

CONVOCATION NOTICE OF THE 19TH ANNUAL SHAREHOLDERS' MEETING

Seven & i Holdings Co., Ltd.

Note: This document has been translated from Japanese original for reference purpose only, without any warranty as to its accuracy or as to the completeness of the information. The Japanese original version is the sole official version.

Dear Shareholders,

We thank you for your continued support, which is deeply appreciated.

We are sending this convocation notice as we will shortly be holding our 19th Annual Shareholders' Meeting.

Please find included in this notice an overview of the business of Seven & i Holdings Co., Ltd. together with the matters to be resolved at this Annual Shareholders' Meeting, which we encourage you to read.

With "Trust" and "Sincerity," mentioned in our Corporate Creed below, forming the basis to everything we do, we are moving toward realizing our "Ideal Group Image for 2030" while taking the basic stance of "aiming to contribute to local communities in Japan and overseas by providing new experiences and values from the customer's point of view."

We look forward to the prospect of your further support.

Corporate Creed:

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

Ideal Group Image for 2030:

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.

Ryuichi Isaka
Representative Director and President
Seven & i Holdings Co., Ltd.

<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382
May 13, 2024

To Our Shareholders,

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

CONVOCATION NOTICE OF THE 19TH ANNUAL SHAREHOLDERS' MEETING

Notice is hereby provided of the 19th Annual Shareholders' Meeting of Seven & i Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

Shareholders who do not plan to attend the meeting may exercise their voting rights in writing or by electronic method (via the Internet, etc.). You are kindly requested to examine the Shareholders' Meeting Reference Materials, and exercise your voting right by 5:30 p.m. on May 27, 2024 (Monday) in accordance with Information about Exercising Your Voting Rights on pages 5 to 6.

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

[The Company's website]

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



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

[The Tokyo Stock Exchange's website (Listed Company Search)]

<https://www2.jpx.co.jp/tseHpFront/JJK010010Action.do?Show=Show> (in Japanese)

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

[Website for posted informational materials for the Shareholders' Meeting]

<https://d.sokai.jp/3382/teiji/> (in Japanese)

Best regards,

Notes

1. Date: 10:00 a.m., May 28, 2024 (Tuesday)

2. Place: Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo)
Conference Room

3. Purposes of this Annual Shareholders' Meeting

Matters to be Reported:

- (1) Reporting on the substance of the Business Report, the substance of the Consolidated Financial Statements for the 19th fiscal year (from March 1, 2023 to February 29, 2024), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board.
- (2) Reporting on the substance of the Financial Statements for the 19th fiscal year (from March 1, 2023 to February 29, 2024).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings

Item No. 2: Election of fifteen (15) Directors

4. Matters Determined for Convocation

- (1) Please be advised that if you redundantly exercise your voting right both in writing and by electronic method, the Company will only deem your exercise by electronic method valid. Also, please be advised that if you exercise your voting right multiple times by electronic method, the Company will only deem the substance of your final exercise to be valid.
- (2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form, the Company will deem that you indicated "approval."
- (3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing or by electronic method of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

End

If revisions to the items subject to measures for electronic provision arise, a notice of the revisions and the details of the items before and after the revisions will be posted on each of the websites indicated on page 3.

When you attend the Annual Shareholders' Meeting, please submit the Voting Instructions Form that will be sent together with this Notice of Convocation at the reception desk. In addition, please assist us in conserving resources by bringing with you this Convocation Notice.

Free samples will not be provided at Annual Shareholders' Meetings. Your understanding would be appreciated in this regard.

Information about Exercising Your Voting Rights

You may exercise your voting rights using one of the following three methods.

Exercise of voting rights by attending the Annual Shareholders' Meeting

You are kindly requested to exercise your voting rights by submitting the Voting Instructions Form to the Reception Desk at the Meeting.

Date of the Annual Shareholders' Meeting

10:00 a.m. Japan Standard Time (JST), May 28, 2024 (Tuesday)

Exercise of voting rights by post

You are kindly requested to indicate your vote for or against the proposed actions on the Voting Instructions Form, and to return the completed Voting Instructions Form to the Company. You do not need to affix a stamp.

Deadline for exercise of voting rights by post

The Company must receive the completed Voting Instructions Form by 5:30 p.m. JST, May 27, 2024 (Monday).

Exercise of voting rights via the Internet

Follow the instructions on page 6 and input your vote for or against the proposed actions.

Deadline for exercise of voting rights via the Internet

The Company must receive your voting instructions by 5:30 p.m. JST, May 27, 2024 (Monday).

Handling of votes

- (1) If you redundantly exercise your voting right both by the Voting Instructions Form (post) and via the Internet, the Company will only deem your exercise via the Internet valid. Also, if you exercise your voting right multiple times via the Internet, the Company will only deem the substance of your final exercise to be valid.
- (2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form (post), the Company will deem that you indicated "approval" of the proposal.
- (3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing or by electronic method of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

Information about Exercising Your Voting Rights via the Internet

Scanning QR code®

You can simply login to the Voting Website for exercising voting rights without entering your login ID and temporary password printed on the Voting Instructions Form.

1. Please scan the QR code® located on the right side of the Voting Instructions Form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Entering login ID and temporary password

Voting Website:
<https://evote.tr.mufg.jp/> (in Japanese)

1. Please access the Voting Website.
2. Enter your “login ID” and “temporary password” printed on the Voting Instructions Form.
3. Indicate your approval or disapproval by following the instructions on the screen.

Please confirm the following items if you exercise your voting rights via the Internet.

- (1) Please note that service is not available between 2:30 a.m. and 4:30 a.m. (JST) each day.
- (2) Costs (Internet connection charges, packet transmission fees, etc.) incurred in accessing the Voting Website (<https://evote.tr.mufg.jp/>) (in Japanese) will be the responsibility of the shareholder.
- (3) Depending on certain factors in the shareholder’s Internet usage environment, it might not be possible to exercise voting rights. These factors include the use of a firewall, etc., in the Internet connection, the use of anti-virus software, and the use of a proxy server.

In case you need instructions for how to operate your personal computer/smartphone in order to exercise your voting rights via the Internet, please contact:

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Department Help Desk

Tel: 0120-173-027 (Toll free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

Platform for Electronic Exercise of Voting Rights

Nominee shareholders such as trust and custody services banks (including standing proxies) who have made prior application to use the platform for the electronic exercise of voting rights that is operated by ICJ Inc. may use this platform.

Shareholders' Meeting Reference Materials

Item No. 1: Appropriation of retained earnings

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

The Company implements shareholder returns aiming for a total shareholder return ratio of 50% or more (cumulative from the 19th fiscal year to the fiscal year ending February 28, 2026) while increasing dividends per share in a stable and continuous manner.

Starting from the fiscal year ending February 28, 2025, the Company plans to introduce a “progressive dividend” that will be increased in line with sustained profit growth.

Matters concerning year-end dividends

It is proposed that the year-end dividends for the 19th fiscal year be paid as follows in consideration of the performance for the 19th fiscal year and the future business development, etc.

(1) Type of dividend property

It is proposed that the dividend property will be paid in monetary terms.

(2) Matters concerning the allocation of dividend property and the aggregate amount thereof

It is proposed that the amount of allocation will be ¥56.50 per share of the Company's common stock.

In such a case, the aggregate amount of dividends shall be ¥49,488,533,964.

Therefore, the annual dividends for the 19th fiscal year, including interim dividends of ¥56.50, shall be ¥113 per share.

The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. As the record date for the year-end dividend for the 19th fiscal year is February 29, 2024, the dividend will be paid based on the number of shares prior to the share split.

(3) Date on which the dividends from retained earnings become effective

It is proposed that the dividends from retained earnings become effective on May 29, 2024.

Item No. 2: Election of fifteen (15) Directors

The terms of office of all fifteen (15) current Directors expire upon the conclusion of this Annual Shareholders' Meeting. Shareholders are therefore requested to elect fifteen (15) Directors. This proposal was approved at the Board of Directors meeting after its details were supported, after deliberation based on the "Guidelines for Directors and Audit & Supervisory Board Members" of the Company, by the "Nomination Committee," which is an advisory committee to the Board of Directors chaired by an Independent Outside Director and the majority of whose members is comprised of Independent Outside Directors.

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

The candidates for Directors are as follows:

Candidate No.	Name	Current position in the Company	Attendance at Board of Directors meetings			
1	Ryuichi Isaka	Representative Director and President Executive Officer and President Chief Executive Officer (CEO)	19/19	Reappointment		
2	Junro Ito	Representative Director Senior Managing Executive Officer Chief Sustainability Officer (CSuO)	19/19	Reappointment		
3	Fumihiko Nagamatsu	Director Senior Managing Executive Officer	19/19	Reappointment		
4	Joseph Michael DePinto	Director Senior Managing Executive Officer	17/19	Reappointment		
5	Yoshimichi Maruyama	Director Managing Executive Officer Chief Financial Officer (CFO)	19/19	Reappointment		
6	Tamaki Wakita	Executive Officer Chief Strategy Officer (CSO)		New appointment		
7	Stephen Hayes Dacus	Outside Director	19/19	Reappointment	Outside	Independent
8	Toshiro Yonemura	Outside Director	19/19	Reappointment	Outside	Independent
9	Yoshiyuki Izawa	Outside Director	19/19	Reappointment	Outside	Independent
10	Meyumi Yamada	Outside Director	19/19	Reappointment	Outside	Independent
11	Jenifer Simms Rogers	Outside Director	18/19	Reappointment	Outside	Independent
12	Shinji Wada	Outside Director	14/15	Reappointment	Outside	Independent
13	Fuminao Hachiuma	Outside Director	14/15	Reappointment	Outside	Independent
14	Paul Yonamine	Outside Director	17/19	Reappointment	Outside	Independent
15	Elizabeth Miin Meyerdirk	Outside Director	18/19	Reappointment	Outside	Independent

(Notes)

- Attendance at meetings of the Board of Directors held in the 19th fiscal year is presented as attendance at Board of Directors meetings.

2. If all of the above candidates for Director are approved, the ratio of foreign national Directors will be 33.3% (5/15) and the ratio of female Directors will be 20.0% (3/15).
*Rounded to one decimal place
3. Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Item No. 2 will be approved as originally proposed, are as shown on page 25.

