



Consolidated Financial Results for the Nine Months Ended November 30, 2023

January 11, 2024

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: January 12, 2024

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 Nine Months Ended November 30, 2023

(from March 1, 2023 to November 30, 2023)

(1) Results of operations (cumulative)

(Millions of yen)

	Revenues from Operations		Operating Income		Ordinary Income	
Nine Months Ended November 30, 2023	8,580,207	(2.8) %	410,019	3.8 %	388,239	4.9 %
Nine Months Ended November 30, 2022	8,823,781	43.5 %	394,873	30.4 %	370,264	31.2 %
	Net Income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Nine Months Ended November 30, 2023	182,162	(22.4) %	206.23	(yen)	206.23	(yen)
Nine Months Ended November 30, 2022	234,708	34.2 %	265.75	(yen)	265.75	(yen)

(Notes) 1. Comprehensive income:

Nine Months Ended November 30, 2023: 507,449 million yen [(31.8) %]

Nine Months Ended November 30, 2022: 744,053 million yen [128.2%]

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:

Nine Months Ended November 30, 2023: 13,344,629 million yen

Nine Months Ended November 30, 2022: 13,332,202 million yen

EBITDA:

Nine Months Ended November 30, 2023: 796,280 million yen

Nine Months Ended November 30, 2022: 755,490 million yen

EPS before amortization of goodwill:

Nine Months Ended November 30, 2023: 306.30 yen

Nine Months Ended November 30, 2022: 359.21 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 November 30, 2023	11,093,844	4,036,547	34.7 %	4,361.31 (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 November 30, 2023: 3,852,505 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	-	56.50	-		
Year Ending February 29, 2024 (forecast)				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
Entire Year	11,482,000 (2.8)%	525,000 3.6%	490,000 3.0%	230,000 (18.1)%	260.59 (yen)

(Notes) Revision of business results forecast during the current quarterly period: Yes

The Company resolved to acquire its own shares at the meeting of the Board of Directors held on November 30, 2023. The estimated impact of acquisition of own shares and cancellation of treasury stock are taken into account in regards to 'EPS' and 'EPS before amortization of goodwill' in the forecast for fiscal year ending February 29, 2024.

(Reference) Group's total sales: 17,813,000 million yen

EBITDA: 1,044,700 million yen

EPS before amortization of goodwill: 396.21 yen

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specific subsidiaries accompanying change in scope of consolidation): Yes
Added: None Excluded: One company (Sogo & Seibu Co., Ltd.)
- (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 November 30, 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 November 30, 2023: 3,105,329 shares As of February 28, 2023: 3,217,271 shares
 3. Average number of shares during the period (Cumulative quarterly consolidated period)
As of November 30, 2023: 883,289,367 shares As of November 30, 2022: 883,177,403 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

Contents

1. Qualitative Information on Results for the Nine Months Ended November 30, 2023	
(1) Qualitative information on consolidated results	2
(2) Qualitative information on consolidated financial position	7
(3) Qualitative information on forecasts	8
2. Related to Summary Information (Others)	
(1) Changes in significant subsidiaries during the period	10
(2) Application of specific accounting for preparing the quarterly consolidated financial statements	10
(3) Changes in accounting policies, accounting estimates or restatements	10
(4) Supplementary information	10
3. Consolidated Quarterly Financial Statements	
(1) Consolidated quarterly balance sheets	13
(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income	15
(3) Consolidated quarterly statements of cash flows	17
(4) Doubts on the premise of going concern	19
(5) Change in scope of consolidation or equity method application	19
(6) Notes to consolidated quarterly statements of income	19
(7) Notes to consolidated quarterly statements of cash flows	19
(8) Segment information	20
(9) Business Combination	22
(10) Notes on significant changes in the amount of shareholders' equity	23
(11) Subsequent event	23

1. Qualitative Information on Results for the Nine Months Ended November 30, 2023

(1) Qualitative information on consolidated results

I. Overview

In the nine months ended November 30, 2023, the Japanese economy showed signs of improvement in consumer spending due to the normalization of economic activity as further progress was made on the easing of activity restrictions, including reclassification of COVID-19's category to Class 5 under the Act on the Prevention of Infectious Diseases and Medical Care for Patients with Infectious Diseases.

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. Consumer spending habits have become more defensive, partly owing to a decline in personal savings.

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 nine months ended November 30, 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)

	Nine months ended November 30, 2022		Nine months ended November 30, 2023	
		YOY		YOY
Revenues from operations	8,823,781	143.5%	8,580,207	97.2%
Operating income	394,873	130.4%	410,019	103.8%
Ordinary income	370,264	131.2%	388,239	104.9%
Net income attributable to owners of parent	234,708	134.2%	182,162	77.6%

Exchange rates	U.S.\$1 = ¥128.30	U.S.\$1 = ¥138.24
	1yuan = ¥19.38	1yuan = ¥19.62

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 ¥13,344,629 million (100.1% year on year). For the nine months ended November 30, 2023, revenues from operations and operating income increased by ¥456.8 billion, and ¥16.4 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 nine months ended November 30, 2022 in the table below have been revised to reflect the new classification.

