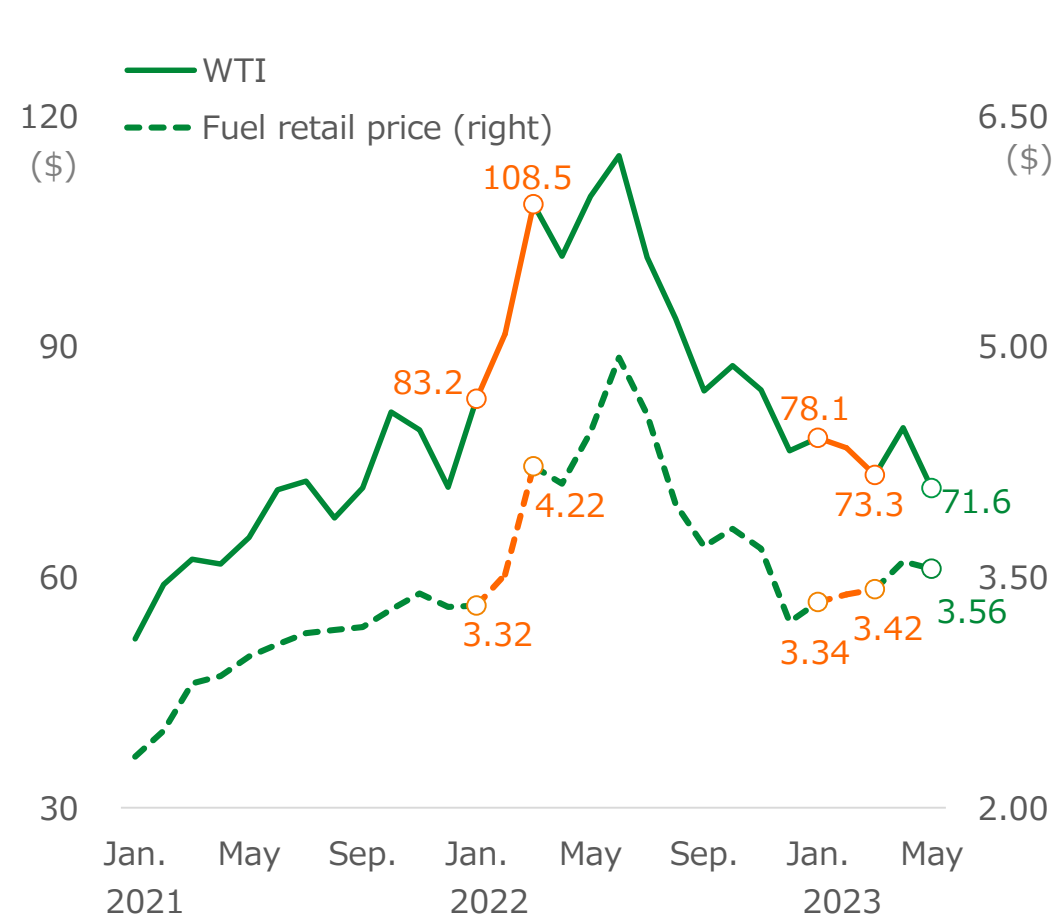
Build a system to respond the change in customer needs and to achieve sustainable growth

# 7-Eleven, Inc. (1)

## U.S. CPI/PPI (Comprehensive)\*1



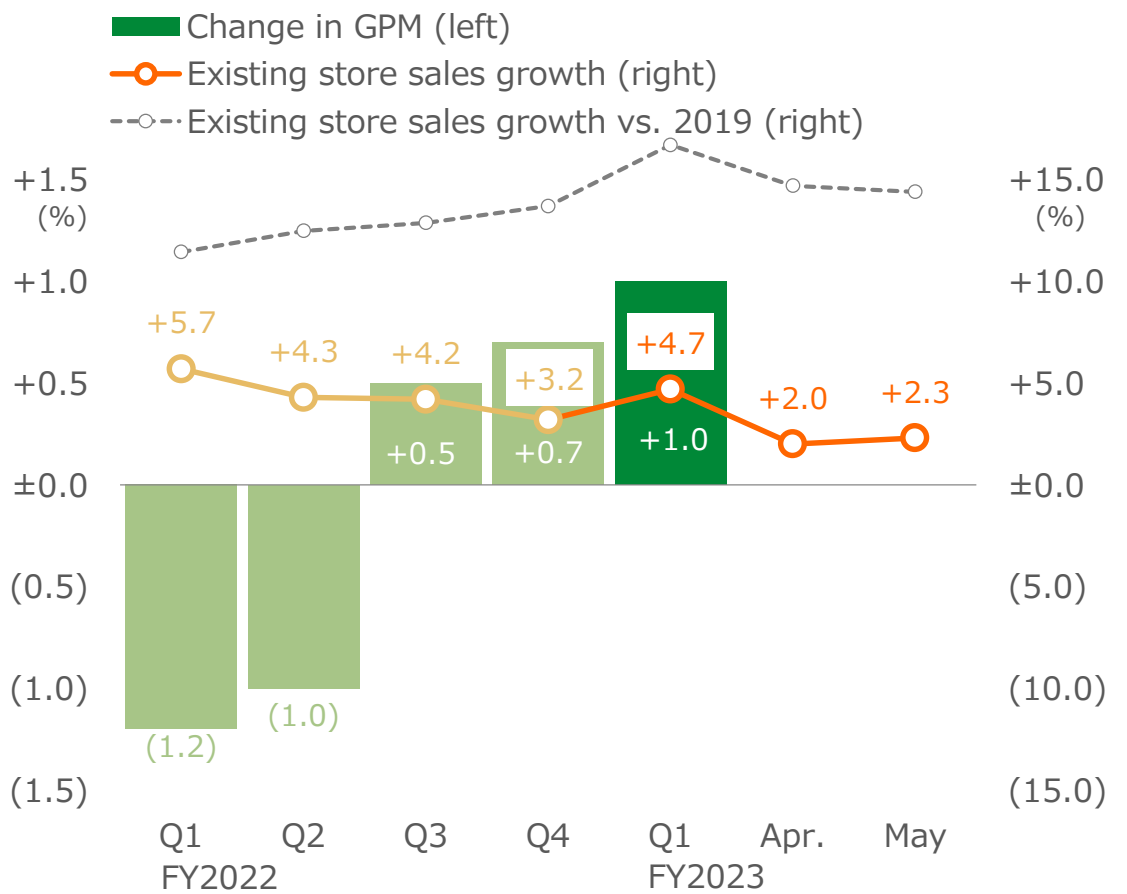
## Crude oil price (WTI) Fuel retail price\*2