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
1	<p>Ryuichi Isaka (October 4, 1957) * 46,936 shares <u>Reappointment</u> Term of office: 15 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Nomination Committee: 10/10 (100%)</p>	<p>Mar. 1980: Joined SEVEN-ELEVEN JAPAN CO., LTD. May 2002: Director of SEVEN-ELEVEN JAPAN CO., LTD. May 2003: Executive Officer of SEVEN-ELEVEN JAPAN CO., LTD. May 2006: Managing Executive Officer of SEVEN-ELEVEN JAPAN CO., LTD. May 2009: Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. Chief Operating Officer (COO) of SEVEN-ELEVEN JAPAN CO., LTD. Director of the Company Apr. 2016: Member of the Nomination and Compensation Committee of the Company May 2016: Representative Director and President of the Company (incumbent) Executive Officer and President of the Company (incumbent) May 2020: Member of the Nomination Committee of the Company (incumbent) Apr. 2023: Chief Executive Officer (CEO) of the Company (incumbent) (Important Concurrent Positions) Director of 7-Eleven, Inc.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has overseas business experience and a broad range of knowledge of the retail industry cultivated as a president of a Group company and a director of the Company as well as a broad range of knowledge and experience in company management including the franchise business, marketing, and management administration, as well as sustainability (addressing environmental and social issues and so forth). Because we would like him to utilize this knowledge and experience to realize our management plans, and to maximize the Group's corporate value through the generation of new business and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
2	<p>Junro Ito (June 14, 1958) * 9,519,009 shares <u>Reappointment</u> Term of office: 15 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Compensation Committee: 4/4 (100%)</p>	<p>Aug. 1990: Joined SEVEN-ELEVEN JAPAN CO., LTD. May 2002: Director of SEVEN-ELEVEN JAPAN CO., LTD. May 2003: Executive Officer of SEVEN-ELEVEN JAPAN CO., LTD. Jan. 2007: Managing Executive Officer of SEVEN-ELEVEN JAPAN CO., LTD. May 2009: Director of the Company Executive Officer of the Company Senior Officer of the Corporate Development Department of the Company Apr. 2011: Senior Officer of the CSR Management Department of the Company May 2015: Audit & Supervisory Board Member of York-Benimaru Co., Ltd. May 2016: In charge of Group Corporate Support of the Company July 2016: Senior Officer of the Corporate Support Department of the Company Dec. 2016: Managing Executive Officer of the Company Head of the Corporate Development Office of the Company Mar. 2017: Director of Ito-Yokado Co., Ltd. Mar. 2018: General Manager of the Corporate Development Division of the Company July 2019: Outside Director of AIN HOLDINGS INC. (incumbent) May 2020: Member of the Compensation Committee of the Company (incumbent) Sept. 2021: Representative Director of Ito-Kogyo Co., Ltd. Apr. 2023: Representative Director of the Company (incumbent) Senior Managing Executive Officer of the Company (incumbent) Chief Sustainability Officer (CSuO) of the Company (incumbent) General Manager of ESG Development Division of the Company (incumbent) Supervising Officer of Superstore Operations of the Company (incumbent)</p> <p>(Important Concurrent Positions) Outside Director of AIN HOLDINGS INC.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has overseas business experience and a broad range of knowledge of the retail industry cultivated as a director of the Company and its Group companies as well as a broad range of knowledge and experience in ESG (Environment, Social, Governance), risk management, accounting and finance, social marketing, and so forth. Because we would like him to utilize this knowledge and experience to realize our management plans, to enhance our corporate value including non-financial aspects, and to smoothly execute group management, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
3	<p>Fumihiko Nagamatsu (January 3, 1957) * 43,500 shares <u>Reappointment</u> Term of office: 6 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%)</p>	<p>Mar. 1980: Joined SEVEN-ELEVEN JAPAN CO., LTD. May 2004: Executive Officer of SEVEN-ELEVEN JAPAN CO., LTD. Mar. 2014: Representative Director and Vice President of Nissen Holdings Co., Ltd. Mar. 2015: Executive Officer of the Company May 2017: Senior Officer of the Personnel Planning Department of the Company Dec. 2017: Executive Officer of SEVEN-ELEVEN JAPAN CO., LTD. Mar. 2018: General Manager of the Corporate Personnel Planning Division of the Company Director of SEVEN-ELEVEN JAPAN CO., LTD. Director of Seven & i Food Systems Co., Ltd. May 2018: Director of the Company (incumbent) Mar. 2019: Director and Vice President of SEVEN-ELEVEN JAPAN CO., LTD. Apr. 2019: Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. (incumbent) Apr. 2023: Senior Managing Executive Officer of the Company (incumbent) Head of Domestic CVS operations (Japan) of the Company (incumbent)</p> <p>(Important Concurrent Positions) Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. Director of 7-Eleven, Inc.</p>
[Reasons, etc. for Nomination as Candidate for Director]		
He has a broad range of knowledge of the retail industry cultivated as a president of a Group company and a director of the Company as well as a broad range of knowledge and experience relating to company management including the franchise business, management administration, personnel management, etc.		
Because we would like him to utilize this knowledge and experience to realize our management plans, to advance Group functions, and to pursue Group synergies, we would like to request his election as a Director.		
4	<p>Joseph Michael DePinto (November 3, 1962) * 18,000shares <u>Reappointment</u> Term of office: 9 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 17/19 (89.5%)</p>	<p>Sept. 1995: Joined Thornton Oil Corporation June 1999: Senior Vice President and Chief Operating Officer (COO) of Thornton Oil Corporation Mar. 2002: Joined 7-Eleven, Inc. Manager of 7-Eleven, Inc. Apr. 2003: Vice President and General Manager of Operations of 7-Eleven, Inc. Dec. 2005: Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. Aug. 2010: Director of Brinker International, Inc. (Non-Executive) Nov. 2013: Chairman of the Board of Brinker International, Inc. (Non-Executive) (incumbent) May 2015: Director of the Company (incumbent) Mar. 2021: Director of DHC Acquisition Corp. (Non-Executive) (incumbent) Apr. 2023: Senior Managing Executive Officer of the Company (incumbent) Head of Overseas CVS operations (North America) of the Company (incumbent) May 2023: Director and Chief Executive Officer (CEO) of 7-Eleven, Inc. (incumbent)</p> <p>(Important Concurrent Positions) Director and Chief Executive Officer (CEO) of 7-Eleven, Inc. Chairman of the Board of Brinker International, Inc. (Non-Executive) Director of DHC Acquisition Corp. (Non-Executive)</p>
[Reasons, etc. for Nomination as Candidate for Director]		
He has a broad range of knowledge of the international retail business cultivated as a president of our American Group company and as a director of the Company as well as a broad range of knowledge and experience relating to company management, the franchise business, management administration, marketing and so forth.		
Because we would like him to utilize this knowledge and experience to realize our management plans, to provide advice to the Company's Board of Directors from an international perspective, and to promote our global management, we would like to request his election as a Director.		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
5	<p>Yoshimichi Maruyama (November 2, 1959) * 5,400 shares <u>Reappointment</u> Term of office: 4 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Compensation Committee: 4/4 (100%)</p>	<p>Apr. 1982: Joined The Long-Term Credit Bank of Japan, Limited July 2008: Joined the Company May 2012: Senior Officer of the Risk Management Department of the Company Nov. 2014: Senior Officer of the Information Management & Security Office of the Company July 2016: Senior Officer of the Corporate Planning Department of the Company Dec. 2016: Senior Officer of the Corporate Development Department of the Company May 2017: Executive Officer of the Company Senior Officer of the Finance Planning Department of the Company Representative Director and President of SEVEN & i Financial Center Co., Ltd. (incumbent) Oct. 2017: Representative Director and President of Seven & i Asset Management Co., Ltd. Mar. 2018: General Manager of the Corporate Finance & Accounting Division of the Company (incumbent) May 2020: Director of the Company (incumbent) Mar. 2022: Managing Executive Officer of the Company (incumbent) May 2022: Member of the Compensation Committee of the Company (incumbent) Apr. 2023: Chief Financial Officer (CFO) of the Company (incumbent) (Important Concurrent Positions) Representative Director and President of SEVEN & i Financial Center Co., Ltd. Director of 7-Eleven, Inc.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has business experience in a financial institution and a broad range of knowledge relating to the Group's overall operations cultivated as a senior officer in the risk management division of the Company and the finance division of the Company as well as a broad range of knowledge and experience relating to risk management, finance and accounting, and so forth. Because we would like him to utilize this knowledge and experience to realize our management plans, to stabilize the Group's financial base, and to strengthen financial discipline, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
6	Tamaki Wakita (May 12, 1972) * 2,880 shares <u>New appointment</u> Term of office: –	Apr. 1995: Joined Nichimen Corporation (currently Sojitz Corporation) Feb. 2002: Joined General Electric International, Inc. Feb. 2003: Joined Nissen Co., Ltd. (currently Nissen Holdings Co., Ltd.) June 2006: Executive Officer of Nissen Co., Ltd. Head of the Management Planning Office of Nissen Co., Ltd. Dec. 2010: Head of PR Planning Office of Nissen Holdings Co., Ltd. Dec. 2011: In charge of Corporate Marketing of Nissen Holdings Co., Ltd. Mar. 2012: Director of Nissen Holdings Co., Ltd. Feb. 2014: General Manager of Management Planning Division of Nissen Holdings Co., Ltd. Sept. 2016: Representative Director and President of Nissen Holdings Co., Ltd. Director and Chair of SHADDY CO., LTD Mar. 2019: Senior Officer of the Corporate Development Department of the Company May 2019: Director of Francfranc Corporation Mar. 2020: Director of Ito-Yokado Co., Ltd. Jan. 2021: Director of 7-Eleven, Inc. (incumbent) Mar. 2022: Executive Officer of the Company (incumbent) Apr. 2023: Chief Strategy Officer (CSO) of the Company (incumbent) General Manager of the Management Planning Division of the Company (incumbent) (Important Concurrent Positions) Director of 7-Eleven, Inc.
	[Reasons, etc. for Nomination as Candidate for Director] He has overseas business experience and a broad range of knowledge of the retail industry, cultivated as a president and director of the Group companies, as well as a broad range of knowledge of and experience in company management, management strategy, marketing, and so forth. Because we would like him to utilize this knowledge and experience to realize our management plans, to promote the management of the Group, and to formulate our future management strategy, we would like to request his election as a Director.	