(Revenues from operations by operating segment)

(Millions of yen)

	Nine months ended November 30, 2022		Nine months ended November 30, 2023	
		YOY		YOY
Domestic convenience store operations	671,602	-	700,065	104.2%
Overseas convenience store operations	6,628,271	-	6,357,719	95.9%
Superstore operations	1,064,876	-	1,086,301	102.0%
Financial services	145,700	-	155,799	106.9%
Others	355,204	-	326,591	91.9%
Total	8,865,655	-	8,626,477	97.3%
Adjustments (Eliminations/corporate)	(41,874)	-	(46,269)	-
Consolidated Total	8,823,781	143.5%	8,580,207	97.2%

(Operating income by operating segment)

(Millions of yen)

	Nine months ended November 30, 2022		Nine months ended November 30, 2023	
		YOY		YOY
Domestic convenience store operations	185,345	-	199,004	107.4%
Overseas convenience store operations	227,539	-	231,287	101.6%
Superstore operations	1,417	-	2,405	169.7%
Financial services	29,952	-	29,020	96.9%
Others	(1,105)	-	2,497	-
Total	443,149	-	464,215	104.8%
Adjustments (Eliminations/corporate)	(48,276)	-	(54,195)	-
Consolidated Total	394,873	130.4%	410,019	103.8%

Domestic convenience store operations

In Domestic convenience store operations, revenues from operations amounted to ¥700,065 million (104.2% year on year), and operating income amounted to ¥199,004 million (107.4% 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 in order 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. These measures include establishing a system to increase the number of stores handling the service. Further, SEJ launched the "7NOW App" on September 5, 2023.

In the nine months ended November 30, 2023, we benefited from the success of various measures such as proactively conducting limited-time sales promotions, setting themes based on region, menu,

etc., and offering 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 brought on by the resumption of special exhibitions and events in each region and favorable weather, while some concerns still remained about the COVID-19 pandemic. As a result, existing store sales increased year on year. Moreover, operating income was ¥199,703 million (107.6% year on year). Total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥4,050,296 million (104.3% year on year).

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 ¥6,357,719 million (95.9% year on year), and operating income amounted to ¥231,287 million (101.6% year on year).

In North America, 7-Eleven, Inc. (“SEI”) faced a tough consumer spending environment due to an economic stimulus package during COVID-19 having ended, in addition to ongoing concerns about the economy slowing in connection with inflation and monetary tightening. Nevertheless, SEI worked to address the needs of customers seeking value, strengthen the development and sales of high-quality, high-margin proprietary products (fresh food items, proprietary beverages, and private brand products), bolster “7NOW” delivery service initiatives, and enhance customer loyalty through the use of digital technology. Also, SEI started operations at its Virginia plant on September 11, 2023 as part of steps to strengthen the development of high-quality fresh food items by building a value chain in North America.

As a result, in the nine months ended November 30, 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 ¥7,614,299 million (97.7% year on year) due to lower gasoline prices and lower sales volume, despite growth in merchandise sales. Meanwhile, operating income amounted to ¥313,632 million (102.6% year on year) due to factors such as improvement in the merchandise gross profit margin and impact from yen depreciation.

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 the Vietnam business, and announced in November 2023 the acquisition of the Australian company Convenience Group Holdings Pty Ltd (SEA). And for new countries, the first store was opened in Israel in January 2023 and in Laos in September 2023. As a result, 7-Eleven has the stores in 20 countries and regions worldwide.

Superstore operations

In Superstore operations, revenues from operations amounted to ¥1,086,301 million (102.0% year on year), and operating income amounted to ¥2,405 million (169.7% year on year).

Ito-Yokado Co., Ltd. is implementing growth initiatives and fundamental reforms to improve profitability. As part of those efforts, Ito-Yokado Co., Ltd. and York Co., Ltd. completed a merger on September 1, 2023 with Ito-Yokado Co., Ltd. being the surviving company and York Co., Ltd. being the

dissolved company. By maximizing both companies' synergies and operational efficiencies, we are working to strengthen sales capabilities, reduce SG&A expenses, and improve productivity. In addition, we are making strategic investments in infrastructure such as process centers and online supermarkets.

In the nine months ended November 30, 2023, sales rose year on year accompanying the merger with York Co., Ltd. However, the operating loss amounted to ¥7,031 million (operating loss of ¥5,617 million for the same period of the previous fiscal year), mainly owing to higher costs associated with strategic investments in infrastructure.

For York-Benimaru Co., Ltd., we are furthering initiatives to revitalize existing stores, enhance development and sales of delicatessen merchandise in order to realize its concept of "making the daily meals of customers in local areas more enjoyable, plentiful, and convenient." In the nine months ended November 30, 2023, existing store sales 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, in addition to a recovery in customer traffic. As a result, York-Benimaru's operating income amounted to ¥12,721 million (106.0% year on year), despite an increase in SG&A expenses such as new store-related costs and personnel costs. 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.

Financial services

In Financial services, revenues from operations amounted to ¥155,799 million (106.9% year on year), and operating income amounted to ¥29,020 million (96.9% year on year).

As of November 30, 2023, the number of domestic ATMs operated by Seven Bank, Ltd. stood at 27,232, up 343 from the previous fiscal year-end. The average number of transactions per day per ATM amounted to 104.5 (up 4.1 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 nine months ended November 30, 2023 increased year on year. As of November 30, 2023, Seven Bank had cash and deposits (including cash for ATM loading) of ¥930.1 billion.