Source: \*1 BLS, \*2 EIA

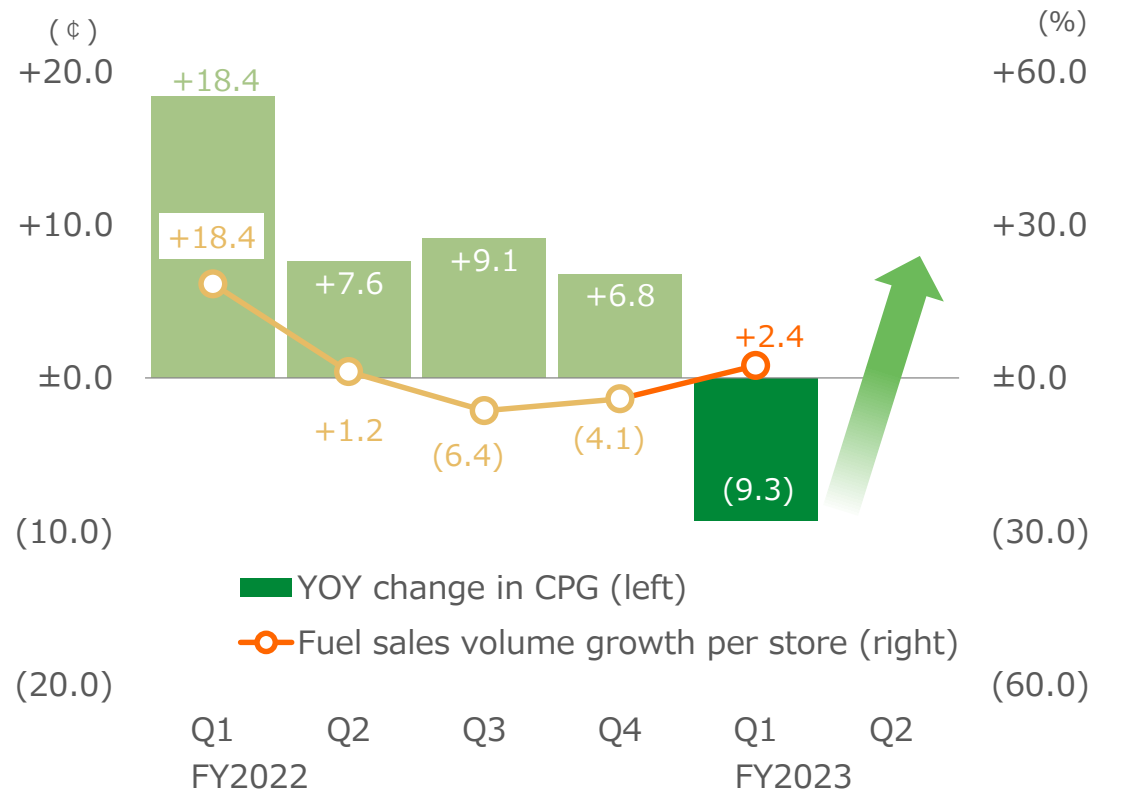
# 7-Eleven, Inc. (2)

## Merchandise existing store sales growth & GPM



Note) Figures of existing store sales do not include Speedway through Q2 FY2022

## Fuel sales volume & GP (CPG)

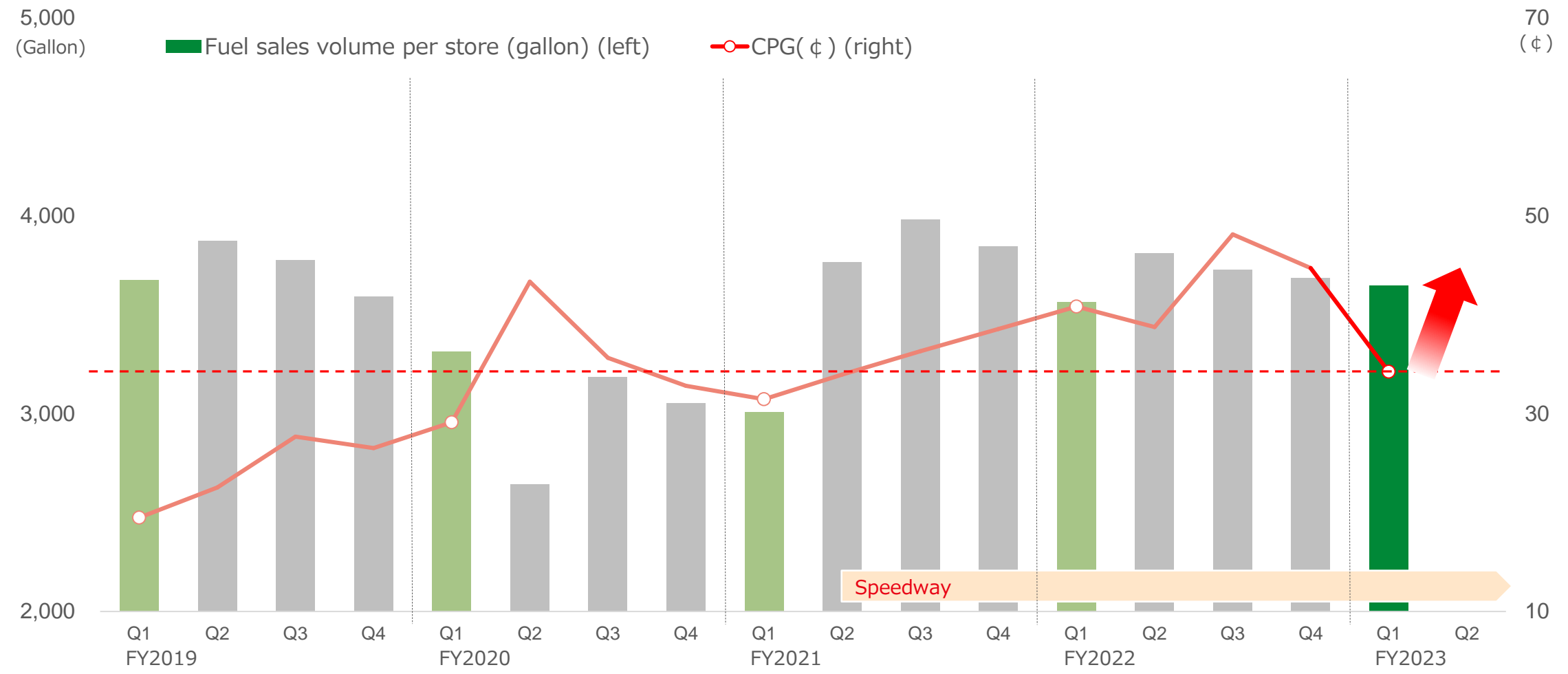


Fuel GP: \$(282)M (21.0)%

Strong merchandise existing store sales and margin by accelerating proprietary products

# 7-Eleven, Inc. (3)

Fuel CPG in FY2023 Q1 declined but recovered from April onward



Note) Fuel related indices indicate the figures of retailing

Fuel profits are expected to remain stable over the medium-term, despite short-term fluctuations