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
7	<p>Stephen Hayes Dacus (November 7, 1960) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u></p> <p>Term of office: 2 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Nomination Committee: 9/10 (90%)</p>	<p>Sept. 1983: Joined Northrop Corporation (currently Northrop Grumman Corporation)</p> <p>Sept. 1985: Joined Coopers & Lybrand L.L.P. (currently Pricewaterhouse Coopers)</p> <p>Mar. 1994: Joined Mars, Incorporated</p> <p>June 2001: CEO of MasterFoods Ltd.</p> <p>Sept. 2005: Senior Vice President of FAST RETAILING CO., LTD.</p> <p>July 2007: Senior Vice President of Walmart Stores, Inc.</p> <p>Apr. 2010: Executive Vice President of Walmart Japan Holdings G.K. (currently Seiyu Holdings Co., Ltd.)</p> <p>June 2011: CEO of Walmart Japan Holdings G.K.</p> <p>Oct. 2015: Outside Director of Sushiro Global Holdings Co., Ltd. (currently FOOD & LIFE COMPANIES LTD.)</p> <p>July 2016: Chairman and Representative Director of Sushiro Global Holdings Co., Ltd.</p> <p>May 2019: Non-executive Director of Hana Group SAS (incumbent)</p> <p>June 2019: CEO of Hana Group SAS</p> <p>July 2020: Chairman of the Supervisory Board of Hana Group SAS</p> <p>Nov. 2021: Chairman of Daiso California L.L.C. (currently Daiso USA L.L.C.) (incumbent)</p> <p>May 2022: Outside Director of the Company</p> <p>Dec. 2022: Member of the Nomination Committee of the Company (incumbent)</p> <p>Apr. 2024: Lead Independent Outside Director of the Company (incumbent)</p> <p>(Important Concurrent Positions) Non-executive Director of Hana Group SAS Chairman of Daiso USA L.L.C.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.]</p> <p>He has served as a corporate executive officer in the retail industry and other industries both in the U.S. and Japan, and has a broad range of high level knowledge and experience in corporate management, marketing, finance and accounting, etc. cultivated through abundant global business experience. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</p> <p>The Company adopted a resolution regarding the policy of separation of the Chairman of the Board of Directors and Chief Executive Officer (CEO) to reinforce the corporate governance and enhance transparency of the management decision making and objectivity, etc. at the meeting of the Board of Directors held on April 18, 2024. He will assume the post of Chairman of the Board of Directors upon approval at this Annual Shareholders' Meeting and approval at the meeting of the Board of the Directors held after such Shareholders' Meeting.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
8	<p>Toshiro Yonemura (April 26, 1951) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 10 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Nomination Committee: 9/10 (90%) Compensation Committee: 4/4 (100%)</p>	<p>Apr. 1974: Joined the National Police Agency Aug. 2005: Vice Superintendent General, Tokyo Metropolitan Police Department Aug. 2008: Superintendent General, Tokyo Metropolitan Police Department June 2011: Outside Audit & Supervisory Board Member, Jowa Holdings Company, Limited (currently UNIZO Holdings Company, Limited) Dec. 2011: Deputy Chief Cabinet Secretary for Crisis Management Feb. 2014: Special Advisor to the Cabinet May 2014: Outside Director of the Company (incumbent) June 2014: Outside Director, Jowa Holdings Company, Limited (currently UNIZO Holdings Company, Limited) Mar. 2016: Member of the Nomination and Compensation Committee of the Company May 2020: Member of the Nomination Committee of the Company (incumbent) Dec. 2021: Outside Director of Kansaidengyosha Co., Ltd. (incumbent) Dec. 2022: Chair of the Compensation Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) Outside Director of Kansaidengyosha Co., Ltd.</p> <p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] He has served such important positions as Superintendent General of the Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management, has served positions such as Chief Security Officer (CSO) of the Tokyo Organising Committee of the Olympic and Paralympic Games, and has a broad range of high level knowledge and experience regarding organizational management, risk management, etc. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve risk management and the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</p>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
9	<p>Yoshiyuki Izawa (February 10, 1948) * 600 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 2 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Nomination Committee: 10/10 (100%)</p>	<p>Apr. 1970: Joined MITSUI & CO., LTD. June 2000: Director of MITSUI & CO., LTD. Apr. 2004: Executive Managing Officer of MITSUI & CO., LTD. Apr. 2007: Senior Executive Managing Officer of MITSUI & CO., LTD. June 2007: Representative Director, Senior Executive Managing Officer of MITSUI & CO., LTD. Apr. 2008: Representative Director, Executive Vice President of MITSUI & CO., LTD. (Retired in November 2009) Dec. 2009: President & CEO, Representative Executive Officer of JAPAN POST BANK Co., Ltd. June 2010: Director and Representative Executive Officer, Executive Vice President of JAPAN POST HOLDINGS Co., Ltd. June 2013: Director of JAPAN POST HOLDINGS Co., Ltd. May 2015: Chairman & CEO, Representative Director of BlackRock Japan Co., Ltd. Apr. 2021: Director and Chairman of BlackRock Japan Co., Ltd. (Retired in March 2022) May 2022: Outside Director (Member of the Audit and Supervisory Committee) of Nitori Holdings Co., Ltd. (incumbent) Outside Director of the Company (incumbent) June 2022: Outside Director of Sanoh Industrial Co., Ltd. (incumbent) Dec. 2022: Member of the Nomination Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) Outside Director (Member of the Audit and Supervisory Committee) of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] He has a broad range of high level knowledge in international corporate management, business administration, finance and accounting, sustainability and capital markets, and as well as his experience served as a Representative Director of a trading company and a financial institution, and has served such important positions as Chairman & CEO, Representative Director of BlackRock Japan Co., Ltd. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
10	<p>Meyumi Yamada (August 30, 1972) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 2 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 19/19 (100%) Nomination Committee: 10/10 (100%)</p>	<p>Apr. 1995: Joined KOEI KOGYO Co., Ltd. May 1997: Joined Kiss Me Cosmetics Co., Ltd. (currently ISEHAN Co., Ltd.) July 1999: Representative Director of istyle LLC Apr. 2000: Representative Director of istyle Inc. Dec. 2009: Director of istyle Inc. (incumbent) May 2012: Representative Director and President of Cyberstar Co., Ltd. Sept. 2015: Director of MEDIA GLOBE CO., LTD. (incumbent) Mar. 2016: Representative Director and President of ISPartners Inc. Sept. 2016: Director of Eat Smart, Inc. June 2017: Outside Director of JAPAN POST INSURANCE Co., Ltd. Outside Director of SEINO HOLDINGS CO., LTD. (incumbent) Nov. 2019: Director of ISPartners Inc. June 2021: Outside Director of Sompo Holdings, Inc. (incumbent) May 2022: Outside Director of the Company (incumbent) Member of the Nomination Committee of the Company May 2023: Chair of the Nomination Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) Director of istyle Inc. Outside Director of SEINO HOLDINGS CO., LTD. Outside Director of Sompo Holdings, Inc.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] She has a broad range of high level knowledge and experience in EC (e-commerce), DX (digital transformation), organizational management, marketing, sustainability, among others, which she has cultivated through the operation of “@cosme,” one of Japan’s largest cosmetics and beauty portal sites, and through starting up a women’s skill development and job hunting support business. Because we would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request her election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
11	<p>Jenifer Simms Rogers (June 22, 1963) * 0 shares <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 2 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 18/19 (94.7%) Compensation Committee: 4/4 (100%)</p>	<p>Sept. 1989: Joined Haight Gardner Poor & Havens (currently Holland & Knight LLP) Dec. 1990: Registered as Attorney at Law (the State of New York) Feb. 1991: Joined Industrial Bank of Japan Limited (currently Mizuho Bank, Ltd.) Dec. 1994: Joined Merrill Lynch Japan Securities Co., Ltd. (currently BofA Securities, Inc.) Nov. 2000: Merrill Lynch Europe Plc July 2006: Merrill Lynch (Asia Pacific) Limited (currently Bank of America Corporation) (Hong Kong) Jan. 2012: Bank of America Merrill Lynch (currently Bank of America Corporation) (New York) Nov. 2012: General Counsel Asia of Asurion Asia Pacific Limited (Hong Kong) Nov. 2014: General Counsel Asia of Asurion Japan Holdings G.K. (incumbent) June 2015: External Director of Mitsui & Co., Ltd. June 2018: Outside Director of Kawasaki Heavy Industries, Ltd. (incumbent) June 2019: Outside Director of Nissan Motor Co., Ltd. Jan. 2021: President of American Chamber of Commerce in Japan May 2022: Outside Director of the Company (incumbent) Member of the Compensation Committee of the Company (incumbent) June 2023: Outside Director of Sumitomo Mitsui Financial Group, Inc. (incumbent)</p> <p>(Important Concurrent Positions) General Counsel Asia of Asurion Japan Holdings G.K. Outside Director of Kawasaki Heavy Industries, Ltd. Outside Director of Sumitomo Mitsui Financial Group, Inc.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] She has experience working for international financial institutions as an In-House Counsel, as well as extensive experience as President of the American Chamber of Commerce in Japan and as an Outside Director at other companies, and through said experience she has cultivated a high level of insight into global legal and risk management, finance and accounting, and sustainability, etc. Because we would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request her election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
12	<p>Shinji Wada (April 3, 1952) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 1 year and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 14/15 (93.3%)</p>	<p>Mar. 1977: Joined NIPPON GAS CO., LTD. June 1997: Director of NIPPON GAS CO., LTD. June 2000: Managing Director of NIPPON GAS CO., LTD. Mar. 2003: Director of Tobu Gas Co., Ltd. (currently Energy Sola Platforms Co., Ltd.) June 2004: Senior Managing Director of NIPPON GAS CO., LTD. June 2005: Representative Director, President of NIPPON GAS CO., LTD. June 2012: Director of KUMONO UCYUSEN CO., LTD. Aug. 2017: Director of Tokyo Energy Alliance Co., Ltd. (incumbent) June 2020: Representative Director, Chief Executive Officer of NIPPON GAS CO., LTD. May 2022: Chairman, Director, Executive Officer of NIPPON GAS CO., LTD. (incumbent) May 2023: Outside Director of the Company (incumbent)</p> <p>(Important Concurrent Positions) Chairman, Director, Executive Officer of NIPPON GAS CO., LTD.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] He served important positions such as Representative Director at a comprehensive energy company, and has a broad range of high level knowledge and experience in corporate management in retail industry, DX (digital transformation), organizational management and corporate governance. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
13	<p>Fuminao Hachiuma (December 8, 1959) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 1 year and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 14/15 (93.3%) Nomination Committee: 5/5 (100%)</p>	<p>Apr. 1983: Joined Ajinomoto Co., Inc. July 1998: President of PT AJINOMOTO SALES INDONESIA July 2008: Director and Vice President of America Ajinomoto, Inc. June 2013: Corporate Executive Officer of Ajinomoto Co., Inc. June 2015: Corporate Vice President of Ajinomoto Co., Inc. Representative Director, President of J-OIL MILLS, Inc. June 2016: Representative Director, President and CEO of J-OIL MILLS, Inc. Apr. 2022: Director of J-OIL MILLS, Inc. May 2023: Outside Director of the Company (incumbent) June 2023: Outside Audit & Supervisory Board Member of YKK AP Inc. (incumbent) Independent Outside Director of SUBARU CORPORATION (incumbent) Aug. 2023: Member of the Nomination Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) Outside Audit & Supervisory Board Member of YKK AP Inc. Independent Outside Director of SUBARU CORPORATION</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] He has a broad range of high level knowledge and experience in corporate management, organizational management, marketing, sustainability as well as abundant international knowledge related to “Food” cultivated through his experience serving in important positions such as Representative Director at food companies in Japan and overseas. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
14	<p>Paul Yonamine (August 20, 1957) * 0 shares</p> <p><u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 2 years and 0 months</p> <p><u>Attendance at meetings</u> Board of Directors: 17/19 (89.5%) Compensation Committee: 2/2 (100%)</p>	<p>June 1979: Joined Peat, Marwick, Mitchell & Co. (currently KPMG LLP) May 1983: Registered as U.S. Certified Public Accountant Apr. 1995: Managing Partner of KPMG LLP Hawaii Mar. 1997: Representative Partner of KPMG Global Solutions LLC (currently PwC Advisory LLC) Aug. 2001: Representative Partner and Chairman of KPMG Global Solutions LLC Apr. 2006: President and CEO of Hitachi Consulting Co., Ltd. May 2010: VP & CFO of IBM Japan, Ltd. Apr. 2013: Vice President of IBM Japan, Ltd. Jan. 2015: President of IBM Japan Mar. 2017: Director of GCA Corporation June 2017: Director of Central Pacific Bank July 2017: Director and Chairman of GCA Corporation Oct. 2018: Director and Non-executive Chairman of GCA Corporation Chairman & CEO of Central Pacific Financial Corp. Executive Chairman of Central Pacific Bank June 2019: Outside Director of Sumitomo Mitsui Banking Corporation (incumbent) Dec. 2020: Outside Director of circlace Inc. May 2022: Outside Director of the Company (incumbent) Jan. 2023: Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp. (incumbent) Chairman Emeritus & Director (Non Executive Director) of Central Pacific Bank (incumbent) May 2023: Member of the Compensation Committee of the Company (incumbent) June 2023: Outside Director (Audit and Supervisory Committee Member) of PayPay Corporation (incumbent)</p> <p>(Important Concurrent Positions) Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp. Chairman Emeritus & Director (Non Executive Director) of Central Pacific Bank Outside Director of Sumitomo Mitsui Banking Corporation Outside Director (Audit and Supervisory Committee Member) of PayPay Corporation</p>
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] He has a broad range of high level knowledge and experience in DX (digital transformation), organizational management, and finance and accounting, etc. cultivated through his extensive management experience at consulting firms, as President of IBM Japan, Ltd. and as CEO of overseas financial institutions, among others. Because we would like him to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
15	Elizabeth Miin Meyerdirk (December 1, 1981) * 0 shares <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 2 years and 0 months <u>Attendance at meetings</u> Board of Directors: 18/19 (94.7%)	June 2003: Joined Morgan Stanley Aug. 2005: Joined TCMI, Inc. Feb. 2009: Senior Director of MedeAnalytics, Inc. July 2009: Associate Vice President of MedeAnalytics, Inc. Feb 2011: Senior Director of Practice Fusion, Inc. Jan. 2012: Vice President of Practice Fusion, Inc. Mar. 2012: Vice President of viagogo Entertainment, Inc. June 2015: Uber Technologies, Inc. Head of Strategy & Business Development, at Uber Eats, Uber Technologies, Inc. June 2018: Uber Technologies, Inc. Senior Director & Head of Strategy & Business Development at Uber Eats, Uber Technologies, Inc. Sept. 2019: Uber Technologies, Inc. Senior Director & Head of Strategy & Business Development; Head of Ads Marketplace at Uber Eats, Uber Technologies, Inc. Dec. 2020: Chairwoman & CEO of Hey Favor, Inc. May 2022: Outside Director of the Company (incumbent) Sept. 2023: Operating Partner of Bain Capital, LP. Bain Capital Tech Opportunities (incumbent) (Important Concurrent Positions) Not applicable.
<p>[Reasons for Nomination as Candidate for Outside Director and Outline of Expected Roles, etc.] She has a broad range experiences and a high level knowledge in DX (digital transformation), marketing, finance and accounting, and other fields, cultivated through her experience as a co-founder of Uber Eats, a division of Uber Technologies, Inc. and her management of e-commerce companies and other positions, globally. Because we would like her to utilize this knowledge and experience to realize our management plans and to further improve the effectiveness of our management and the Board of Directors, we would like to request her election as an Outside Director.</p>		

(Notes)

- The Company established the “Nomination Committee” as an advisory committee to the Board of Directors. The committee’s chair and the majority of its members are Independent Outside Directors. Through the committee’s deliberations on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, “officers, etc.”), the Company utilizes the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members, and ensures objectivity and transparency in the procedures for deciding the nomination of officers, etc., thereby enhancing the supervisory function of the Board of Directors and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination Committee” since its deliberations include nomination of candidates for Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the committee as an advisory committee to the Board of Directors.
- “New appointment” indicates new candidates for Director, and “Reappointment” indicates reappointed candidates for Director.
- “Outside Director” indicates candidates for Outside Director, and “Independent Director” indicates those candidates for Director who are independent officers as stipulated by the Tokyo Stock Exchange.
- There is no special relationship of interest between each of the above candidates and the Company.
- Stephen Hayes Dacus, Toshiro Yonemura, Yoshiyuki Izawa, Meyumi Yamada, Jenifer Simms Rogers, Shinji Wada, Fuminao Hachiuma, Paul Yonamine, and Elizabeth Miin Meyerdirk satisfy the requirements for nomination for the office of Outside Director. In addition, Stephen Hayes Dacus, Toshiro Yonemura, Yoshiyuki Izawa, Meyumi Yamada, Jenifer Simms Rogers, Shinji Wada, Fuminao Hachiuma, Paul Yonamine, and Elizabeth Miin Meyerdirk are neither a spouse nor a relative within the third degree of relationship, etc., of the business administrators or officer of the Company or the specified relation business associates of the Company.
- During her tenure at JAPAN POST INSURANCE Co., Ltd., where Meyumi Yamada served as an Outside Director until June 15, 2022, a case came to light concerning policy transfers, etc. that may have caused disadvantage to customers by not complying with their wishes. Although the company received an administrative action from the Financial Services Agency on December 27, 2019, based on the Insurance Business Act and other relevant laws, Meyumi Yamada fulfilled her responsibilities by making proposals from the perspective of legal compliance and customer compliance management, and by making proposals for customer protection and prevention of recurrence after the incident was discovered. Subsequently, the company’s Board of Directors

received regular reports on the progress of the business improvement plan and appropriately monitored the content and progress of various initiatives.