In addition, on July 1, 2023, we transferred 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 ¥326,591 million (91.9% year on year), and operating income amounted to ¥2,497 million (operating loss of ¥1,105 million for the same period of the previous fiscal year).

Income grew mainly owing to the strong performance by operating companies, including by THE LOFT CO., LTD., which accompanied a recovery in customer traffic, despite a decrease in revenue due to the impact of factors such as the transfer of shares of Sogo & Seibu Co., Ltd.

Adjustments (eliminations/corporate)

The operating loss from adjustments totaled ¥54,195 million (operating loss of ¥48,276 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 Last Mile DX Platform supporting the “7NOW” delivery service and Ito-Yokado’s *Net Supermarket* (online supermarket) 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	November 30, 2023	Change
Total assets	10,550,956	11,093,844	542,888
Total liabilities	6,902,794	7,057,296	154,502
Net assets	3,648,161	4,036,547	388,385

Exchange rates	U.S.\$1 = ¥132.70	U.S.\$1 = ¥149.58
	1yuan = ¥19.01	1yuan = ¥20.46

Total assets amounted to ¥11,093,844 million, up ¥542,888 million from the previous fiscal year-end. Current assets increased ¥225,223 million from the previous fiscal year-end, mainly due to an increase in notes and accounts receivable - trade, and contract assets. Non-current assets increased ¥317,592 million, mainly due to an increase in goodwill resulting from foreign currency translation.

Total liabilities increased ¥154,502 million from the previous fiscal year-end to ¥7,057,296 million, mainly due to an increase in lease obligations from foreign currency translation.

Net assets increased ¥388,385 million from the previous fiscal year-end to ¥4,036,547 million, mainly due to an increase in foreign currency translation adjustments.

II. Cash flows

(Consolidated cash flows)

(Millions of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023	Change
Cash flows from operating activities	581,568	486,114	(95,453)
Cash flows from investing activities	(295,019)	(293,796)	1,222
Cash flows from financing activities	(238,669)	(163,920)	74,749
Cash and cash equivalents at end of the period	1,516,095	1,741,857	225,761

Net cash provided by operating activities amounted to ¥486,114 million. This was mainly due to income before income taxes of ¥221,905 million.

Net cash used in investing activities amounted to ¥293,796 million, mainly due to acquisition of property and equipment.

Net cash used in financing activities amounted to ¥163,920 million, mainly due to redemption of bonds. As a result of the above, cash and cash equivalents at end of the period totaled ¥1,741,857 million.

(3) Qualitative information on forecasts

The forecasts for the fiscal year ending February 29, 2024 has been revised from those announced on October 12, 2023.

(Millions of yen)

	Year ending February 29, 2024					
	Previous forecasts	Newly revised forecasts	YOY	YOY change (amount)	Change from the previous forecasts	Change from the previous forecasts
Revenues from operations	11,432,000	11,482,000	97.2%	(329,303)	50,000	0.4%
Operating income	525,000	525,000	103.6%	18,478	-	-
Ordinary income	490,000	490,000	103.0%	14,112	-	-
Net income attributable to owners of parent	230,000	230,000	81.9%	(50,976)	-	-
Net Income per Share (yen)	260.39	260.59	81.9%	(57.55)	0.20	0.1%

* Reasons for Revision: Mainly reflects the effect of changing the exchange rate from U.S.\$1=¥137.00 to ¥140.60

* Assumed exchange rates: U.S.\$1 = ¥140.60 (before revision: U.S. \$1 = ¥137.00); 1 yuan = ¥19.80 (before revision: 1 yuan = ¥19.00)

* Group's total sales forecasts including sales of franchisees of SEVEN-ELEVEN JAPAN CO., LTD., SEVEN-ELEVEN OKINAWA Co., Ltd., and 7-Eleven, Inc.: ¥17,813,000 million

(Revenues from operations by operating segment)

(Millions of yen)

	Year ending February 29, 2024					
	Previous forecasts	Newly revised forecasts	YOY	YOY change (amount)	Change from the previous forecasts	Change from the previous forecasts
Domestic convenience store operations	937,000	937,000	105.2%	46,706	-	-
Overseas convenience store operations	8,445,000	8,525,000	96.4%	(321,163)	80,000	0.9%
Superstore operations	1,484,000	1,467,000	101.2%	17,834	(17,000)	(1.1)%
Financial services	208,000	208,000	107.1%	13,704	-	-
Others	424,000	408,000	83.6%	(80,304)	(16,000)	(3.8)%
Total	11,498,000	11,545,000	97.3%	(323,223)	47,000	0.4%
Adjustments (Eliminations/corporate)	(66,000)	(63,000)	-	(6,079)	3,000	-
Consolidated Total	11,432,000	11,482,000	97.2%	(329,303)	50,000	0.4%

(Operating income by operating segment)

(Millions of yen)