# 7-Eleven, Inc. (4)

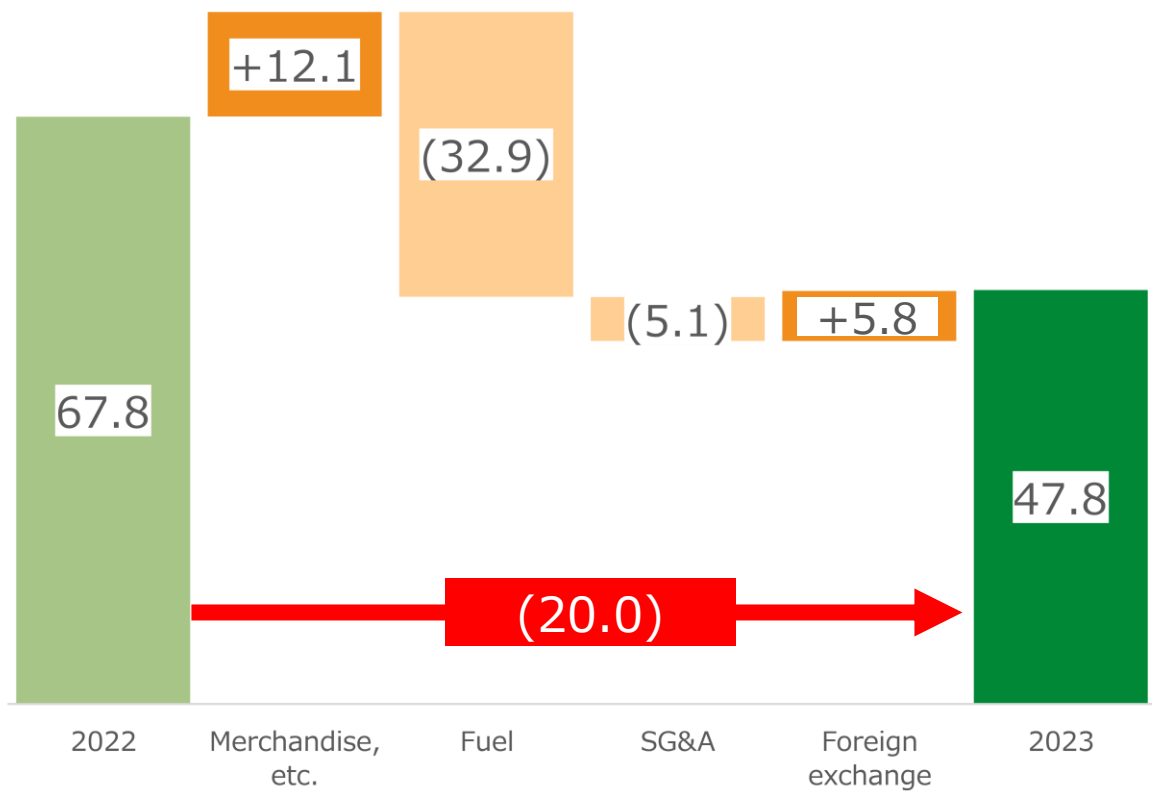
## SG&A

(Millions of dollar, %)

	Amount	Q1		Major factors for change
		YOY	YOY change	
SG&A	2,263	102.2	+49	
Advertising expenses	34	71.1	(14)	Timing of Media Ad
Salaries and wages	729	99.4	(4.4)	Reorganization
Land and building rent	262	105.8	+14	Increase due to inflation
Depreciation and amortization	368	104.8	+16	Organic new store build and IT investment
Utility expenses	123	107.7	+8.8	Increase in utility cost
Others	745	103.8	+27	Increase due to inflation

## Change in operating income

(Billions of yen)



Merchandise business exceeded the plan while operating income declined YOY mainly due to cycling historically high fuel margin in Q1 2022. FY2023 plan remains unchanged.

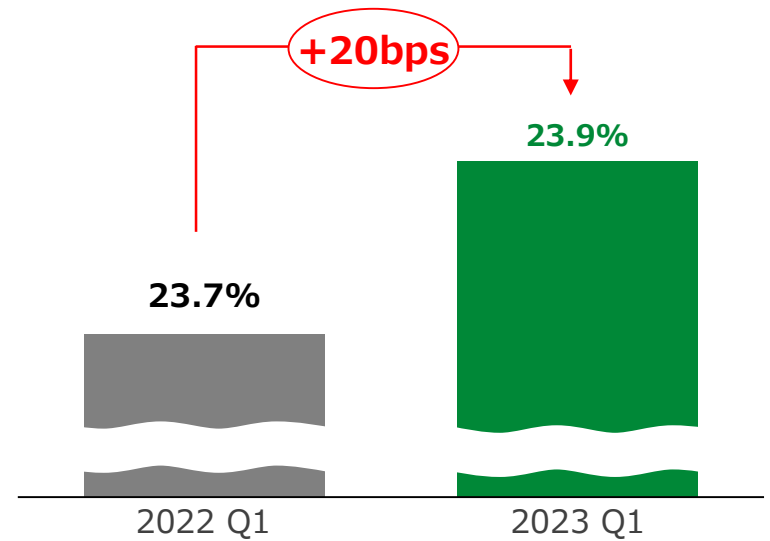
# 7-Eleven, Inc. (5)

## Strengthening Proprietary Products (Q1)



## Fresh Food, Proprietary Beverage & Private Brands

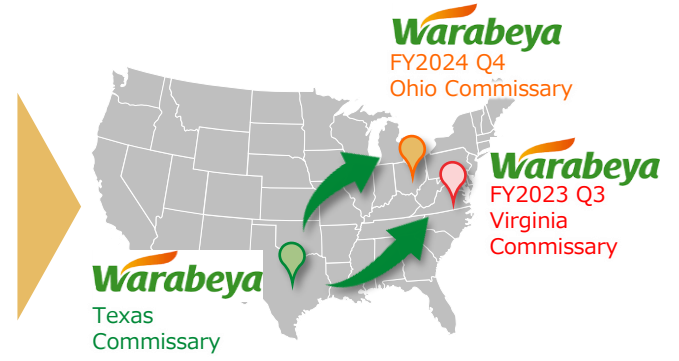
Composition in Total Merch Product Sales; US Same Store (%)<sup>\*1</sup>



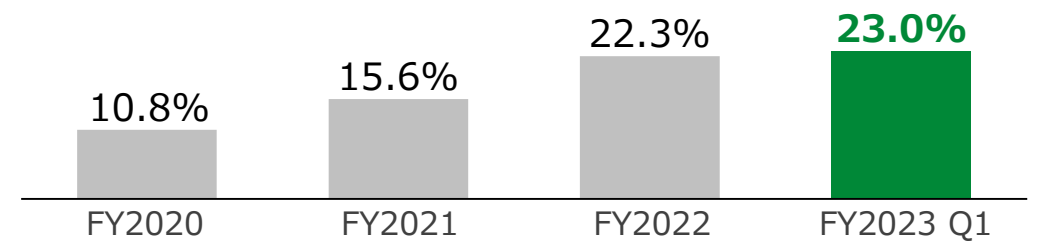
\*1 Speedway stores are excluded as store systems have not fully integrated

## Accelerate Fresh Food through Innovation

- Enhance Value Chain**
- ✓ Enhancing Commissary Capabilities
  - ✓ Accelerating Product Innovation
  - ✓ Expanding Self-Distribution Network



## Warabeya Sales \$ Contribution to Entire DFW<sup>\*2</sup> Food Business



\*2 DFW: Dallas-Fort Worth

Proprietary products sales composition increased by 20bps YOY by accelerating fresh food, proprietary beverages, and private brands

# 7-Eleven, Inc. (6)

## Grow proprietary beverage

Expand coffee modernization program

Bean to cup coffee



Specialty & iced coffee



Bake in store



Grab and go cases



**4,800+**  
Stores installed



Continue to expand the program in 2023

## Expand private brand

PB strategy

High quality differentiated merchandise

Deliver value to customers  
Less expensive than national brands

Better margin and penny profit

Drive consumer demand through innovation

**+150**  
New items in 2023



Improve profitability by providing high quality differentiated products




# Strategy Committee: Status of Progress

## I Background and purpose

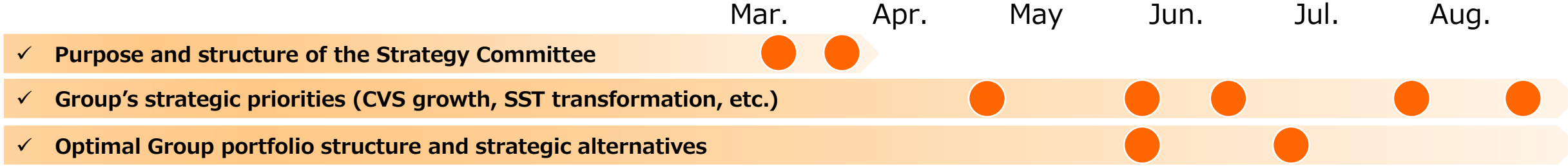
- Monitor progress of the Group's strategic priorities (CVS growth, SST transformation, etc.)
- Continue to objectively and comprehensively review the optimal Group portfolio structure and strategic alternatives (IPO, spin-off, etc.) and provide advice to the Board of Directors** to enhance medium-to long- term corporate value