7. The Company has concluded an agreement with each of the Outside Directors as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts. If the reappointments of the candidates for Outside Director are approved, the Company intends to continue its liability limitation agreement with each of them.
8. The Company has entered into a directors' and officers' liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company; the contract is scheduled to be renewed in September 2024. Each of the candidates above who are incumbent Directors is currently insured under the contract, and if the new appointment/reappointment of the above candidates for Director is approved, they will be insured under the contract. The brief overview of the said insurance contract is as follows:
 - (1) Scope of the insured individuals
Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)
 - (2) The ratio of premiums to be actually borne by the insured individuals
The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.
 - (3) Outline of insured events covered by the said insurance
The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.
9. Stephen Hayes Dacus, Toshiro Yonemura, Yoshiyuki Izawa, Meyumi Yamada, Jenifer Simms Rogers, Shinji Wada, Fuminao Hachiuma, Paul Yonamine, and Elizabeth Miin Meyerdirk are Independent Directors in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company.
10. The Company uses the independence standards established by the financial instruments exchanges as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members, and with respect to the de minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible, "transactions" are "less than 1% of the non-consolidated revenues from operations of the Company for the most recent accounting period," and "donations" are "less than ¥10 million," in the most-recent business year of the Company.
11. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. The number of shares of the Company owned by each of the aforementioned candidates is stated as of April 18, 2024, which is after the split.
12. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
13. Attendance at meetings of the Board of Directors and other meetings is the status of attendance during the 19th fiscal year.
14. The brief personal history, etc. of each of the above candidates is as of April 18, 2024.

Major management and industry experience, management skills, knowledge, etc., of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Item No. 2 will be approved as originally proposed, are as follows:

Name	Title	Management and Industry Experience					Management Skills, Knowledge, etc.				
		CEO Experience	Retail Experience	International Business Experience	Financial Business Experience	Organizational Management/	Marketing/Branding	DX/IT/Security	Finance and Accounting	Risk Management/Crisis Response/Legal	Sustainability
Ryuichi Isaka	Representative Director and President	●	●	●		●	●				●
Junro Ito	Representative Director and Vice President		●			●				●	●
Fumihiko Nagamatsu	Director	●	●			●	●				
Joseph Michael DePinto	Director	●	●	●		●	●	●			
Yoshimichi Maruyama	Director				●				●	●	
Tamaki Wakita	Director	●	●	●		●	●				
Stephen Hayes Dacus	Independent Outside Director	●	●	●		●	●		●		
Toshiro Yonemura	Independent Outside Director					●		●		●	
Yoshiyuki Izawa	Independent Outside Director	●		●	●	●			●		●
Meyumi Yamada	Independent Outside Director	●	●			●	●	●			●
Jenifer Simms Rogers	Independent Outside Director			●	●				●	●	●
Shinji Wada	Independent Outside Director	●	●			●		●			●
Fuminao Hachiuma	Independent Outside Director	●		●		●	●				●
Paul Yonamine	Independent Outside Director	●		●	●	●		●	●		
Elizabeth Miin Meyerdirk	Independent Outside Director	●	●	●			●	●	●		
Noriyuki Habano	Standing Audit & Supervisory Board Member		●				●			●	
Nobutomo Teshima	Standing Audit & Supervisory Board Member		●					●	●	●	
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member								●	●	
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member							●		●	
Kaori Matsuhashi (Real name: Kaori Hosoya)	Independent Outside Audit & Supervisory Board Member					●			●	●	

* The above table is not an exhaustive list of the knowledge and experience each person can offer.

* The ratio of foreign national Directors will be 33.3% (5/15) and the ratio of female Directors will be 20.0% (3/15). (Rounded to one decimal place)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

In the 19th fiscal year, the Japanese economy showed signs of improvement 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. However, consumer spending has not recovered yet due to rising prices associated with soaring energy and raw material costs. Furthermore, the outlook remained uncertain, mainly owing to concerns about the impact of global monetary tightening on business conditions, in addition to the impact of fluctuations in foreign exchange rates. In North America, the effects of continued inflation, monetary tightening, and certain other factors led to growing concerns about an economic slowdown, although employment conditions continued to improve. Consumer spending continued to fall, owing primarily to a decline in personal savings among middle- and low-income earners.

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 in the 19th fiscal year were as follows.

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

Group sales, which include the total store sales of SEVEN-ELEVEN JAPAN CO., LTD., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc., were ¥17,789,927 million (down 0.3% YOY). In addition, due to foreign exchange rate fluctuations during the 19th fiscal year, revenues from operations and operating income increased by ¥548.0 billion and ¥19.2 billion, respectively.

Overview of business by segment

The Seven & i Group changed its classification of reportable segments from the 19th fiscal year and the following year-on-year comparisons in the table below are based on the figures for the previous fiscal year ended February 28, 2023, which have been reclassified into the segment classifications after the change.

Domestic convenience store operations

Revenues from operations: ¥921,706 million (up 3.5% YOY)

Operating income: ¥250,544 million (up 8.0% YOY)

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.

Furthermore, SEJ opened the SIP (Note) store, a new concept store, on February 29, 2024. The new store was launched to address significant changes in customers’ purchasing behavior, lifestyle values, and diverse needs in a rapidly changing environment.

For the 19th fiscal year, 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. As a result, existing store sales increased year on year, and operating income increased to ¥251,029 million (up 7.8% YOY). Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥5,345,243 million (up 3.8% YOY).

(Note) Refers to a partnership (dubbed “SIP”) between SEVEN-ELEVEN JAPAN CO., LTD. (SEJ) and Ito-Yokado Co., Ltd. (IY).

Overseas convenience store operations

Revenues from operations: ¥8,516,939 million (down 3.7% YOY)

Operating income: ¥301,628 million (up 4.1% YOY)

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. In addition, the integration process with the Speedway business acquired in May 2021 is proceeding smoothly, with synergies generated since the integration reaching U.S.\$976.5 million in the fiscal yearended December 31, 2023, exceeding our target of U.S.\$800 million.

As a result, for the fiscal year ended December 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 ¥10,200,414 million (down 2.3%

YOY) due to lower gasoline prices and lower sales volume, despite growth in merchandise sales. Meanwhile, operating income amounted to ¥413,966 million (up 4.4% YOY) due to factors such as improvement in the merchandise gross profit margin and impact from yen depreciation.

Furthermore, SEI announced in January 2024 the acquisition of a part of the convenience store business and gasoline retail business of U.S. company Sunoco LP. The aim of the acquisition is to further accelerate growth in the North American market.

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. In November 2023, 7-Eleven International LLC announced the acquisition of the Australian company Convenience Group Holdings Pty Ltd (SEA) and acquired all shares of this company on April 1, 2024. 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

Revenues from operations: ¥1,477,384 million (up 1.9% YOY)

Operating income: ¥13,588 million (up 9.6% YOY)

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, strategic investment infrastructure, such as process centers, central kitchens, and online supermarkets, started operations. Moreover, as part of efforts to accelerate its focus on the Tokyo metropolitan area store network, Ito-Yokado Co., Ltd. signed an agreement on business succession and related matters with York-Benimaru Co., Ltd., DAIICHI CO., LTD., and OIC Group Co., Ltd. in February 2024, for certain stores in the Hokkaido, Tohoku, and Shinetsu areas.

For the 19th fiscal year, sales rose year on year accompanying the merger with York Co., Ltd. However, the operating loss amounted to ¥1,205 million (operating income of ¥408 million for 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."

For the 19th fiscal year, 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, the operating income amounted to ¥18,701 million (up 3.8% YOY), despite an increase in SG&A expenses such as new store-related costs and personnel costs.

Financial services operations

Revenues from operations: ¥207,479 million (up 6.8% YOY)

Operating income: ¥38,172 million (up 2.8% YOY)

As of February 29, 2024, the number of domestic ATMs operated by Seven Bank, Ltd. stood at 27,370, up 481 from the previous fiscal year-end. The average number of transactions per day per ATM amounted to 104.6 (up 3.5 YOY), owing to improvement in the number of transactions at deposit-taking institutions in step with a recovery 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 19th fiscal year increased year on year. As of February 29, 2024, Seven Bank had cash and deposits (including cash for ATM loading) of ¥877.1 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.

In Others, revenues from operations amounted to ¥411,305 million (down 15.8% YOY), and operating income amounted to ¥2,688 million (up 3.6% YOY).

Revenue decreased partly due to the impact of factors such as the transfer of shares of Sogo & Seibu Co., Ltd., while profit increased due to strong business performance with a recovery in customer traffic at operating companies such as THE LOFT CO., LTD.

Eliminations and corporate

Revenues from operations: ¥(63,060) million (down ¥6,140 million YOY)

Operating loss: ¥72,373 million (up ¥5,029 million YOY)

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) Capital expenditures and fundraising

Total capital expenditures in the 19th fiscal year were ¥473,770 million. The funds required for these expenditures were appropriated from loans from the financial institutions and from funds on hand.

Business segment	Capital expenditures (Millions of yen)
Domestic convenience stores	128,460
Overseas convenience stores	192,737
Superstores	46,659
Financial services	54,679
Others	26,619
Eliminations and corporate	24,613
Total	473,770

(Notes)

1. The amounts above include guaranty deposits and advances for store construction.
2. The amount for eliminations and corporate is an aggregate of eliminated intersegment transactions and the Company's capital expenditures.

(3) Trends in assets and profit/loss in the 19th fiscal year and the most recent three fiscal years

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

Item	16th fiscal year March 1, 2020 to February 28, 2021	17th fiscal year March 1, 2021 to February 28, 2022	18th fiscal year March 1, 2022 to February 28, 2023	19th fiscal year March 1, 2023 to February 29, 2024
Revenues from operations	Millions of yen 5,766,718	Millions of yen 8,749,752	Millions of yen 11,811,303	Millions of yen 11,471,753
Net income attributable to owners of parent	Millions of yen 179,262	Millions of yen 210,774	Millions of yen 280,976	Millions of yen 224,623
Net income per share	Yen 203.03	Yen 238.68	Yen 318.14	Yen 254.63
Total assets	Millions of yen 6,946,832	Millions of yen 8,739,279	Millions of yen 10,550,956	Millions of yen 10,592,117
Net assets	Millions of yen 2,831,335	Millions of yen 3,147,732	Millions of yen 3,648,161	Millions of yen 3,900,624
Net assets per share	Yen 3,022.68	Yen 3,375.50	Yen 3,933.93	Yen 4,250.83

(Notes)

1. “Net income per share” is calculated on the basis of the average number of shares issued during the fiscal year, excluding the number of treasury stock. “Net assets per share” is calculated on the basis of the total number of shares issued at the end of the fiscal year (the number of shares excluding the number of treasury stock).
2. The Group has applied the “Accounting Standard for Revenue Recognition” and relevant ASBJ regulations effective from the beginning of the 18th fiscal year.
3. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. The above “Net income per share” and “Net assets per share” are the figures before the share split.

(4) Corporate reorganization measures, etc.

(i) Transfer of shares of Barneys Japan Co., Ltd.

Based on the Group's policy on business portfolio, the Company transferred all of the issued shares of Barneys Japan Co., Ltd. held by the Company to Laox Holdings Co., LTD. on May 1, 2023.

(ii) Transfer of shares of Seven Card Service Co., Ltd.

To consolidate the credit card and electronic money operations previously undertaken by Seven Card Service Co., Ltd. under the umbrella of Seven Bank, Ltd., all of the issued shares of Seven Card Service Co., Ltd. owned by Seven Financial Service Co., Ltd. (98.9% of the total number of outstanding shares of Seven Card Service Co., Ltd.) were transferred to Seven Bank, Ltd. on July 1, 2023.

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

The Company has entered into an agreement to transfer all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company to Sugi Godo Kaisha, a special purpose company which is a related entity of Fortress Investment Group LLC. Since the prescribed conditions in the agreement have been satisfied, the transfer to Sugi Godo Kaisha has been completed on September 1, 2023.

(iv) Merger between Ito-Yokado Co., Ltd. and York Co., Ltd.

The Company is driving growth strategy and concrete action plans for the domestic and overseas convenience store operations with our competitive strength in "food" at its core. As part of this, on September 1, 2023, the Company carried out an absorption-type merger, with Ito-Yokado Co., Ltd. being the surviving company and York Co., Ltd. being the dissolved company, in order to integrate superstore operations in the Tokyo metropolitan area and to maximize the synergies and the operational efficiency in the Tokyo metropolitan area.

(v) Acquisition of shares of Convenience Group Holdings Pty Ltd

With the aim of expanding its store network in the Australian market and further accelerating efforts in the ESG sector, 7-Eleven International LLC, a wholly owned subsidiary of the Company, and Australian Company R.G. Withers Nominees Pty Ltd as trustee for R.G. Withers Unit Trust, entered into a share purchase agreement on November 30, 2023 to acquire all shares of Convenience Group Holdings Pty Ltd, 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 7-Eleven International LLC's wholly-owned subsidiary, AR BidCo Pty Ltd. Procedures for acquisition of said shares were completed on April 1, 2024.

(vi) Acquisition of part of the business from U.S. company Sunoco LP by 7-Eleven, Inc.

7-Eleven, Inc., a consolidated subsidiary of the Company, entered into an agreement on January 11, 2024 to acquire an additional part of the convenience store and gasoline retail business from U.S. company Sunoco LP, after having previously acquired part of U.S. company Sunoco LP's convenience store and gasoline retail business in 2018. The aim of the acquisition is to connect our 7-Eleven and Speedway store network alongside the interstate highway, contribute to increase our regional market share, and 7-Eleven, Inc. will accelerate the growth in the North America market by leading to the associated 123 restaurant chain enhancing / accelerating our restaurant strategy.