	Year ending February 29, 2024					
	Previous forecastts	Newly revised forecasts	YOY	YOY change (amount)	Change from the previous forecasts	Change from the previous forecasts
Domestic convenience store operations	244,000	250,000	107.7%	17,966	6,000	2.5%
Overseas convenience store operations	310,000	301,000	103.9%	11,296	(9,000)	(2.9)%
Superstore operations	14,500	14,500	117.0%	2,104	-	-
Financial services	33,500	33,500	90.2%	(3,640)	-	-
Others	100	100	3.9%	(2,493)	-	-
Total	602,100	599,100	104.4%	25,234	(3,000)	(0.5)%
Adjustments (Eliminations/corporate)	(77,100)	(74,100)	-	(6,755)	3,000	-
Consolidated Total	525,000	525,000	103.6%	18,478	-	-

2. Related to Summary Information (Others)

(1) Changes in significant subsidiaries during the period:

During the third quarter of the fiscal year ending February 29, 2024, the Company transferred all of the issued shares of Sogo & Seibu Co., Ltd., which has been excluded from the scope of consolidation.

(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

(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.

(Entrustment of additional trust funds pertaining to continuation of the Stock-Based Compensation System for Directors and executive officers of the Company and its subsidiaries)

In the fiscal year ended February 28, 2020, the Company introduced a stock-based compensation system, the "Board Incentive Plan Trust" and the "ESOP Trust for Granting Stock" for its directors and executive officers (excluding Outside Directors) and the directors and executive officers (excluding Outside Directors) of the subsidiaries designated by the Company. The Company decided to the effect in July 2023 to continue the Performance-Linked Stock Compensation System.

Additionally, the Company resolved at a meeting of the Board of Directors held on November 30, 2023 to entrust additional trust funds pertaining to continuation of the system.

(Acquisition of own shares)

The Company resolved, at a meeting of the Board of Directors held on November 30, 2023, to acquire its own shares under Article 156 which is applicable in accordance with Article 165, paragraph 3 of the Companies Act.

The Company plans to fully cancel the treasury stock acquired related this release, and for the treasury stock acquired during the fiscal year ending February 29, 2024, plan to cancel within the same fiscal year.

I. Reasons for the acquisition of own shares

We have established the fundamental policy of profit distribution to ensure a profit allocation that corresponds to profit improvement. Furthermore, in our medium-term management plan, we aim to achieve a total return ratio of 50% or more (cumulative).

Under these policies, taking into consideration the maintenance of financial soundness and investment flexibility for the growth of our group in the future, we have decided to implement the acquisition of our own shares.

II. Contents of acquisition

(i) Class of shares to be acquired: Common stock of the Company

(ii) Total number of shares to be acquired: 25,000,000 shares (maximum)

(The percentage compared to the total number of shares outstanding (excluding treasury stock) : 2.83%)

(iii) Aggregate amount of acquisition cost: ¥110,000,000,000 (maximum)

(iv) Method of repurchase: Acquisitions on the Tokyo Stock Exchange

(v) Period of acquisition: From December 1, 2023 to May 31, 2024

※After the effective date of the share split (on March 1, 2024), the total number of shares that can be acquired will be 75,000,000 shares.

(Reference)

The status of treasury stock as of November 30, 2023:

Total number of shares outstanding (excluding treasury stock): 884,603,875 shares

Number of treasury stock: 1,838,108 shares

※The shares held by the BIP and ESOP Trust are excluded in the above number of treasury stock

(Share split and related amendment to articles of incorporation)

The Company resolved, at a meeting of the Board of Directors held on November 30, 2023, to conduct share split and related amendment to articles of incorporation as described below.

I. Purpose of share split

The objective of the share split is to lower the minimum investment price per unit that will create a more accessible investment environment for investors, including individual investors, and to improve the liquidity of our company's stock.

II. Overview of share split

(i) Method of share split

The Company shall conduct a share split into 3 shares for every one common share held by shareholders recorded on the final shareholder register on February 29, 2024.

(ii) Number of shares to be increased by share split

(a) Total number of issued shares before the share split	886,441,983 shares
(b) Number of shares to be increased by this share split	1,772,883,966 shares
(c) Total number of issued shares after the share split	2,659,325,949 shares
(d) Total number of shares authorized to be issued after the share split	10,000,000,000 shares

III. Amendment to articles of Incorporation

(i) Reason for the Amendment

In connection with the share split described above, Company will amend the total number of authorized shares described in Article 6 of its Articles of Incorporation with an effective date of March 1, 2024, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act of Japan.

(ii) Content of the Amendment

The details of the amendment are as follows: (Underlined sections indicate proposed amendments)

Pre-Share Split Articles of Incorporation	Proposed Amendment
Article 6. (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>4,500,000,000</u> shares.	Article 6. (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>10,000,000,000</u> shares.

IV. Amendment to Articles of Incorporation

(i) Date of public notice of the record date	February 15, 2024 (scheduled)
(ii) Record date	February 29, 2024 (scheduled)
(iii) Date of amendment to the articles of incorporation Effective date	March 1, 2024 (scheduled)

V. Impact for information of per share

The information of per share, in case that share split was conducted at the beginning of the fiscal year ended February 29, 2023, is below.

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Net income per share	88.58 (yen)	68.74 (yen)
Diluted net income per share	88.58 (yen)	68.74 (yen)

VI. Others

(i) There will be no change in the amount of stated capital as a result of the share split.

(ii) The dividend for the fiscal year ending in February 2024 will be applicable to the shares before the share split since the effective date of the share split is set for March 1, 2024.