## II Composition of the Strategy Committee (Independent outside directors)

 <b>Director</b> <b>Chair</b> Stephen Hayes Dacus	 <b>Director</b> Toshiro Yonemura	 <b>Director</b> Yoshiyuki Izawa	 <b>Director</b> Jenifer Simms Rogers	 <b>Director</b> Paul Yonamine
 <b>Director</b> Elizabeth Miin Meyerdirk	 <b>Director</b> Meyumi Yamada	 <b>Director</b> <b>New</b> Shinji Wada	 <b>Director</b> <b>New</b> Fuminao Hachiuma	

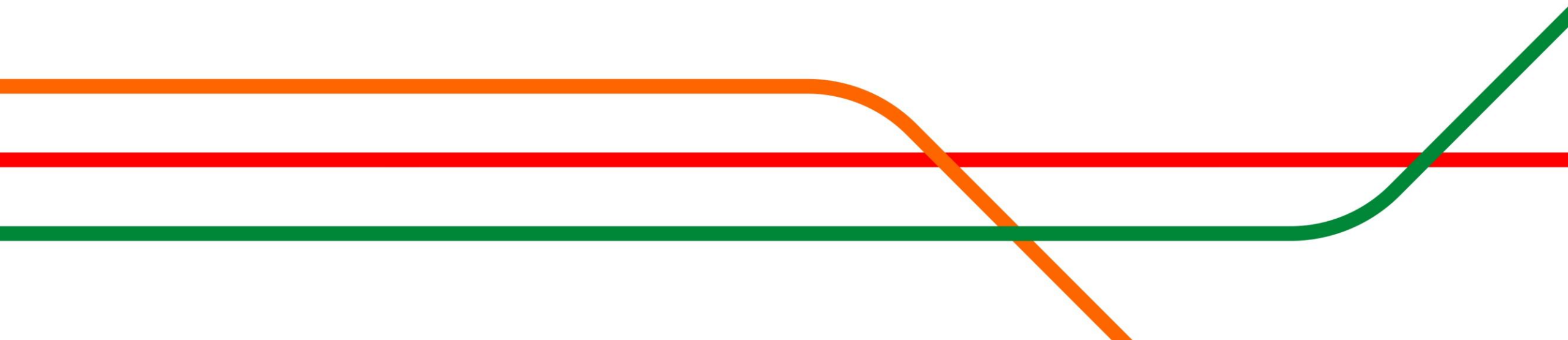
Retain external advisors to support its objective analysis and consideration

## III Status of progress of discussions in the Strategy Committee

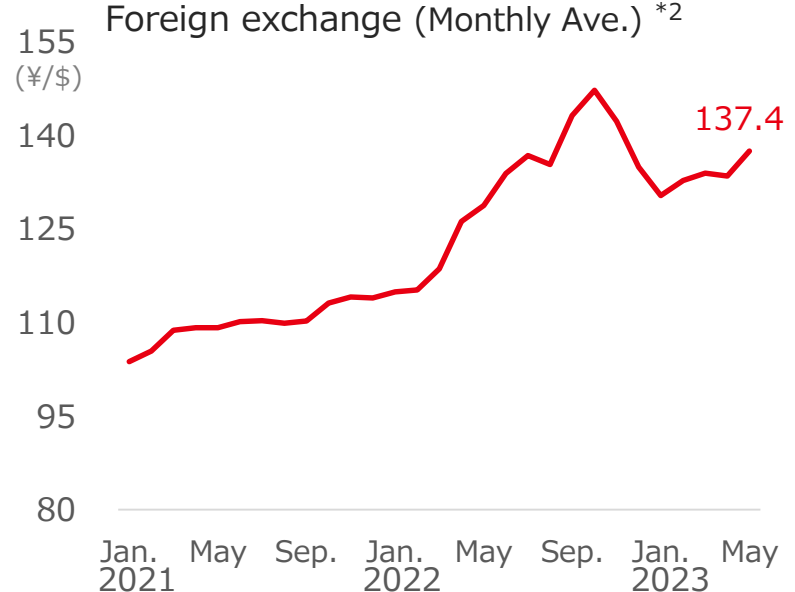
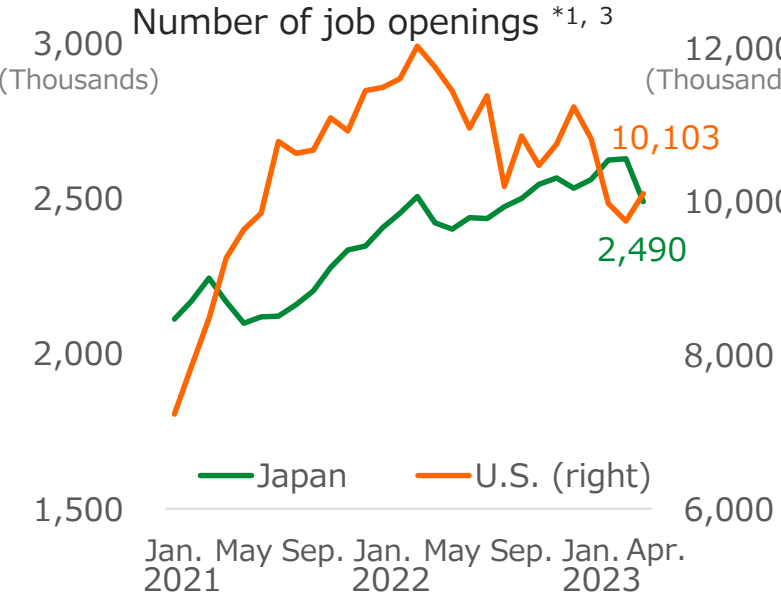
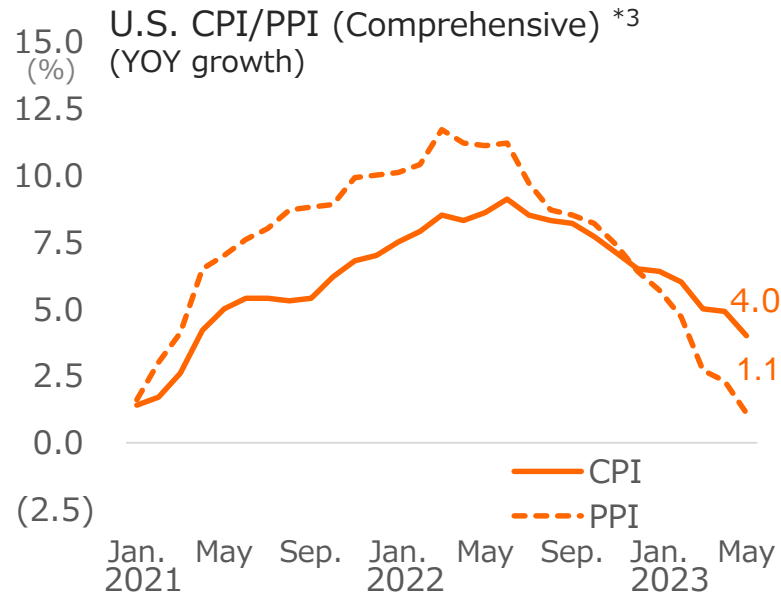
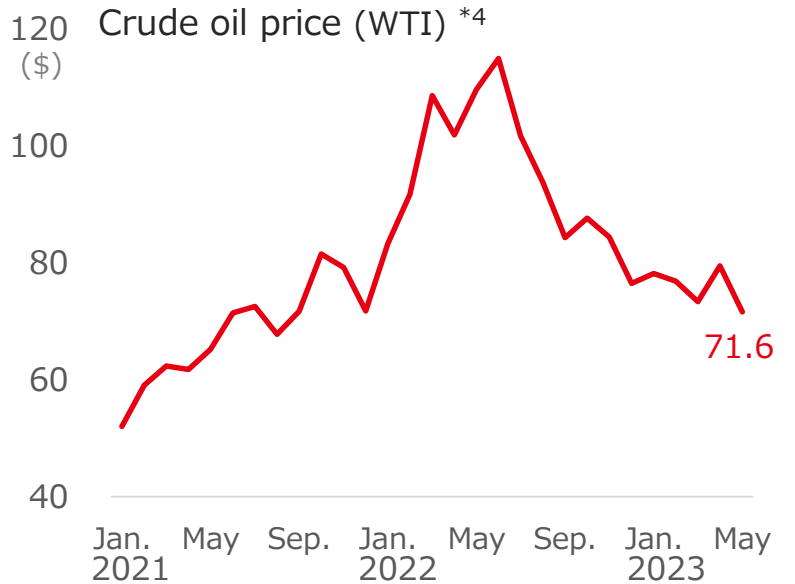
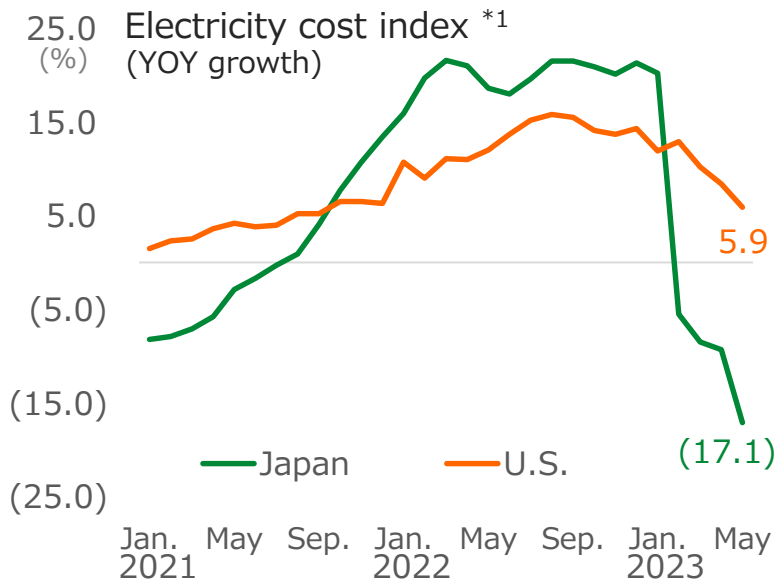
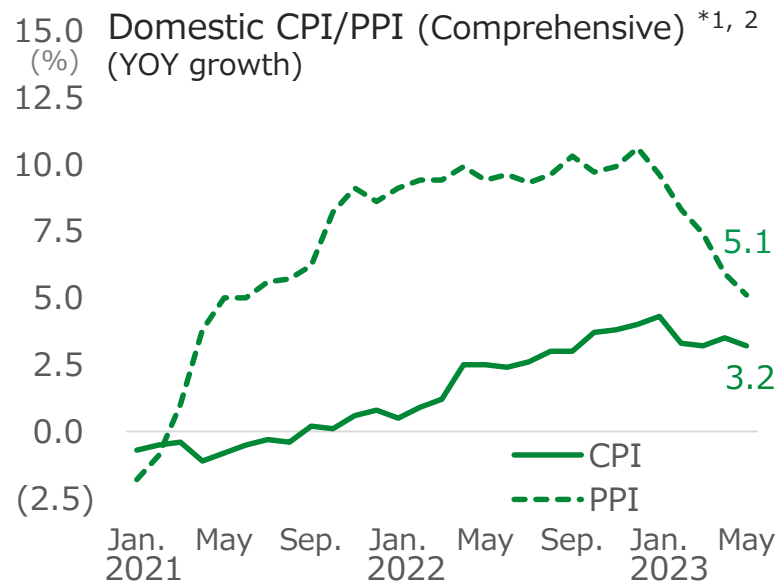