(vii) Corporate division from Ito-Yokado Co., Ltd. to Ito-Yokado Net Super Co., Ltd.

With the aim for sustainable growth with agility for the purpose of the realization of a profit structure that can achieve further profit growth, center-type online supermarket business operated by Ito-Yokado Co., Ltd. has been transferred to its newly established subsidiary, Ito-Yokado Net Super Co., Ltd., by way of an absorption-type company split on February 1, 2024.

(viii) Transfers of Ito-Yokado stores

As part of its emphasis on accelerating its focus on its store network in the Tokyo metropolitan area, which is one of the radical reforms extending deep into its business structure, Ito-Yokado Co., Ltd. has concluded agreements regarding the transfer of some of its stores with York-Benimaru Co., Ltd. and OIC Group Co., Ltd., which operates the food supermarket LOPIA, as follows:

- On February 5, 2024, the Company entered into an agreement with York-Benimaru Co., Ltd. to transfer all of the issued shares of K.K Sanei, which operates the Ishinomaki Akebono store, to York-Benimaru Co., Ltd.
- On February 5, 2024, the Company entered into an agreement with OIC Group Co., Ltd. to transfer the operations of some stores to its subsidiary through an absorption-type company split, and also to transfer all the issued shares of Marudai Co., Ltd., which operates the Niigata store.

(5) Status of major subsidiaries (as of February 29, 2024)**(i) Status of major subsidiaries**

Business segment	Company name	Paid-in capital	Capital contribution ratio (%)
Domestic convenience stores	SEVEN-ELEVEN JAPAN CO., LTD.	¥17,200 million	100.0
Overseas convenience stores	7-Eleven, Inc.	US\$17 thousand	100.0
Superstores	Ito-Yokado Co., Ltd.	¥40,000 million	100.0
	York-Benimaru Co., Ltd.	¥9,927 million	100.0
Financial services	Seven Bank, Ltd.	¥30,724 million	46.6
Others	Seven & i Food Systems Co., Ltd.	¥3,000 million	100.0
	Nissen Holdings Co., Ltd.	¥11,873 million	100.0

(Notes)

1. The capital contribution ratio in 7-Eleven, Inc., Seven Bank, Ltd. and Nissen Holdings Co., Ltd. is indirect holdings.

2. The status of specified wholly owned subsidiaries as of the last day of the 19th fiscal year is as follows.

Name of specified wholly owned subsidiaries	Address of specified wholly owned subsidiaries	Book value of shares of specified wholly owned subsidiaries held by the Company and its wholly owned subsidiaries	Total assets of the Company
SEVEN-ELEVEN JAPAN CO., LTD.	8-8, Nibancho, Chiyoda-ku, Tokyo	¥680,212 million	¥2,657,276 million
Ito-Yokado Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	¥586,542 million	

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 160 consolidated subsidiaries and 20 equity-method affiliates.

(6) Issues to Address

Business conditions surrounding the Group are changing dramatically at an ever-quicken pace. Currently, in Japan, the accelerated change in the social structure, such as the aging population and the increases in single-person and co-working households, has further increased the demand for readily available and convenient fresh food and pre-cooked meals. Consumer taste has also diversified further following changes in behavior and values, influenced by the global pandemic. On the other hand, the employment environment is expected to remain challenging in light of rising minimum wages and the expansion of social insurance enrollment.

In the U.S., there are higher expectations for convenience stores to meet demand for fresh, healthy and delicious food. Globally, significant opportunities exist for the Group to provide locally adapted, safe, reliable and high-quality food on a daily basis, and it is important to establish a business infrastructure that enables the Group to meet those consumer demands. Meanwhile, social issues related to climate change, marine pollution, food loss, and sustainable procurement are becoming more serious, both in Japan and abroad. Being members of society, companies find themselves in a situation where they will have to work to solve these issues more seriously than ever.

In our superstore operations, we possess strengths in food that support the Group's competitiveness. These strengths include the Group's merchandising assortment, procurement capabilities, supplier network, product innovation capabilities, and private brands (*Seven Premium*). This strength in food will become an increasingly important competitive advantage to support the growth of the Group's domestic and overseas convenience store operations from the standpoint of the aforementioned macro and market trends expected in the future. In promoting the Group food strategy, concrete measures to advance the development and operation of common Group infrastructure such as process centers and central kitchens have been implemented. As the first common infrastructure within the Seven & i Group, the "Peace Deli Chiba Kitchen" food manufacturing facility has commenced operations, combining functions of a central kitchen for producing prepared dishes and meal kits, etc., along with a process center for processing fresh meat.

Strategy Committee recommendations and our Group's action plans toward the maximization of corporate and shareholder value in the medium- to long-term

We announced the "Update to the Medium-Term Management Plan and the Results of the Group Strategy Reevaluation" (the "Group Strategy Reevaluation") on March 9, 2023, and established the Strategy Committee ("the Strat Com") composed of all the Group's independent outside directors, focused on maximizing corporate value and thus shareholder value in the medium- to long-term. Based on the discussions in the Strat Com, the Strat Com recently shared its recommendations to the Company's Board of Directors, and the Board of Directors considered and adopted the recommendations. We decided to announce the Group's future specific action plans as below and created a timeline for actioning those items and have started working towards implementation.

- The Strat Com has held 13 formal meetings and several informal meetings, in addition to a great deal of analytical work prior to the meetings, with a great amount of time and effort being made since its formation.
- These recommendations were fully discussed by the Board of Directors and are reflected in the action plans presented below. The Strat Com had provided input to management in advance of its final recommendations to the Board of Directors and some of these have been adopted already. We will also ensure that the categories below be implemented under the concrete timeline and actionable plans.

Concrete action plans to accelerate growth

In order to promote the growth strategy of our Group, we will proactively implement strategic investments in the convenience store business with a more agile and flexible financial discipline (target leverage: Debt/EBITDA ratio 1.8-2.5x) while at the same time working to improve the Group's capital efficiency.

- Accelerate growth and improve profitability and capital efficiency in the North American convenience store market with large growth potential
- Develop more aggressive business plans and investments for the global convenience store business
- Establish the IT/DX strategy that is the foundation of our global growth, and the IT/DX governance to improve cost competitiveness
- Monitor and support the completion of the transformation and growth of Tokyo Metropolitan Area Superstore (“Tokyo Metropolitan Area SST”) business (Note 1)
- Maximize the synergy between Retail and Financial Services

Changes to the Group structure that will enhance our long-term growth and corporate value

In response to the Strat Com’s recommendations, the Board of Directors seriously considered our optimal group structure through cooperation with Group operating companies, focusing on how to maximize value of each of our businesses including convenience stores, align employee interests, and create long-term shareholder value.

As a result, in regard to the convenience store business, we will create a globally integrated convenience store management structure, including Japan and North America, with a unified leadership. In regard to the Superstore (“SST”) business (Note 2), we will aim to establish a refined management/business structure under which we will be able to see an autonomous re-growth phase, and to realize the Group’s business structure under which we will be able to set the direction for growth in accordance with its own financial rules as an independent corporate entity and under which our employees will be able to make a strong contribution to the growth of the business, while continuing to aim towards a successful business transformation. Specifically, on the basis that our partial shareholding in the SST business will continue and we continue to maintain a cooperative framework in the area of food development between the convenience store business and the SST business, as one workable option for the sustainable growth of the SST business beyond drastic transformation, the Company is considering an IPO for the SST business at the earliest practical time.

Enhancement of investor engagement

We value our investors and want to ensure that we are engaging with them in a clear and transparent way to deliver on our mission and enhance shareholder value. We will continuously examine and strengthen the investor communication regarding our concrete strategy, growth path and its progress.

We will continue to engage and actively listen to the voice of all the stakeholders including our shareholders and will also commit to the continuous growth of the Group and increase of our corporate value through realizing “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,” by promptly implementing the action plans in those three domains and clearly reflecting the progress thereof in our next Medium-Term Management Plan.

(Notes) 1. Tokyo Metropolitan Area SST business encompasses Ito-Yokado Co., Ltd., and SHELL GARDEN CO., LTD.

2. SST business encompasses all operating companies under the SST business segment.

Solid management foundation to support our strategy

(i) Realizing a sustainable society

To date, the Group has been proactive in its efforts to resolve social issues and enhance corporate value, both of which are fundamental to management. We also identified “Seven Material Issues” that are highly compatible with our business areas. We are addressing such issues while linking them to the 17 Sustainable Development Goals (SDGs) set forth by the United Nations. Through these efforts, we are working through our core businesses to create a new business model that takes social issues and priority issues as its starting points.

“Seven Material Issues”

- Create a livable society with local communities through various customer touchpoints
- Provide safe, reliable, and healthier merchandise and services
- Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts
- Achieve a society in which diverse people can actively participate
- Improve work engagement and environment for people working in Group businesses
- Create an ethical society through dialogue and collaboration with customers
- Achieve a sustainable society through partnerships

In May 2019, we announced our “GREEN CHALLENGE 2050” environmental declaration, which sets four key themes: reduction of CO₂ emissions, measures against plastic, measures against food loss and for food recycling, and sustainable procurement. As we address these themes, we are working to realize a sustainable society in cooperation with customers, local communities, business partners, and other stakeholders. In conjunction with the global expansion of our business, we are promoting CO₂ emission reduction and plastic-related measures in collaboration with 7-Eleven licensees around the world.

In addition, communities are becoming increasingly concerned about the human rights efforts of companies as their activities become more global in nature. The Group works to protect human rights under its Corporate Action Guidelines. We have established the Seven & i Group Human Rights Policy, which is primarily based on the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the 10 principles of the U.N. Global Compact, and the U.N. Guiding Principles on Business and Human Rights. We will continue encouraging employees, supply chain partners, and local communities to work with us as we step up our efforts to respect human rights.

(ii) Further strengthening corporate governance

With respect to corporate governance, to date, we have been constantly striving to improve and expand corporate governance based on dialogue with all stakeholders. We have further improved the diversity of the Board of Directors, and in the 18th fiscal year, increased the number of independent outside directors to a majority. This change was made to build a governance system that is suitable for our goal of becoming a global retail group, which is part of our “Ideal Group Image for 2030.”

Furthermore, in the 19th fiscal year, we appointed an additional representative director of the Company to strengthen and stabilize the governance structure, bringing the total number of representative directors to three. Concurrently, we have appointed Chief Officers (CxO) for each corporate function, as well as a Head for each business segment and business area. In addition, we have established the Strategy Committee composed solely of independent outside directors to provide advice to the Board of Directors for the purpose of increasing the Group’s medium- to long-term corporate value. The Strategy Committee has been monitoring the progress of the Group’s strategic policies, and comprehensively and objectively analyzing and reviewing the optimal group structure and other matters to achieve the Group’s strategic goals.

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

(iii) Human resource measures linked to management strategy

Human resources are the source of the Group's growth potential. In particular, we believe that management measures and human resource strategy are inseparable and must be linked in order to promote DX and global strategies and enhance both social and corporate value. Accordingly, we pursue a human resource measures that is integrated with our management strategy, and we will not only seek human resources with specialized knowledge and skills from outside the Group but also actively develop them within the Group. In human resource development, we adhere to the concept of being "a company that grows together with its human resources." With this in mind, by actively providing employees with opportunities for growth, we aim to develop human resources who continue to learn and improve their skills on their own, thereby achieving mutual growth for both employees and the Group.

In addition, we will work to create workplaces where everyone can work comfortably by reforming work styles and improving productivity. We are establishing frameworks to create environments that allow diversity and differences among workers and to support flexible work styles. We are focusing attention on fostering an organization and corporate culture where diverse human resources can play active roles.

Furthermore, the Group has established the Engagement Improvement Committee, consisting of the presidents of each Group operating company, to formulate and monitor action plans to improve employee engagement. We will continue to promote these activities based on the belief that increased employee engagement and a desire to contribute will revitalize our organization and boost our corporate competitiveness.

The Group is committed to achieving sustainable growth by enhancing corporate value over the medium and long terms. To this end, we will continue strengthening Group synergies to further expand the Group's strengths. While listening sincerely to the voices of all stakeholders, we will strive to provide more value and appropriate returns on profits to all stakeholders.

(7) Scope of principal businesses (as of February 29, 2024)

The Group is centered on the retail industry and comprises 181 companies (including the Company itself), with the Company as a pure holding company. The Group's principal business activities are domestic convenience store operations, overseas convenience store operations, superstore operations, and financial services operations.

Business segments, names of major Group companies, and numbers of companies are as follows. This segmentation is the same as that used in the segment information section.