(iii) The Company considers acquisition of own shares and cancellation of treasury stock, and the number of shares to be increased by the share split is subject to change as stated in " II . Overview of share split".

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	February 28, 2023	November 30, 2023
	Amount	Amount
ASSETS		
Current assets	3,060,653	3,285,877
Cash and bank deposits	1,670,872	1,739,434
Call loan	23,000	-
Notes and accounts receivable - trade, and contract assets	422,635	511,488
Trade accounts receivable - financial services	93,490	100,103
Merchandise and finished goods	280,044	323,616
Work in process	119	45
Raw materials and supplies	2,216	2,189
Prepaid expenses	78,588	91,717
ATM-related temporary payments	102,755	95,571
Other	397,288	435,182
Allowance for doubtful accounts	(10,356)	(13,470)
Non-current assets	7,489,195	7,806,788
Property and equipment	4,341,750	4,500,459
Buildings and structures, net	1,614,830	1,649,980
Furniture, fixtures and equipment, net	463,518	505,524
Land	1,196,007	1,144,443
Lease assets, net	6,264	3,930
Right-of-use assets, net	885,645	1,016,690
Construction in progress	156,842	159,565
Other, net	18,640	20,324
Intangible assets	2,364,673	2,492,826
Goodwill	1,913,017	2,068,102
Software	265,638	295,036
Other	186,016	129,687
Investments and other assets	782,772	813,501
Investments in securities	243,215	271,672
Long-term loans receivable	14,903	14,992
Long-term leasehold deposits	321,945	279,067
Advances for store construction	770	75
Net defined benefit asset	87,088	90,565
Deferred income taxes	57,186	96,984
Other	60,627	62,582
Allowance for doubtful accounts	(2,965)	(2,438)
Deferred assets	1,106	1,178
Business commencement expenses	773	338
Bond issuance cost	332	839
TOTAL ASSETS	10,550,956	11,093,844

(Millions of yen)

	February 28, 2023	November 30, 2023
	Amount	Amount
LIABILITIES		
Current liabilities	3,265,089	3,300,099
Notes and accounts payable, trade	536,173	592,521
Short-term loans	143,568	84,013
Current portion of bonds	355,823	486,282
Current portion of long-term loans	145,605	142,755
Income taxes payable	25,549	9,930
Accrued expenses	276,771	301,314
Contract liabilities	211,356	199,488
Deposits received	165,501	135,538
ATM-related temporary advances	61,772	56,728
Lease obligations	121,472	140,279
Allowance for related loss on transfer of department store	-	29,405
Allowance for sales promotion expenses	1,104	847
Allowance for bonuses to employees	14,389	4,292
Allowance for bonuses to Directors and Audit & Supervisory Board Members	483	285
Deposits received in banking business	810,139	792,282
Call money	110,000	60,000
Other	285,377	264,133
Non-current liabilities	3,637,704	3,757,196
Bonds	1,394,728	1,417,062
Long-term loans	936,070	863,171
Deferred income taxes	184,242	238,100
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	526	425
Allowance for stock payments	4,555	4,325
Net defined benefit liability	13,584	13,809
Deposits received from tenants and franchised stores	50,322	45,593
Lease obligations	834,913	955,552
Asset retirement obligations	155,137	157,763
Other	63,623	61,394
TOTAL LIABILITIES	6,902,794	7,057,296
NET ASSETS		
Shareholders' equity	2,981,545	3,046,214
Common stock	50,000	50,000
Capital surplus	408,926	397,206
Retained earnings	2,532,491	2,608,459
Treasury stock, at cost	(9,873)	(9,451)
Total accumulated other comprehensive income	493,001	806,290
Unrealized gains (losses) on available-for-sale securities, net of taxes	34,823	43,224
Unrealized gains (losses) on hedging derivatives, net of taxes	4,799	5,147
Foreign currency translation adjustments	444,478	750,686
Remeasurements of defined benefit plans	8,899	7,232
Subscription rights to shares	49	53
Non-controlling interests	173,565	183,989
TOTAL NET ASSETS	3,648,161	4,036,547
TOTAL LIABILITIES AND NET ASSETS	10,550,956	11,093,844

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

Consolidated quarterly statements of income

(Millions of yen)

	Nine Months Ended November 30, 2022	Nine Months Ended November 30, 2023
	Amount	Amount
Revenues from operations	8,823,781	8,580,207
Net sales	7,665,598	7,348,772
Cost of sales	6,375,866	6,018,149
Gross profit on sales	1,289,731	1,330,623
Operating revenues	1,158,183	1,231,435
Gross profit from operations	2,447,915	2,562,058
Selling, general and administrative expenses	2,053,042	2,152,039
Operating income	394,873	410,019
Non-operating income	8,192	15,768
Interest income	2,982	7,997
Equity in earnings of affiliates	2,271	3,067
Other	2,938	4,702
Non-operating expenses	32,801	37,548
Interest expenses	10,381	16,201
Interest on bonds	15,184	15,269
Other	7,235	6,077
Ordinary income	370,264	388,239
Special gains	10,253	11,253
Gain on sales of property and equipment	7,883	6,931
Gain on sales of investments in securities	268	2,853
Other	2,101	1,468
Special losses	42,729	177,586
Loss on disposals of property and equipment	10,161	10,198
Impairment loss	17,563	17,993
Loss on transfer of department store	-	132,241
Loss on transfer of subsidiary	-	4,866
Restructuring expenses	576	1,468
Other	14,427	10,817
Income before income taxes	337,788	221,905
Total Income taxes	94,320	30,370
Income taxes - current	60,526	43,491
Income taxes - deferred	33,793	(13,120)
Net income	243,468	191,535
Net income attributable to non-controlling interests	8,759	9,373
Net income attributable to owners of parent	234,708	182,162