Discussing the Group's strategic priorities, analyzing / evaluating the portfolio structure and strategic alternatives

# Appendix



# External Environment



Source: \*1 e-Stat, \*2 Bank of Japan, \*3 BLS, \*4 EIA

# Consolidated B/S Summary (As of May 31, 2023)

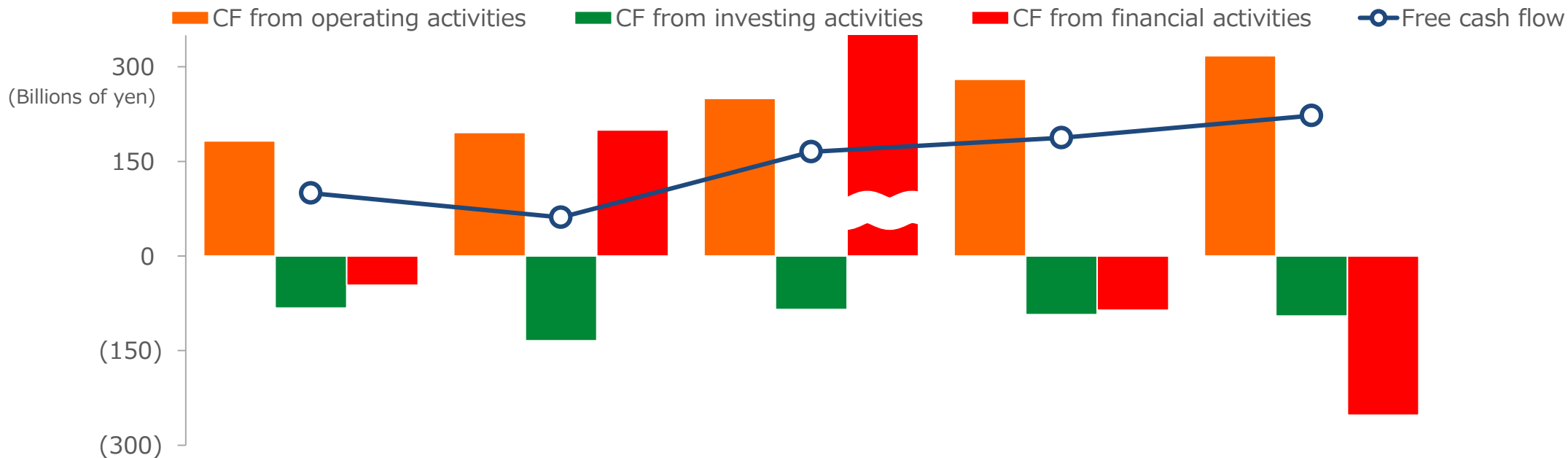
(Billions of yen)

Assets (Main items only)	As of Feb. 28, 2023	As of May 31, 2023	Change
Current assets	3,060.6	3,114.8	+54.1
Cash and bank deposits	1,670.8	1,639.8	(31.0)
Cash and bank deposits at Seven Bank	1,024.3	1,159.0	+134.7
Notes and accounts receivable - trade, and contract assets	422.6	428.8	+6.1
Merchandise and finished goods	280.0	288.9	+8.8
Non-current assets	7,489.1	7,482.6	(6.5)
Property and equipment	4,341.7	4,344.7	+2.9
Buildings and structures, net	1,614.8	1,608.3	(6.4)
Land	1,196.0	1,198.6	+2.6
Right-of-use assets, net	885.6	890.8	+5.1
Intangible assets	2,364.6	2,352.6	(12.0)
Investments and other assets	782.7	785.2	+2.4
Deferred assets	1.1	0.92	(0.18)
<b>Total assets</b>	<b>10,550.9</b>	<b>10,598.3</b>	<b>+47.4</b>