Business segments	Names of major Group companies
Domestic convenience stores (9 companies)	SEVEN-ELEVEN JAPAN CO., LTD. SEVEN-ELEVEN OKINAWA Co., Ltd. 7dream.com Co., Ltd. Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. TOWER BAKERY CO., LTD.* ¹
Overseas convenience stores (108 companies)	7-Eleven, Inc. SEJ Asset Management & Investment Company SEI Speedway Holdings, LLC Speedway LLC 7-Eleven International LLC AR BidCo Pty Ltd SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. SHAN DONG ZHONG DI CONVENIENCE CO., LTD.* ¹
Superstores (20 companies)	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd. K.K. Sanei K.K. York Keibi* ² IY Foods K.K. Seven Farm Co., Ltd. Ito-Yokado Net Super Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd.* ¹ DAIICHI CO., LTD.* ¹
Financial services (15 companies)	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. Bank Business Factory Co., Ltd. Seven Payment Service, Ltd. FCTI, Inc. TORANOTEC Ltd.* ¹
Others (27 companies)	Akachan Honpo Co., Ltd. Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD. Nissen Holdings Co., Ltd. Nissen Co., Ltd. SCORE Co., Ltd. MARRON STYLE Co., Ltd. Peace Deli Co., Ltd. Seven & i Create Link Co., Ltd. Seven & i Net Media Co., Ltd. Seven Culture Network Co., Ltd. Terube Ltd.

Business segments	Names of major Group companies
	Tower Records Japan Inc.* ¹ Nissen Credit Service Co., Ltd.* ¹ I ing Co., Ltd.* ¹ PIA Corporation* ¹
Corporate (1 company)	SEVEN & i Financial Center Co., Ltd.

(Notes)

*1 TOWER BAKERY CO., LTD., SHAN DONG ZHONG DI CONVENIENCE CO., LTD., Tenmaya Store Co., Ltd., DAIICHI CO., LTD., TORANOTEC Ltd., Tower Records Japan Inc., Nissen Credit Service Co., Ltd., I ing Co., Ltd., and PIA Corporation are affiliates.

*2 K.K. York Keibi was excluded from the Company's scope of consolidation due to the transfer of shares as of March 1, 2024.

(8) Principal business locations (as of February 29, 2024)

(i) The Company

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo

(ii) Principal subsidiaries

(Domestic convenience stores)

SEVEN-ELEVEN JAPAN CO., LTD.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 193 stores

(Overseas convenience stores)

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 5,874 stores

(Note)

The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2023.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 226 stores

York-Benimaru Co., Ltd.

- Head office: 5-42, Yashimamachi, Koriyama, Fukushima
- Corporate stores: 248 stores

(Financial services)

Seven Bank, Ltd.

- Head office: 6-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo

(Others)

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Main office: 4-5, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 489 stores

Nissen Holdings Co., Ltd.

- Head office: 26 Nishikujoimachi, Minami-ku, Kyoto

(9) Status of employees (as of February 29, 2024)

(i) Status of employees of the corporate group

Business segment	Number of employees	Change from the previous fiscal year-end
Domestic convenience stores	8,598 employees	204 employees (decrease)
Overseas convenience stores	47,513 employees	3,256 employees (decrease)
Superstores	12,949 employees	837 employees (decrease)
Financial services	1,910 employees	6 employees (increase)
Others	5,858 employees	2,018 employees (decrease)
Corporate (shared)	1,074 employees	57 employees (increase)
Total	77,902 employees	6,252 employees (decrease)

(Notes)

1. The number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).
2. In addition to the number of employees listed above, the Company and its Group companies employ 79,275 part-time employees (monthly average based on a 163-hour working month).
3. The number of employees for corporate (shared) is the number of employees of the Company.
4. The decrease in the number of employees in Others is due mainly to the transfer of all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company.
5. Business segment classifications were changed from the 19th fiscal year and regarding the change from the previous fiscal year-end, comparison was made after reclassifying the figures for the previous fiscal year into the new business segment classifications.

(ii) Status of employees of the Company

	Number of employees	Change from the previous fiscal year-end	Average age	Average number of years of continuous service
Males	793 employees	50 employees (increase)	44 years 11 months	16 years 2 months
Females	281 employees	7 employees (increase)	41 years 6 months	15 years 2 months
Total or average	1,074 employees	57 employees (increase)	43 years 11 months	15 years 9 months

(Notes)

1. Most of the Company's employees have been transferred from SEVEN-ELEVEN JAPAN CO., LTD. and Ito-Yokado Co., Ltd. The average number of years of continuous service is the total of the number of years of continuous service at each company.
2. In addition to the number of employees listed above, the Company employs 17 part-time employees (monthly average based on a 163-hour working month).

(10) Status of major lenders (as of February 29, 2024)

Lender	Amount borrowed (Millions of yen)
Japan Bank for International Cooperation	298,974
Sumitomo Mitsui Banking Corporation	190,944
MUFG Bank, Ltd.	165,941
Mizuho Bank, Ltd.	87,359
Bank of America Corporation	53,165

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

None.

2. Items Regarding Shares (as of February 29, 2024)

(1) Number of shares authorized to be issued: 4,500,000,000 shares

(2) Number of shares issued: 877,742,183 shares

(Notes)

1. The number of shares issued includes 1,838,927 shares of treasury stock.
2. At the Board of Directors meeting held on November 30, 2023, the Company resolved to implement a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares, and changed the total number of shares authorized to be issued as stipulated in the Company's Articles of Incorporation on the same date. As a result, the total number of shares authorized to be issued is now 10,000,000,000 shares, and the total number of shares issued is now 2,633,226,549 shares (including treasury stock).

(3) Number of shareholders: 87,709

(4) Major shareholders (Top 10)

Name of shareholders	Number of shares (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	129,904	14.8
Ito-Kogyo Co., Ltd.	70,701	8.1
Custody Bank of Japan, Ltd. (Trust account)	44,644	5.1
JP Morgan Chase Bank 385632	33,070	3.8
SSBTC CLIENT OMNIBUS ACCOUNT	21,938	2.5
SMBC Nikko Securities Inc.	18,905	2.2
Nippon Life Insurance Company	17,672	2.0
MITSUI & CO., LTD.	16,222	1.9
State Street Bank West Client - Treaty 505234	14,317	1.6
JAPAN SECURITIES FINANCE CO., LTD.	12,419	1.4

(Note)

The calculation of the percentage of shares held does not include shares of treasury stock. The shares of treasury stock do not include 1,576 thousand shares held by the "Board Incentive Plan (BIP) Trust" (the "BIP Trust") and the "ESOP Trust for Granting Stock" (the "ESOP Trust").

(5) Shares delivered to officers as consideration for the execution of duties during the 19th fiscal year

Classification	Number of shares	Number of persons to whom shares were delivered
Directors (excluding Outside Directors)	0 shares	0

(6) Other important matters relating to shares

With regard to compensation, etc., to further clarify the link with business performance and stock price, and to enhance motivation to contribute to the improvement of medium- and long-term corporate value and sharing interests with shareholders, the Company has introduced the "BIP Trust" for Directors (excluding Outside Directors) of the Company and the certain consolidated subsidiaries (hereinafter the "Subject Subsidiaries") and the "ESOP Trust" for Executive Officers of the Company and the Subject Subsidiaries.

As of February 29, 2024, the number of the Company's shares held by "BIP Trust" and "ESOP Trust" was 991 thousand shares and 585 thousand shares, respectively.

Reference: cross-shareholdings

In principle, the Group does not hold cross-shareholdings except where there is an accepted rationale for doing so, such as maintaining or strengthening business alliances or business relationships, in order to maintain and strengthen business competitiveness. Stocks held are

reviewed annually and shares with less rationale or less effectiveness for holding are to be sold in view of the circumstances of the investee companies. For further information on cross-shareholdings, please refer to the Company's website (<https://www.7andi.com/en/ir/management/governance/structure.html#cross>).

3. Items Regarding Share Subscription Rights

(1) Overview, etc. of the share subscription rights held by Directors or Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 29, 2024)

Name of share subscription rights issue		15th share subscription rights issue	17th share subscription rights issue
Date of resolution for issue		July 7, 2015	July 7, 2016
Number of share subscription rights		281* ¹	165* ¹
Class and number of shares to be acquired upon exercise of the share subscription rights		28,100 shares* ¹ of common stock of the Company (with one share subscription right corresponding to 100 shares)* ²	16,500 shares* ¹ of common stock of the Company (with one share subscription right corresponding to 100 shares)* ²
Amount to be paid for the share subscription rights		¥533,000 per subscription right	¥361,300 per subscription right
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right* ³ (¥1 per share)	¥100 per subscription right* ³ (¥1 per share)
Exercise period		From February 29, 2016 to August 5, 2035	From February 28, 2017 to August 3, 2036
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 shares* ⁵ of common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 shares* ⁵ of common stock Number of Directors holding the share subscription rights: 1

Name of share subscription rights issue		19th share subscription rights issue	21st share subscription rights issue
Date of resolution for issue		July 6, 2017	July 5, 2018
Number of share subscription rights		161* ¹	182* ¹
Class and number of shares to be acquired upon exercise of the share subscription rights		16,100 shares* ¹ of common stock of the Company (with one share subscription right corresponding to 100 shares)* ²	18,200 shares* ¹ of common stock of the Company (with one share subscription right corresponding to 100 shares)* ²
Amount to be paid for the share subscription rights		¥369,800 per subscription right	¥380,600 per subscription right
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right* ³ (¥1 per share)	¥100 per subscription right* ³ (¥1 per share)
Exercise period		From February 28, 2018 to August 4, 2037	From February 28, 2019 to August 3, 2038
Exercise conditions		* ⁴	* ⁴
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 shares* ⁵ of common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 shares* ⁵ of common stock Number of Directors holding the share subscription rights: 1

(Notes)

- *1. The total number of share subscription rights at the time of granting them to Directors of the Company is shown.
- *2. Since the Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares, the “Class and number of shares to be acquired upon exercise of the share subscription rights” have been adjusted to 300 shares of common stock per subscription right for share subscription rights that have not been exercised as of the time as of the effective date of the share split.
- *3. Since the Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares, the “Amount of property contributed upon exercise of the share subscription rights” shall be ¥300 per subscription right.
- *4. Exercise conditions are as follows:
 - (i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a Director or executive officer of the Company, or as a Director or executive officer of a subsidiary of the Company.
 - (ii) Regardless of the condition set forth in (i) above, in the event that a Shareholders’ Meeting of the Company (if a resolution of the Shareholders’ Meeting is not required, then in the event that the Company’s Board of Directors) approves a resolution for approval of a merger agreement in which the Company is the dissolved company or a resolution for approval of a share exchange agreement or a share transfer plan resulting in the Company becoming a wholly owned subsidiary of another company, then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the resolution was approved.
 - (iii) If the share subscription right holder is a Director or executive officer of a subsidiary of the Company, then regardless of the condition set forth in (i) above, in the event that the company in question ceases to be a subsidiary of the Company (including but not limited to circumstances resulted from internal reorganization or the transfer of stock), then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the company in question ceases to be a subsidiary of the Company.
 - (iv) The share subscription right holder is to exercise at one time all of the share subscription rights allotted.
 - (v) If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for exercising the share subscription rights by the heir shall be as set forth in the agreement referred to in (vi) below.
 - (vi) Other conditions shall be as set forth in the “Share Subscription Rights Allotment Agreement” entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.
- *5. Since the Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares, the “Class and number of corresponding shares” under “Directors’ or Audit & Supervisory Board Members’ ownership status” has been adjusted to 9,000 shares of common stock.

(2) Overview, etc. of the share subscription rights granted to employees, etc. during the 19th fiscal year as compensation for the performance of their duties

None.

4. Items Regarding the Company's Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (as of February 29, 2024)

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Representative Director and President	Ryuichi Isaka	Member of the Nomination Committee of the Company Chief Executive Officer (CEO) of the Company Director of 7-Eleven, Inc.
Representative Director and Vice President	Katsuhiro Goto	Member of the Nomination Committee of the Company Chief Administrative Officer (CAO) of the Company Director of SEVEN-ELEVEN JAPAN CO., LTD.
Representative Director	Junro Ito	Member of the Compensation Committee of the Company Chief Sustainability Officer (CSuO) of the Company General Manager of the ESG Development Division of the Company Outside Director of AIN HOLDINGS INC. Representative Director of Ito-Kogyo Co., Ltd.
Director	Fumihiko Nagamatsu	Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD. Director of 7-Eleven, Inc.
Director	Joseph Michael DePinto	Director and Chief Executive Officer (CEO) of 7-Eleven, Inc. Chairman of the Board (Non-Executive) of Brinker International, Inc. Director (Non-Executive) of DHC Acquisition Corp.
Director	Yoshimichi Maruyama	Member of the Compensation Committee of the Company Chief Financial Officer (CFO) of the Company General Manager of the Corporate Finance & Accounting Division of the Company Representative Director and President of SEVEN & i Financial Center Co., Ltd. Director of 7-Eleven, Inc.
Director	Toshiro Yonemura	Chair of the Compensation Committee of the Company Member of the Nomination Committee of the Company Outside Director of Kansaidengyosha Co., Ltd.
Director	Yoshiyuki Izawa	Member of the Nomination Committee of the Company Outside Director (Member of the Audit and Supervisory Committee) of Nitori Holdings Co., Ltd. Outside Director of Sanoh Industrial Co., Ltd.
Director	Meyumi Yamada	Chair of the Nomination Committee of the Company Director of istyle Inc. Outside Director of SEINO HOLDINGS CO., LTD. Outside Director of Somp Holdings, Inc.
Director	Jenifer Simms Rogers	Member of the Compensation Committee of the Company General Counsel Asia of Asurion Japan Holdings G.K. Outside Director of Kawasaki Heavy Industries, Ltd. Outside Director of Sumitomo Mitsui Financial Group, Inc.
Director	Shinji Wada	Chairman, Director, Executive Officer of NIPPON GAS CO., LTD.
Director	Fuminao Hachiuma	Member of the Nomination Committee of the Company Outside Audit & Supervisory Board Member of YKK AP Inc. Independent Outside Director of SUBARU CORPORATION
Director	Paul Yonamine	Member of the Compensation Committee of the Company Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp. Chairman Emeritus & Director (Non Executive Director) of Central Pacific Bank Outside Director of Sumitomo Mitsui Banking Corporation Outside Director (Audit and Supervisory Committee Member) of PayPay Corporation
Director	Stephen Hayes Dacus	Member of the Nomination Committee of the Company Director (Non-executive Director) of Hana Group SAS Chairman of Daiso USA L.L.C.
Director	Elizabeth Miin Meyerdirk	