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Nine Months Ended November 30, 2022	Nine Months Ended November 30, 2023
	Amount	Amount
Net income	243,468	191,535
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	(1,476)	8,461
Unrealized gains (losses) on hedging derivatives, net of taxes	1,083	344
Foreign currency translation adjustments	503,311	308,815
Remeasurements of defined benefit plans, net of taxes	(2,586)	(1,602)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	252	(103)
Total other comprehensive income (loss)	500,584	315,913
Comprehensive income (loss)	744,053	507,449
Comprehensive income (loss) attributable to owners of parent	732,386	495,450
Comprehensive income (loss) attributable to non-controlling interests	11,666	11,998

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Nine Months Ended November 30, 2022	Nine Months Ended November 30, 2023
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	337,788	221,905
Depreciation and amortization	278,077	297,868
Impairment loss	17,672	18,518
Amortization of goodwill	82,539	88,392
Interest income	(2,982)	(7,997)
Interest expenses and interest on bonds	25,565	31,470
Equity in losses (earnings) of affiliates	(2,271)	(3,067)
Gain on sales of property and equipment	(7,883)	(6,931)
Loss on disposals of property and equipment	10,233	10,198
Loss on transfer of department store	-	132,241
Loss on transfer of subsidiary	-	4,866
Loss (gain) on sales of investments in securities	(268)	(2,853)
Decrease (increase) in notes and accounts receivable, trade	(69,862)	(86,141)
Decrease (increase) in trade accounts receivable, financial services	(549)	(6,612)
Decrease (increase) in inventories	(28,399)	(33,363)
Increase (decrease) in notes and accounts payable, trade	83,041	55,231
Increase (decrease) in deposits received	(61,249)	(28,613)
Net increase (decrease) in bonds in banking business	-	(20,000)
Net increase (decrease) in deposits received in banking business	(15,589)	(17,857)
Net decrease (increase) in call loan in banking business	(12,000)	23,000
Net increase (decrease) in call money in banking business	5,000	(50,000)
Net decrease (increase) in ATM-related temporary Accounts	(6,040)	2,419
Other	35,593	(49,450)
Subtotal	668,415	573,222
Interest and dividends received	2,998	8,380
Interest paid	(30,337)	(35,310)
Insurance income received	-	1,071
Income taxes paid	(75,075)	(80,124)
Income taxes refund	15,567	18,874
Net cash provided by operating activities	581,568	486,114
Cash flows from investing activities		
Acquisition of property and equipment	(216,433)	(231,574)
Proceeds from sales of property and equipment	17,072	17,620
Acquisition of intangible assets	(80,812)	(90,422)
Payment for purchase of investments in securities	(36,955)	(36,999)
Proceeds from sales of investments in securities	22,192	26,421
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation	(459)	(776)
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation	938	36,036
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	-	(2,687)
Payment for long-term leasehold deposits	(8,648)	(11,037)
Refund of long-term leasehold deposits	15,781	13,802
Proceeds from deposits from tenants	2,035	1,625
Refund of deposits from tenants	(1,991)	(1,411)
Payment for acquisition of business	(218)	-
Payment for time deposits	(2,178)	(6,738)
Proceeds from withdrawal of time deposits	1,723	3,324
Other	(7,066)	(10,979)
Net cash used in investing activities	(295,019)	(293,796)

(Millions of yen)

	Nine Months Ended	Nine Months Ended
	November 30, 2022	November 30, 2023
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans	691	11,134
Proceeds from long-term debts	154,266	45,700
Repayment of long-term debts	(223,856)	(122,888)
Proceeds from issuance of bonds	-	220,000
Payment for redemption of bonds	(60,000)	(192,800)
Proceeds from share issuance to non-controlling shareholders	-	2,368
Purchase of treasury stock	(10)	(11)
Dividends paid	(89,481)	(105,900)
Dividends paid to non-controlling interests	(4,320)	(4,051)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(969)	(1,396)
Other	(14,988)	(16,073)
Net cash used in financing activities	(238,669)	(163,920)
Effect of exchange rate changes on cash and cash equivalents	53,325	38,672
Net increase (decrease) in cash and cash equivalents	101,205	67,070
Cash and cash equivalents at beginning of period	1,414,890	1,674,787
Cash and cash equivalents at end of period	1,516,095	1,741,857

(4) Doubts on the premise of going concern

None

(5) Change in scope of consolidation or equity method application

(Significant change in the scope of consolidation)

During the third quarter of the fiscal year ending February 29, 2024, the Company transferred all of the issued shares of Sogo & Seibu Co., Ltd.. As a result, the Sogo & Seibu Co., Ltd., and its subsidiaries* have been excluded from the scope of consolidation.