Liabilities and net assets (Main items only)	As of Feb. 28, 2023	As of May 31, 2023	Change
Total liabilities	6,902.7	6,945.4	+42.6
Current liabilities	3,265.0	3,603.8	+338.7
Notes and accounts payable, trade	536.1	555.9	+19.7
Short-term loans	143.5	147.2	+3.6
Current portion of bonds and current portion of long-term loans	501.4	591.0	+89.6
Contract liabilities	211.3	204.5	(6.7)
Deposits received	165.5	257.7	+92.2
Deposits received in banking business	810.1	774.3	(35.8)
Non-current liabilities	3,637.7	3,341.6	(296.0)
Bonds	1,394.7	1,101.9	(292.7)
Long-term loans	936.0	932.8	(3.2)
Lease obligations	834.9	840.8	+5.9
Total net assets	3,648.1	3,652.8	+4.7
<b>Total liabilities and net assets</b>	<b>10,550.9</b>	<b>10,598.3</b>	<b>+47.4</b>



# Q1 Consolidated Statements of Cash Flows



(Billions of yen)	FY2019	FY2020	FY2021	FY2022	FY2023	vs. FY2022
CF from operating activities	182.2	195.5	249.9	280.1	317.6	+37.4
CF from investing activities	(82.5)	(134.4)	(84.8)	(92.8)	(95.1)	(2.2)
Free cash flow	99.6	61.1	165.0	187.3	222.5	+35.1
CF from financing activities	(46.4)	199.7	1,099.4	(86.0)	(252.3)	(166.3)
Cash and cash equivalents at the end of the year	1,364.2	1,614.1	3,562.4	1,527.0	1,645.9	+118.8

# Q1 Special Losses

(Billions of yen)

	FY2022	FY2023	Change	Major factors for change	
<b>Special Losses</b>	7.5	14.4	+6.9		
Loss on disposal of property and equipment	3.0	3.2	+0.23	-	
Impairment loss	1.9	3.5	+1.5	7BK SEJ	[+0.46]: System related [+0.35]: Store related
Loss on transfer of subsidiary	-	4.8	+4.8	7&i	[+4.8]: Expenses related to the transfer of Barneys Japan's shares
Restructuring expenses	0.18	0.43	+0.25	IY	[+0.25]: Increase in stores subject to closure, etc.
Others	2.3	2.2	(0.03)	-	

Note) 7BK: Seven Bank, SEJ: Seven-Eleven Japan, 7&i: Seven & i Holdings (nonconsolidated), IY: Ito-Yokado

# Q1 Impact of Energy Cost Increase

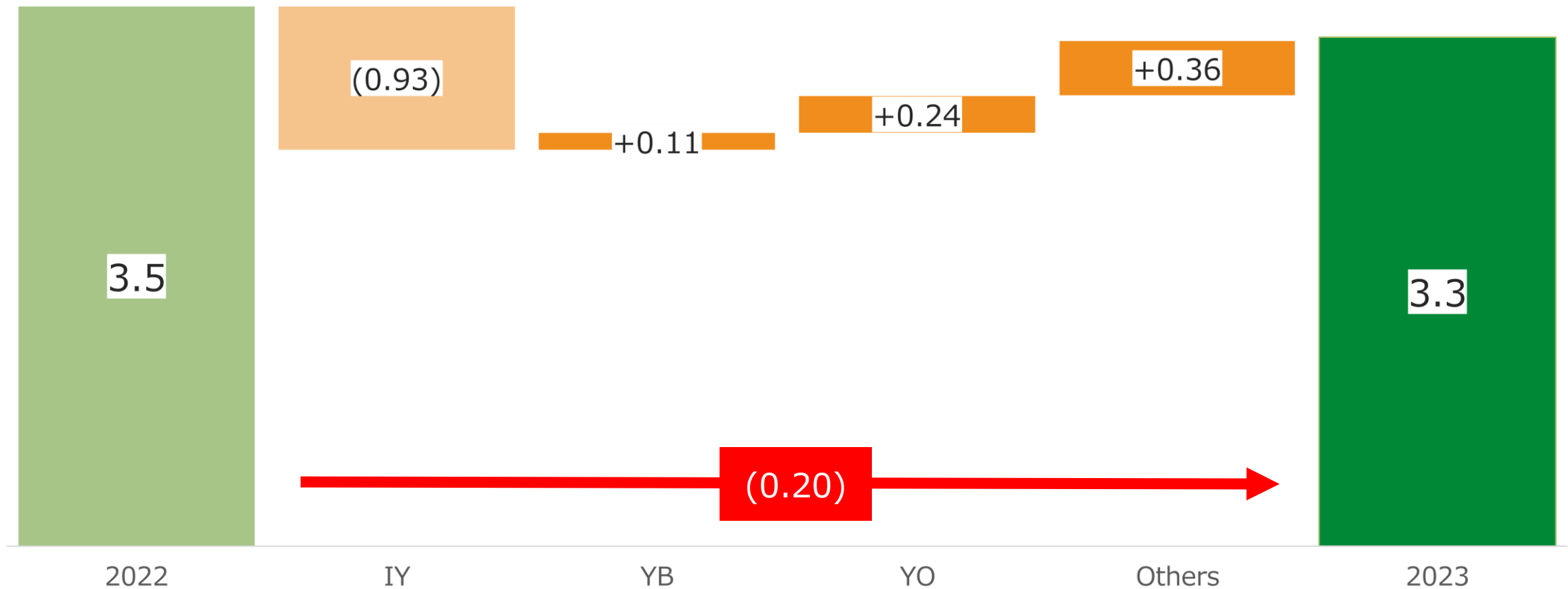
(Billions of yen)

	Operating income		Utility expenses	
		YOY change		YOY change
Seven-Eleven Japan	64.4	+4.8	15.7	+2.3
Ito-Yokado	(0.16)	(0.93)	5.9	+0.89
York-Benimaru	4.5	+0.11	2.5	+0.51
<b>Total</b>	<b>68.8</b>	<b>+4.0</b>	<b>24.1</b>	<b>+3.8</b>
Consolidated [reference]	81.9	(20.3)	45.3	+7.3