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Standing Audit & Supervisory Board Member	Noriyuki Habano	Audit & Supervisory Board Member of Ito-Yokado Co., Ltd.
Standing Audit & Supervisory Board Member	Nobutomo Teshima	Audit & Supervisory Board Member of SEVEN-ELEVEN JAPAN CO., LTD. Audit & Supervisory Board Member of York-Benimaru Co., Ltd.
Audit & Supervisory Board Member	Kazuhiro Hara	Certified Public Accountant Certified Tax Accountant
Audit & Supervisory Board Member	Mitsuko Inamasu	Attorney at Law Outside Director (Audit & Supervisory Committee Member) of NTT DATA Group Corporation
Audit & Supervisory Board Member	Kaori Matsuhashi (Real name: Kaori Hosoya)	Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd. Outside Director (Member of the Audit and Supervisory Committee) of YASKAWA Electric Corporation

(Notes)

1. Since establishing the Nomination Committee and the Compensation Committee (the “Committees”), the Company has been utilizing the diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in the committee deliberations to ensure objectivity and transparency in the procedures for deciding the nomination and compensation of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers, thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. In order to utilize diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in committee deliberations and improve their objectivity and transparency, it was decided that the chairs of the Committees and a majority of the members of the Committees shall be Independent Outside Directors.

One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member respectively act as observers at the Committees, since their deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the Committees as advisory committees to the Board of Directors.

During the 19th fiscal year, the “Nomination Committee” held ten meetings and Directors Toshiro Yonemura and Stephen Hayes Dacus attended 9 of 10 meetings, and the other Directors attended all meetings that they were required to attend. During the 19th fiscal year, the “Compensation Committee” held four meetings and each of the meetings was attended by all members who should have been present.

2. Representative Director Katsuhiko Goto resigned from his position as a Director of Seven Bank, Ltd. on June 19, 2023.
3. Representative Director Junro Ito resigned from his position as Representative Director of Ito-Kogyo Co., Ltd. on March 22, 2024.
4. Director Joseph Michael DePinto resigned from his position as President of 7-Eleven, Inc. on April 30, 2023.
5. Director Jenifer Simms Rogers resigned from her position as an External Director of Mitsui & Co., Ltd. on June 21, 2023, and resigned from her position as an Outside Director of Nissan Motor Co., Ltd. on June 27, 2023.
6. Director Paul Yonamine resigned from his position as an Outside Director of circlace Inc. on June 27, 2023.
7. Director Elizabeth Miin Meyerdirk resigned from her position as Chairwoman & CEO of Hey Favor, Inc. in September 2023.
8. Standing Audit & Supervisory Board Member Noriyuki Habano resigned from his position as an Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd. on September 1, 2023.
9. Directors Toshiro Yonemura, Yoshiyuki Izawa, Meyumi Yamada, Jenifer Simms Rogers, Shinji Wada, Fuminao Hachiuma, Paul Yonamine, Stephen Hayes Dacus, and Elizabeth Miin Meyerdirk are Outside Directors.
10. Director Fuminao Hachiuma was appointed as a member of the Nomination Committee effective August 10, 2023. Director Paul Yonamine was appointed as a member of the Compensation Committee effective May 25, 2023.
11. Director Meyumi Yamada was appointed as the chair of the Nomination Committee on May 25, 2023.
12. Audit & Supervisory Board Members Kazuhiro Hara, Mitsuko Inamasu, and Kaori Matsuhashi are Outside Audit & Supervisory Board Members.
13. Standing Audit & Supervisory Board Member Nobutomo Teshima and Audit & Supervisory Board Members

Kazuhiro Hara and Kaori Matsuhashi have the following expertise with regard to finance and accounting:

- Standing Audit & Supervisory Board Member Nobutomo Teshima was engaged in operations relating to finance and accounting in the finance and accounting division in the Company and its Group companies for a total period of twenty five (25) years or more.
 - Audit & Supervisory Board Member Kazuhiro Hara is a certified public accountant and certified tax accountant.
 - Audit & Supervisory Board Member Kaori Matsuhashi is a certified public accountant.
14. All Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors or Audit & Supervisory Board Members in accordance with the rules of the Tokyo Stock Exchange.
15. The Company has concluded an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts.
16. The Company has entered into a directors' and officers' liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company. Directors and Audit & Supervisory Board Members will be insured under the contract. The brief overview of the said insurance contract is as follows:
- (1) Scope of the insured individuals
- Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)
- (2) The ratio of premiums to be actually borne by the insured individuals
- The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.
- (3) Outline of insured events covered by the said insurance
- The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.
17. During the 19th fiscal year, Directors Jenifer Simms Rogers and Elizabeth Miin Meyerdirk attended 18 of 19 meetings of the Board of Directors, Directors Joseph Michael DePinto and Paul Yonamine attended 17 of 19 meetings of the Board of Directors, Directors Shinji Wada and Fuminao Hachiuma attended 14 of 15 meetings of the Board of Directors, and other Directors attended all meetings of the Board of Directors that they were required to attend. Kunio Ito attended all four meetings of the Board of Directors prior to his resignation on May 25, 2023.
- During the 19th fiscal year, Audit & Supervisory Board Members Mitsuko Inamasu and Kaori Matsuhashi attended 18 of 19 meetings of the Board of Directors and other Standing Audit & Supervisory Board Members and Audit & Supervisory Board Members attended all meetings of the Board of Directors that they were required to attend. Standing Audit & Supervisory Board Members and Audit & Supervisory Board Members attended all meetings of the Audit & Supervisory Board that they were required to attend.
18. Executive officers of the Company as of February 29, 2024 were as follows:

Position	Name
Executive Officer and President	Ryuichi Isaka
Executive Officer and Vice President	Katsuhiko Goto
Senior Managing Executive Officer	Junro Ito
Senior Managing Executive Officer	Fumihiko Nagamatsu
Senior Managing Executive Officer	Joseph Michael DePinto
Managing Executive Officer	Yoshimichi Maruyama
Managing Executive Officer	Seiichiro Ishibashi
Managing Executive Officer	Tsuyoshi Kobayashi
Managing Executive Officer	Kimiyoshi Yamaguchi
Managing Executive Officer	Masaki Saito
Managing Executive Officer	Yukio Mafune
Managing Executive Officer	Tetsuya Yamamoto
Executive Officer	Shinji Abe
Executive Officer	Masato Otake

Position	Name
Executive Officer	Tamaki Wakita
Executive Officer	Seiji Oku
Executive Officer	Takuya Enomoto
Executive Officer	Yasukiyo Toda
Executive Officer	Junko Waseda
Executive Officer	Shinya Ishii
Executive Officer	Nobuyuki Miyaji
Executive Officer	Yuki Oda

(2) Compensation, etc. of Directors and Audit & Supervisory Board Members

(i) Policies and procedures in determining the compensation of Directors and Audit & Supervisory Board Members

Purpose of the establishment of policy on compensation of Directors and Audit & Supervisory Board Members

(1) Development of compensation of Directors and Audit & Supervisory Board Members based on the “Basic Views on Corporate Governance”

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group’s corporate value over the medium and long term in order to ensure the trust of various stakeholders, based on the Corporate Creed of the Company. Based on this basic views on corporate governance, the Company considers a compensation system for Directors and Audit & Supervisory Board Members to be one of the important mechanisms to further increase the motivation and morale of Directors and Audit & Supervisory Board Members, and to appropriately take risks for the sake of the continued growth of medium- and long-term corporate value and the sustainable growth of the Group, and constructs and operates this system.

(2) History of the policy on compensation of Directors and Audit & Supervisory Board Members of the Company

For the purposes of further clarifying the link between the compensation, etc. of eligible Directors, etc. and business performance and stock price, enhancing the motivation to contribute to the improvement of medium- and long-term corporate value, and sharing interests with shareholders, the Company revised the “Policy on Compensation of Directors and Audit & Supervisory Board Members” in April 2019.

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

In order to utilize a more diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in committee deliberations and further improve their objectivity and transparency, the Company has separated the former Nomination and Compensation Committee into the Nomination Committee and the Compensation Committee effective since the Annual Shareholders’ Meeting held on May 28, 2020, and decided that each committee chair and the majority of committee members shall be Independent Outside Directors.

《Policy on Compensation of Directors and Audit & Supervisory Board Members》

1. Basic views on compensation for Directors and Audit & Supervisory Board Members

The Company considers the compensation system for directors and audit & supervisory board members of the Company (the “Directors and Audit & Supervisory Board Members”) to be “the important measures to enhance the motivation and morale of Directors and Supervisory Board Members and to take appropriate risk for the sake of continued growth of the medium- and long-term corporate value and sustainable growth of our group based on a basic view on corporate governance,” and build and operate the system based on the points set forth below.

- ◇ Emphasis is placed on the link between the business performance and corporate value of our group, and establishing a system that further enhances the motivation and morale to contribute to the continuous improvement of business performance and corporate value over the medium to long term.
- ◇ To secure highly capable human resources who will enhance corporate governance through supervision and auditing of the execution of operations, and provide compensation levels and systems commensurate with responsibilities.
- ◇ Ensure the objectivity and transparency of the compensation decision process, and establish a compensation system trusted by all stakeholders.
- ◇ With regard to the design of a specific compensation system for Directors and Audit & Supervisory Board Members, continue to consider to tailor it more appropriately in light of future trends in legal systems and society.

2. Compensation levels

The levels of compensation for Directors and Audit & Supervisory Board Members will be determined, taking into consideration various fundamentals in the business content and the business environment of the Company, with reference to the compensation levels of Directors and Audit & Supervisory Board Members in major companies of the same size as the Company based on market capitalization and revenues, etc.

3. Compensation composition

(1) Operating Directors

(a) Ratio of compensation composition

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

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

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

← Monetary compensation → ← Stock-based compensation →

* Calculated on the assumption that performance-based bonuses and performance-based and stock-based compensation are based on a standard compensation amount.

(b) Composition

(i) Fixed Compensation

- A fixed monetary compensation commensurate with the responsibilities of each position will be paid.
- Compensation will be paid monthly during the term of office.

(ii) Performance-based bonuses

- Short-term incentive compensation will be a performance-based cash compensation that varies based on the Company’s business performance and individual evaluations, etc., for the relevant fiscal year.
- Compensation will be paid annually after the Company’s business performance and individual evaluations, etc., for the relevant fiscal year have been confirmed.
- The KPIs (key performance indicators) for performance-based compensation (bonuses) is per the table below. In order to evaluate the capability of the main business to make a profit in cash and to incorporate the shareholder perspectives, consolidated net income is also used together as a KPI.

Key Performance Indicators for performance-based bonuses

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

<The coefficient formula pertaining to performance-based bonuses>

$$\text{Coefficient pertaining to performance-based bonuses} = \{(a) + (b)\} \times (c)$$

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

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

(c) “Individual evaluations” related coefficient

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

*Management accounting figures based on NOPAT excluding financial services.

(iii) Performance-based and stock-based compensation

- Medium- and long-term incentive compensation is a performance-based and stock-based compensation that varies based on the Company’s business

performance, management indicators, non-financial indicators, etc. (the introduction of the BIP Trust system(*) as a stock-based compensation system was resolved at the Annual Shareholders' Meeting held in May 2019).

- Performance-based and stock-based compensation will enhance sharing profits and risks with our shareholders who have medium- and long-term perspectives by providing points during the term of office based on which shares will be delivered.
- The initial covered period will be four fiscal years starting from the fiscal year ended February 29, 2020, and the subsequent covered periods will be per three fiscal years.
- Shares will be delivered to Directors upon their retirement.
- Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a coefficient pertaining to performance-based and stock-based compensation and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPI for performance-based and stock-based compensation is per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators and the degree of the achievement will be evaluated.
- The Company, aiming for the balance of corporate value and social value, added a target to reduce the amount of CO2 emissions under the environmental declaration called "GREEN CHALLENGE 2050" made in May 2019, as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2021.
- The degree of improvement in employee engagement has been added as the KPI for performance-based and stock-based compensation from the fiscal year ended February 28, 2023 to further promote the creation of an environment that allows various human resources to exercise their abilities.