*IKEBUKURO SHOPPING PARK CO., LTD., GOTTSUOBIN CO., LTD., Yatsugatake Kogen Lodge Co., Ltd., DISTRICT HEATING AND COOLING CHIBA CO., LTD., and Sogo Co., Ltd.

(6) Notes to consolidated quarterly statements of income

A breakdown of restructuring expenses is as follows:

(Millions of yen)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Impairment loss	109	524
Early retirement benefit	105	56
Others	361	887
Total	576	1,468

(7) Notes to consolidated quarterly statements of cash flows

Reconciliation of Cash and cash equivalents as of November 30, 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)

	Nine months ended November 30, 2022	Nine months ended November 30, 2023
Cash and bank deposits	1,511,845	1,739,434
Restricted cash	20,174	21,802
Time deposits with maturities and certificate deposits in excess of three months	(15,924)	(19,378)
Cash and cash equivalents	1,516,095	1,741,857

(8) Segment information

I. Nine months ended November 30, 2022 (From March 1, 2022 to November 30, 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	670,118	6,626,227	1,061,524	123,559	341,968	8,823,399	382	8,823,781
2. Intersegment	1,483	2,043	3,351	22,141	13,236	42,256	(42,256)	-
Total	671,602	6,628,271	1,064,876	145,700	355,204	8,865,655	(41,874)	8,823,781
Segment income (loss)	185,345	227,539	1,417	29,952	(1,105)	443,149	(48,276)	394,873

Notes:

1. 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.
2. The adjustments on segment income (loss) of (48,276) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to operating segments.
3. 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. Nine months ended November 30, 2023 (From March 1, 2023 to November 30, 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	698,425	6,355,653	1,083,171	133,289	309,250	8,579,790	417	8,580,207
2. Intersegment	1,639	2,065	3,130	22,510	17,340	46,686	(46,686)	-
Total	700,065	6,357,719	1,086,301	155,799	326,591	8,626,477	(46,269)	8,580,207
Segment income (loss)	199,004	231,287	2,405	29,020	2,497	464,215	(54,195)	410,019

Notes:

1. 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.
2. The adjustments on segment income (loss) of (54,195) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to operating segments.
3. 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 third quarter ended November 30, 2022 has been reclassified into the new segment classification.

(Reference)

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

Nine months ended November 30, 2022 (From March 1, 2022 to November 30, 2022)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	2,157,762	6,611,580	54,438	8,823,781	–	8,823,781
2. Intersegment	15,349	387	61	15,798	(15,798)	–
Total revenues	2,173,112	6,611,968	54,499	8,839,580	(15,798)	8,823,781
Operating income (loss)	183,662	226,257	(542)	409,377	(14,504)	394,873

Nine months ended November 30, 2023 (From March 1, 2023 to November 30, 2023)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	2,182,514	6,339,967	57,725	8,580,207	–	8,580,207
2. Intersegment	14,412	509	104	15,027	(15,027)	–
Total revenues	2,196,927	6,340,477	57,829	8,595,235	(15,027)	8,580,207
Operating income (loss)	193,807	227,972	1,372	423,152	(13,132)	410,019

Notes:

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

(9) Business Combination

Nine months ended November 30, 2023 (From March 1, 2023 to November 30, 2023)

Business divestiture

(Transfer of subsidiary shares)

The Company entered 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") on November 11, 2022, and the share transfer was completed on September 1, 2023.

As a result, Sogo & Seibu Co., Ltd., and its subsidiaries have been excluded from the scope of consolidation.

*IKEBUKURO SHOPPING PARK CO., LTD., GOTTSUOBIN CO., LTD., Yatsugatake Kogen Lodge Co., Ltd., DISTRICT HEATING AND COOLING CHIBA CO., LTD., and Sogo Co., Ltd.

I. Outline of the business divestiture

(i) Name of the successor entity

Sugi Godo Kaisha

(ii) Description of the divested businesses

Department store business, and operation of shopping centers, large-scale commercial facilities, etc.

(iii) Main objectives of the business divestiture

For the Company, the Transfer is one initiative that aligns with the Group strategy announced on March 9, 2023, and the Company determined that the execution of the Transfer suits the best interest of the Company and its stakeholders including the shareholders.

(iv) Date of the business divestiture

September 1, 2023

(v) Outline of the business divestiture including the legal form thereof

Share transfers for which the consideration to be received is assets such as cash only.

II. Overview of the accounting treatment

(i) Amount of loss on the transfer

¥132,241 million

The loss amount includes other costs related to the business transfer.

Additionally, the amount is tentatively calculated since it fluctuates based on the price adjustment clause and indemnity clause after the closing as per the Agreement.

(ii)Appropriate carrying amounts of assets and liabilities related to the transferred business and major breakdown thereof

Current assets	¥86,711 million
Non-current assets	¥326,331 million
Total assets	¥413,043 million
Current liabilities	¥292,665 million
Non-current liabilities	¥22,654 million
Total liabilities	¥315,320 million

(iii)Accounting treatment

The difference between the sale price and the book value of the transferred shares are included in special losses as “Loss on transfer of department store” along with other related costs.