# Q1 Superstore Operations – Change in Operating Income



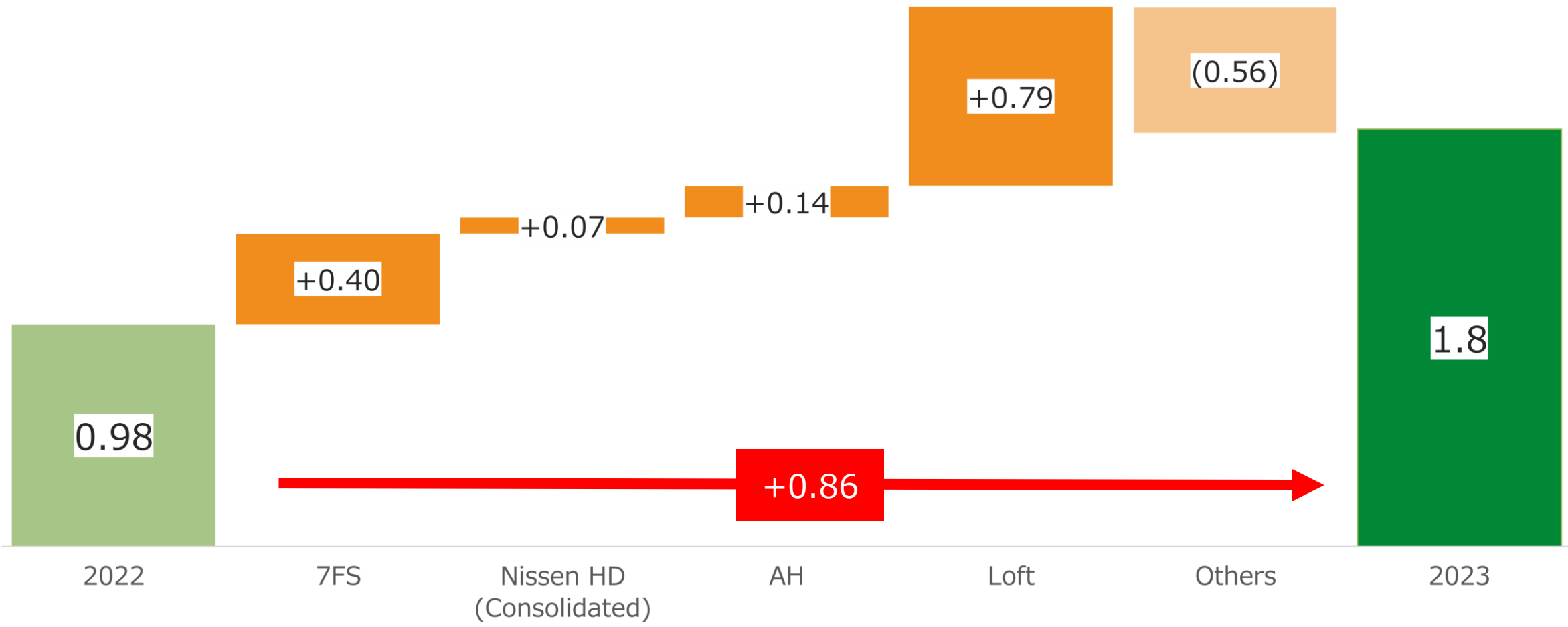
(Billions of yen)



Note) IY: Ito-Yokado, YB: York-Benimaru, YO: York

# Q1 Others – Change in Operating Income

(Billions of yen)



Note) 7FS: Seven & i Food Systems, AH: Akachan Honpo

# Q1 Operating Income of Major Operating Companies



(Billions of yen, %)

	Operating income			Existing store sales growth	Change in merchandise GPM
		YOY	YOY change		
Seven-Eleven Japan	64.4	108.1	+4.8	+4.9	+0.4
7-Eleven, Inc.	47.8	70.4	(20.0)	+4.7	+1.0
[Millions of dollar]	[361]	[61.9]	[(222)]		
Ito-Yokado	(0.16)	-	(0.93)	+1.3 (SC Total)	±0.0
York-Benimaru	4.5	102.7	+0.11	+1.0	(0.2)

Note) Exchange rate: 1USD = 132.42JPY

## Results of Speedway after cycling a year of its acquisition (YOY growth on a dollar basis)

### Merchandise

	(%)		
	Q3	Q4	Q1
Existing store sales	+4.2	+3.2	+4.7
YOY change in GPM	+0.5	+0.7	+1.0
Change in gross profit	+5.0	+5.1	+7.4

### Fuel

	(%)		
	Q3	Q4	Q1
Fuel sales volume per store	(6.4)	(4.1)	+2.4
YOY change in CPG (¢)	+9.1	+6.8	(9.3)
Change in gross profit	+19.6	+13.7	(21.0)

### SG&A·Operating income

	(%)		
	Q3	Q4	Q1
SG&A	+3.5	+1.9	+2.2
Advertising expenses	(51.1)	(66.6)	(28.9)
Salaries and wages	+4.2	+1.3	(0.6)
Land and building rent	+15.7	+14.7	+5.8
Depreciation and amortization	+20.2	+7.1	+4.8
Utility expenses	+16.1	+7.4	+7.7
Others	(6.1)	+0.1	+3.8
<b>Operating income</b>	<b>+27.0</b>	<b>+24.3</b>	<b>(38.1)</b>

## Q1 results

**Merchandise** Sales & GP\$ growing steadily

**Fuel** GP\$ decreased due to a sharp decline in CPG which was partially offset by increase in fuel volume

**SG&A** Continue to manage the increase in SG&A by CLC\* initiatives under inflationary environment

\* Cost Leadership Committee

# Eliminations/Corporate Expenses and Capex for Group Strategy

## Q1 Results

(Billions of yen, %)

	Expenses					Capex				
	Results	YOY change	vs. Plan	Progress	FY2023 plan	Results	YOY Change	vs. Plan	Progress	FY2023 plan
DX, system, security, etc.	(13.6)	(2.1)	+0.01	26.1	(52.3)	3.3	(2.5)	(3.9)	13.2	25.5
Others	(4.5)	(1.4)	+1.8	19.4	(23.2)	3.1	(2.4)	(2.5)	22.8	13.7
Eliminations/corporate (Operating income)	(18.1)	(3.5)	+1.8	24.1	(75.6)	6.5	(5.0)	(6.5)	16.5	39.3



# FY2023 Consolidated Financial Forecasts

## (Announced on April 6, 2023)



	Amount	YOY	(Billions of yen, %) YOY change
Group's total sales	17,418.0	97.6	(424.6)
Revenues from operations	11,154.0	94.4	(657.3)
Operating income	513.0	101.3	+6.4
Ordinary income	480.0	100.9	+4.1
Net income attributable to owners of parent	285.0	101.4	+4.0
EPS (yen)	322.67	101.4	+4.53
EPS before amortization of goodwill (yen)	450.04	101.0	+4.29
EBITDA	1,010.0	101.5	+14.6

Notes) 1. Exchange rate: 1USD = 131.00JPY, 1CNY = 19.00JPY

2. Financial figures do not include the results for the transfer of Sogo & Seibu's shares announced on November 11, 2022

# FY2023 Forecasts by Operating Segment (New Segment) (Announced on April 6, 2023)



(Billions of yen, %)

	Revenues from operations		Operating income		EBITDA	
		YOY/Change		YOY/Change		YOY/Change
Consolidated	11,154.0	94.4 (657.3)	513.0	101.3 +6.4	1,010.0	101.5 +14.6
Domestics CVS operations	922.0	103.6 +31.7	244.0	105.2 +11.9	334.4	105.3 +16.8
Overseas CVS operations	8,182.0	92.5 (664.1)	296.5	102.3 +6.7	601.9	101.8 +10.4
Superstore operations	1,484.0	102.4 +34.8	14.5	117.0 +2.1	55.2	108.5 +4.3
Financial services	208.0	107.1 +13.7	33.5	90.2 (3.6)	68.4	98.1 (1.3)
Others	424.0	86.8 (64.3)	0.10	3.9 (2.4)	6.1	33.8 (11.9)
Eliminations/corporate	(66.0)	- (9.0)	(75.6)	- (8.2)	(56.0)	- (3.6)


Notes) 1. Exchange rate: 1USD = 131.00JPY, 1CNY = 19.00JPY

2. Financial figures do not include the results for the transfer of Sogo & Seibu's shares announced on November 11, 2022

# Promotion of Sustainable Management (1)

Sustainable management efforts are the basis for the “Medium-Term Management Plan 2021 – 2025”  
 Promote group-wide efforts to address climate change

**Environmental Declaration**  
“GREEN CHALLENGE 2050”



—FY2050 target—

**① Reduce CO2 emissions**  
 Target **net zero emissions** through group’s operational management  
 Aim to reduce through whole supply chain including Scope 3

**③ Reduce food waste & food waste recycling**

<b>Food waste volume</b>	<b>75% reduction</b>
<b>Food waste recycling rate</b>	<b>100%</b>

**② Measures against plastic**  
 Includes reduction of overall plastic materials related to sales  
**Containers used for original merchandise 100%** made with Eco-friendly materials  
**No usage of plastic bags**

**④ Sustainable sourcing**  
**Raw materials for original merchandise 100%** sustainability-sourced materials



— Disclosed in June 2020 —  
 \* Revised in March 2022



Taskforce on Nature-related  
 Financial Disclosures

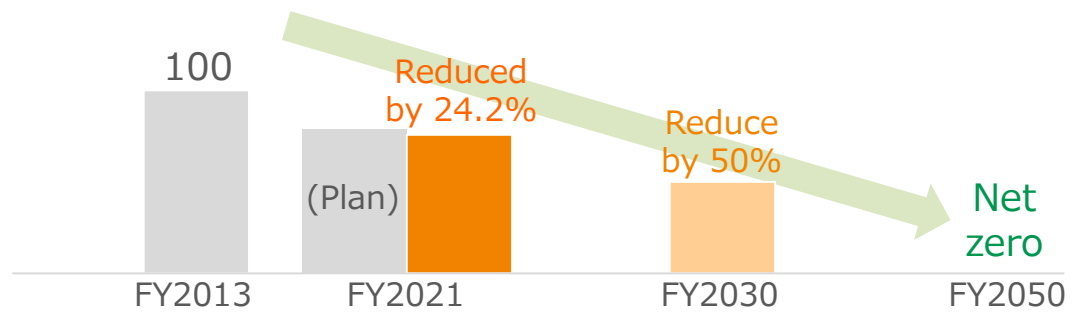
— Preparation in progress —  
 in 2023

**Achieving sustainable society with global perspectives**

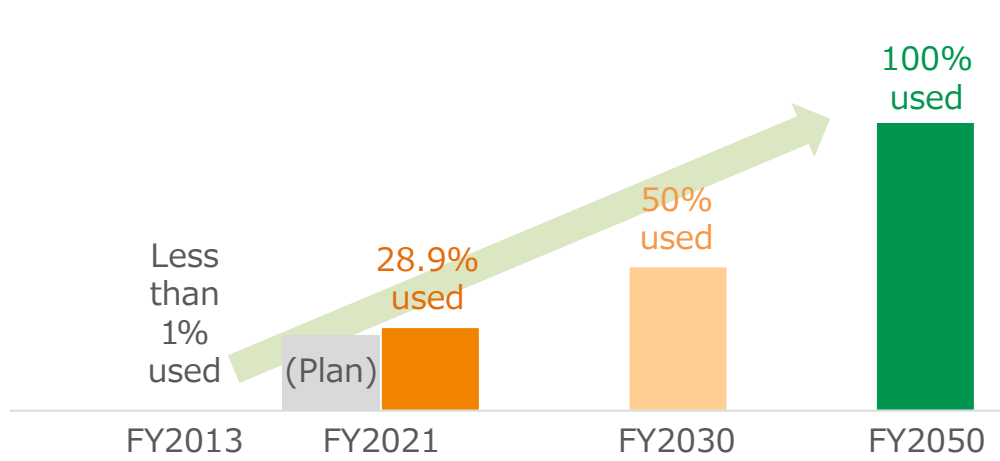
# Promotion of Sustainable Management (2)

Further strengthen efforts to meet the targets of the Environmental Declaration by 2050

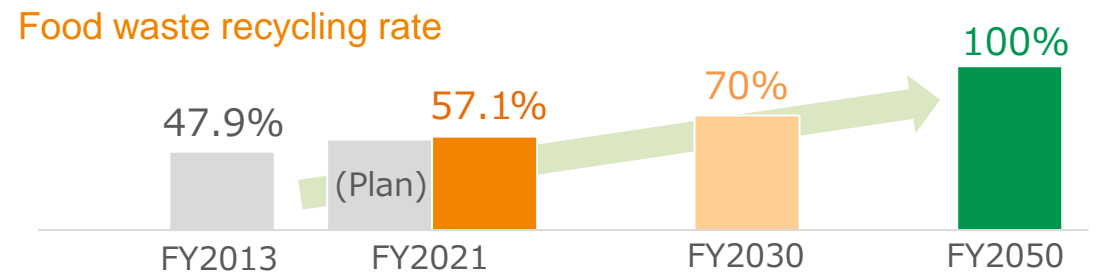
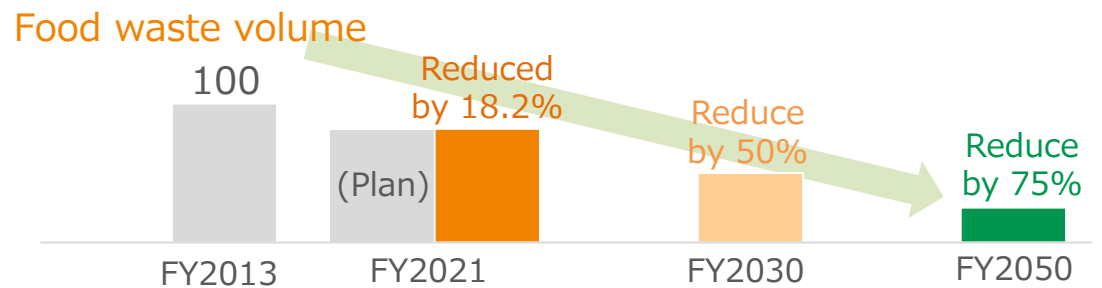
## ① Reduce CO2 emissions



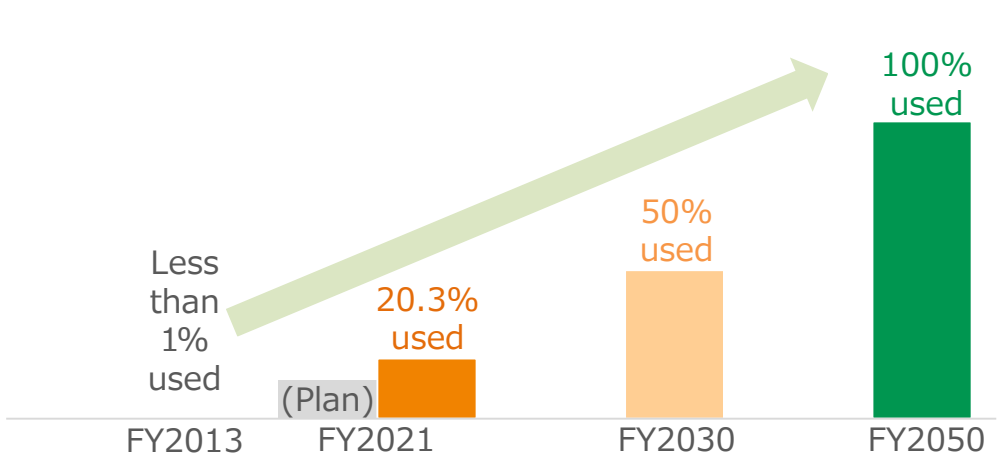
## ② Measures against plastic



## ③ Reduce food waste & food waste recycling



## ④ Sustainable sourcing



Note) Data subject to all domestic operating companies



The information disclosed by the Company may contain forward-looking statements. These statements are based on management's judgment in accordance with materials available to the Company at the time of disclosure, with future projections based on certain assumptions. The forward-looking statements therefore incorporate various risks, estimates, and uncertainties, and as such, actual results and performance may differ from the future outlook included in disclosed information due to various factors, such as changes in business operations and the financial situation going forward.