III. Name of the reporting segment in which the divested business was included in the segment information disclosure

Others

IV. Approximate amount of profit or loss related to the divested business recorded in the consolidated quarterly statements of income for the nine months ended November 30, 2023

Revenues from operations	¥91,959 million
Operating income	¥412 million

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

None

(11) Subsequent event

Business combination by acquisition

The Company resolved to approve the execution of an agreement by and between the Company’s wholly-owned subsidiary and the joint venture of SEVEN-ELEVEN JAPAN CO., LTD. and 7-Eleven, Inc., 7-Eleven International LLC (“7IN”) and Australian Company R.G Withers Nominees Pty Ltd as trustee for R.G Withers Unit Trust, to acquire all shares of Convenience Group Holdings Pty Ltd (“SEA”), a holding company of 7-Eleven Stores Pty Ltd, which operates the convenience store and fuel retail business under the “7-Eleven” brand as a licensee of the Company in Australia via 7IN’s wholly-owned subsidiary, AR BidCo Pty Ltd (the “Transaction”) at a meeting of the Board of Directors held on November 30, 2023, and that 7IN executed the agreement relating to the Transaction as of the same date. The details are as follows.

I . Overview

(i)Name and main business of the acquired company

Name: Convenience Group Holdings Pty Ltd

Details of business: Operation of convenience store business and fuel retail business

(ii) Main reason for the business combination

In the Medium-Term Management Plan 2021-2025, the Company announced its ideal group image for 2030 as well as its corporate creed since its establishment to be a sincere company that earns the trust of all stakeholders, and its basic stance of “We aim to contribute to the local community both in Japan and overseas by providing new experiences and values from the customer’s point of view”. Additionally, based on the Results of the Group Strategy Reevaluation announced in March 2023, the Company adopted “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” as the new ideal group image for 2030.

One of the essential initiatives for realizing the ideal group image for 2030 is the global CVS strategy. 7IN which operates global CVS business outside of Japan and North America aims to have 50,000 stores worldwide (excluding Japan and North America) by FY2025 and to expand to 30 countries/regions by FY2030. In particular, 7IN pursues profit growth by not only new market entry but also strategic investments in existing licensees for maximizing licensee growth potential through business transformation, including strengthening “food”, which has led to remarkable growth of SEI in the U.S. In addition, the Company decided to increase its investment in Vietnam business in February 2023, and is actively considering M&A including strategic investments in licensees to pursue accelerated profit growth in the global CVS business which has significant potential of growth.

SEA's subsidiary, 7-Eleven Stores Pty Ltd, as a licensee of the “7-Eleven” brand, has been operating convenience stores in Australia for many years. 7-Eleven Stores Pty Ltd is currently the largest convenience store retailer in Australia with a leading merchandise offering, targeted product range, and established loyalty program.

The Company and 7IN have a longstanding relationship with SEA and a deep knowledge of the business. By executing the Transaction, the Company intends to achieve the following objectives.

(a) Expansion of store network in Australia

The Australian market is a growing market with a diverse population of young people and immigrants, and the Australian Government expects its population to grow at a CAGR of 1.4% over time until the mid-2060s. SEA operates 751 stores as of the end of June 2023 and the Transaction will enable the Company to establish itself as the clear industry leader in the Australian convenience store market, which has significant growth potential. In addition, the Company strongly believes that there is room for further growth by actively opening new stores in Victoria, New South Wales, Queensland, Western Australia, and other states, and that the expansion of the store network in Australia will accelerate the entire group’s long-term growth strategy. By utilizing the product strength and operational knowhow of the business cultivated in Japan and North America and experience cultivating synergies through 50 M&A transactions since 2005, the Company expects that it will be able to increase product sales and improve gross product margin, further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

(b) ESG leadership

In May 2019, the Company group, as a global retailer representing Japan, announced the “GREEN CHALLENGE 2050”, the Company’s environmental declaration. The Company group is committed to achieving the declaration’s four themes: (1) reducing CO2 emissions; (2) measures with respect to plastics; (3) measures for food loss and recycling; and (4) sustainable procurement. The Company group has set clear targets to achieve by 2030 and for the next-generation of society in 2050 with respect to the missions and duties of the Company group. Following the Transaction, the Company group, as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the Australian market through expansion of its network and presence.

(iii) Date of the business combination

The second quarter of the fiscal year ending February 28, 2025 (expected).

(iv) Legal form of the business combination

Acquisition of shares

(v) The acquired company's name after the business combination

The names of the companies will not change subsequent to the business combination.

(vi) Ratio of voting rights acquired

100%

(vii) Reason for determining the acquired company

The Company's subsidiary acquired the shares of the companies in exchange for cash.

II. Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition: Cash 1,710 million Australian dollars (167,238 million yen*)

Acquisition cost: \$1,710 million Australian dollars (¥167,238 million yen*)

The consideration for acquisition and acquisition cost will be adjusted based on the cash amounts and indebtedness as well as increases or decreases of working capital at closing.

*Converted at the rate of 1 Australian dollar = 97.80 yen (as of November 29, 2023).

III. Details and amounts of main acquisition-related costs

Not determined at this time.

IV. Amount, reason for recognition, and period and method of amortization of goodwill

Not determined at this time.

V. Total amounts and principal breakdowns of assets received and liabilities assumed on the effective date of the business combination

Not determined at this time.