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

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

KPIs	Ratio	Purpose of Evaluation
(a) Consolidated ROE	60%	Evaluation of profitability against equity
(b) Consolidated EPS	40%	Evaluation of net income from shareholders' viewpoint
(c) CO ₂ Emissions	See the formula below	Evaluation of the degree of promotion of reducing the environmental burden
(d) Employee engagement		Evaluation of the degree of improvement of employee engagement*

*Comprehensive evaluation by the Compensation Committee

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

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

(a) “Consolidated ROE” related coefficient × 60%

(b) “Consolidated EPS” related coefficient × 40%

(c) “CO₂ emissions” related coefficient

(d) “Employee engagement” related coefficient

- When evaluating KPI, the range of compensation of Representative Directors is set wider by using different performance-based coefficients from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.
- If an eligible Director commits a material illegal or unlawful act, no shares under this system will be delivered to such Director (malus) or the Company may request that such Director refund money corresponding to the shares delivered to him/her (clawback).

(2) Outside Directors and Audit & Supervisory Board Members

(a) Ratio of compensation composition

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

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

← Monetary compensation →

(b) Composition

Fixed Compensation

- With an emphasis on further strengthening the independence of Outside Directors and Audit & Supervisory Board Members from management, the compensation of Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation. Performance-based compensation (bonuses and stock-based compensation) will not be paid to Outside Directors and Audit & Supervisory Board Members.
- Compensation will be paid monthly during the term of office.

4. Compensation Governance

(1) Compensation Committee

The Company has established a compensation committee (in this Policy, the “Compensation Committee”) to ensure objectivity and transparency in the procedures for deciding the compensation of Officers, etc. (referring in this Policy to Directors, Audit & Supervisory Board Members, and Executive Officers). The committee’s chair and the majority of its members are Independent Outside Directors, and all of its members are Directors.

(2) Method of determining compensation

This Policy, the basic policy on compensation of Directors and Audit & Supervisory Board Members, is determined by the Board of Directors through deliberations by the Compensation Committee. Based on this Policy, the amount of compensation of each Director is deliberated on by the Compensation Committee in accordance with the evaluation of each Director's function, degree of contribution, and the Group's results, as well as the degree of achievement of KPI, and then determined by the Board of Directors based on reports received from the Compensation Committee.

The compensation of each Audit & Supervisory Board Member is determined through discussions by the Audit & Supervisory Board Members.

5. Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of Directors and Audit & Supervisory Board Members is decided within the following compensation limits determined at the Shareholders' Meeting.

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and no severance payments will be paid to Directors and Audit & Supervisory Board Members.

(1) Directors

- Monetary compensation

Not more than ¥1.0 billion per year (not including employee salaries paid to Directors who serve concurrently as employees)

(Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)

- Stock-based compensation

3 fiscal years / ¥1.2 billion or less (not more than ¥0.4 billion per fiscal year)

The upper limit of the total points to be granted per fiscal year: 80,000 points(*) (1 point = 1 share of common stock)

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

(2) Audit & Supervisory Board Members

- Monetary compensation

Not more than ¥200 million per year

(Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)

(ii) Aggregate amount of compensation, etc. regarding the 19th fiscal year

Classification of Directors/Audit & Supervisory Board Members	Number of eligible Directors/Audit & Supervisory Board Members	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		
			Fixed compensation	Performance-based compensation	
				Bonus	Stock-based compensation (BIP Trust)
Directors (excluding Outside Directors)	6	763	264	223	275
Outside Directors	10	243	243	–	–
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	81	81	–	–
Outside Audit & Supervisory Board Members	3	66	66	–	–

(Notes)

1. The above includes one (1) Outside Director who retired at the conclusion of the 18th Annual Shareholders' Meeting held on May 25, 2023.
2. The aggregate amounts of compensation, etc. of Directors shown above do not include amounts paid as salaries for employees to Directors who serve concurrently as employees.
3. It was resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006 that the annual amount of compensation paid to Directors shall not exceed ¥1.0 billion (not including amounts paid as salaries for employees). The number of Directors was sixteen (16) in accordance with the resolution of this Shareholders' Meeting.
4. The 17th Annual Shareholders' Meeting held on May 26, 2022 revolved as follows regarding compensation amounts for Directors' stock-based compensation (BIP Trust). The number of Directors is four (4) in accordance with the resolution of this Shareholders' Meeting.
3 fiscal years / ¥1.2 billion or less
The upper limit of the total points to be granted per fiscal year: 80,000 points (1 point = 1 share of common stock)
5. It was resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019 that the annual amount of compensation paid to Audit & Supervisory Board Members shall not exceed ¥200 million. The number of Audit & Supervisory Board Members is five (5) in accordance with the resolution of this Shareholders' Meeting.
6. The amount of performance-based compensation above includes the amount of provision for the allowance for bonuses to Directors and Audit & Supervisory Board Members and the amount of provision for the allowance for stock payments in the 19th fiscal year.
7. Stock-based compensation (BIP Trust) was granted to four (4) Directors (excluding Outside Directors).

(iii) KPI results pertaining to performance-based compensation in the 19th fiscal year

KPIs	Results in the 19th fiscal year
(a) Consolidated Operating CF (excl. financial services)*	¥778.3 billion
(b) Consolidated Net Income	¥224.6 billion

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

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

KPIs	Results in the 19th fiscal year
(a) Consolidated ROE	6.2%
(b) Consolidated EPS	84.88 yen
(c) CO ₂ Emissions	1,835,828 t

(Notes) 1. The result of“(c) CO₂ Emissions” is from the fiscal year ended February 28, 2023.

2. “Employee engagement” related coefficient has been decided using the comprehensive evaluation by the Compensation Committee.

3. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. “Consolidated EPS” is calculated assuming that the share split was carried out at the beginning of the 19th fiscal year.

- (iv) Reasons the Board of Directors has deemed that compensation, etc. of each Director pertaining to the 19th fiscal year aligns with the determination policy

The determination of details of compensation, etc. of each Director pertaining to the 19th fiscal year is made by the Board of Directors and the Board of Directors has determined that it is in line with the determination policy as the decision is based on a report by the Compensation Committee, which is an advisory body to the Board of Directors, after deliberation by the Compensation Committee in accordance with the evaluation of each Director’s function, degree of contribution, and the Group’s results, as well as the degree of achievement of KPIs based on the policy on compensation of Directors and Audit & Supervisory Board Members stated in (i) above.

- (v) Aggregate amount of compensation, etc. of Outside Directors and Outside Audit & Supervisory Board Members from subsidiaries

None.

(3) Items related to Outside Directors and Outside Audit & Supervisory Board Members

(i) Standards for the independence of Outside Directors and Outside Audit & Supervisory Board Members, etc.

The Company emphasizes diversity in its Directors and Audit & Supervisory Board Members, including in Outside Directors and Outside Audit & Supervisory Board Members, and strives to secure highly capable external human resources who will support enhanced corporate governance. Accordingly, the Company has adopted the following standards for independence of Outside Directors and Outside Audit & Supervisory Board Members, considering that it is better to judge each candidate from the essential perspective of whether they have any potential conflict of interest with general shareholders.

The opinions of the Outside Directors and Outside Audit & Supervisory Board Members were also considered in the adoption of the following standards; the Company will continue to discuss the standards going forward, noting that other companies and so forth have examined their independence standards from various perspectives.

1. Independence standards for Outside Directors and Outside Audit & Supervisory Board Members

(1) Fundamental approach

Independent Directors and Independent Audit & Supervisory Board Members are defined as Outside Directors and Outside Audit & Supervisory Board Members who have no potential conflicts of interest with general shareholders of the Company.

In the event that an Outside Director or an Outside Audit & Supervisory Board Member is likely to be significantly controlled by the management of the Company or is likely to significantly control the management of the Company, that Outside Director or Outside Audit & Supervisory Board Member is considered to have a potential conflict of interest with general shareholders of the Company and is considered to lack independence.

(2) Independence standards

In accordance with this fundamental approach, the Company uses the independence standards established by the financial instruments exchange as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members.

2. De minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible (in the most-recent business year of the Company)

- With regard to transactions, “less than 1% of the non-consolidated revenues from operations of the Company in the most recent accounting period”
- With regard to donations, “less than ¥10 million”

(ii) Relationship between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions

There are no special relationships between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions.

(iii) Main activities during the 19th fiscal year

(Outside Directors)

Name	Attendance at the meetings of the Board of Directors (Attendance rate)	Main remarks made and summary of duties performed with respect to the roles expected of Outside Directors
Toshiro Yonemura	19/19 (100%)	Toshiro Yonemura gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding organizational management, risk management, etc.
Yoshiyuki Izawa	19/19 (100%)	Yoshiyuki Izawa gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding international corporate management, business administration, finance, and capital markets, etc.
Meyumi Yamada	19/19 (100%)	Meyumi Yamada gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing her opinions based on her broad high level knowledge and experience regarding EC, DX (digital transformation), organizational management, marketing, and sustainability, etc.
Jenifer Simms Rogers	18/19 (94.7%)	Jenifer Simms Rogers gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing her opinions based on her broad high level knowledge and experience regarding global legal affairs and risk management, finance and accounting, and sustainability, etc.
Shinji Wada	14/15 (93.3%)	Shinji Wada gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding corporate management in retail industry, DX (digital transformation), organizational management and corporate governance.
Fuminao Hachiuma	14/15 (93.3%)	Fuminao Hachiuma gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding corporate management, organizational management, marketing and sustainability.
Paul Yonamine	17/19 (89.5%)	Paul Yonamine gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding DX (digital transformation), organizational management, finance and accounting, etc.
Stephen Hayes Dacus	19/19 (100%)	Stephen Hayes Dacus gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding organizational management, marketing, finance and accounting, etc.
Elizabeth Miin Meyerdirk	18/19 (94.7%)	Elizabeth Miin Meyerdirk gave advice and made proposals to ensure the validity and appropriateness of the Board of Directors' decision making, primarily by expressing her opinions based on her broad high level knowledge and experience regarding DX (digital transformation), marketing, finance and accounting, etc.

(Note)

Shinji Wada and Fuminao Hachiuma attended the Board of Directors meetings held after their appointment on May 25, 2023.

(Outside Audit & Supervisory Board Members)

Name	Attendance at the meetings of the Board of Directors (Attendance rate)	Attendance at the meetings of the Audit & Supervisory Board (Attendance rate)	Main remarks
Kazuhiro Hara	19/19 (100%)	28/28 (100%)	Kazuhiro Hara asked questions and expressed his opinions as he deemed appropriate, with his abundant experience and technical knowledge related to finance, accounting, tax and risk management.
Mitsuko Inamasu	18/19 (94.7%)	28/28 (100%)	Mitsuko Inamasu asked questions and expressed her opinions as she deemed appropriate, with her abundant experience and technical knowledge related to overall corporate legal affairs and risk management.
Kaori Matsuhashi (Real name: Kaori Hosoya)	18/19 (94.7%)	28/28 (100%)	Kaori Matsuhashi asked questions and expressed her opinions as she deemed appropriate, with her abundant experience and technical knowledge related to finance, accounting, management administration and risk management.

- Exchanges of opinions with Directors, etc.

In addition to meetings of the Board of Directors, Outside Directors and Outside Audit & Supervisory Board Members met with the Representative Directors, Directors, Standing Audit & Supervisory Board Members, and others. These meetings including Management Opinion Exchange Meetings were held on a regular and as-needed basis. The themes were set for each of the meetings, centered on various management issues and matters of high social concern. Reports were provided by Directors, the internal control divisions, and so forth, regarding the status of business execution and internal control at the Company and its Group companies, and explanations were given in response to questions from the Outside Directors and Outside Audit & Supervisory Board Members, who also expressed their opinions regarding the Company's management, corporate governance, and other topics based on their respective expert knowledge and wide-ranging, high-level experience and insight into management. In these and other ways, the Outside Directors and Outside Audit & Supervisory Board Members coordinated with each other while exchanging frank and lively opinions.

Through these activities, Outside Directors supervised operational execution, and Outside Audit & Supervisory Board Members performed audits of operational execution and accounting practices.

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA LLC

(2) Amount of compensation, etc.

	Amount paid (Millions of yen)
Amount of compensation, etc. for services as accounting auditor for the 19th fiscal year	1,029
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	1,118

(Notes)

1. Under the audit contract concluded between the Company and the accounting auditor, the amounts of compensation, etc. for audits as per the Companies Act and the amounts of compensation, etc. for audits as per the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; therefore, the aggregate of those amounts is shown as the amount of compensation, etc. for services as an accounting auditor for the 19th fiscal year.
2. The Audit & Supervisory Board performed necessary verification to see whether the audit plan prepared by the accounting auditor, the status of the performance of their duties during the accounting audit, and the basis for calculating the estimated amount of compensation and the like were appropriate; thereafter, it decided to consent to the amount of compensation, etc. for services as an accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.
3. Among the major subsidiaries of the Company, 7-Eleven, Inc. is audited by an audit corporation other than the Company's accounting auditor.

(3) Non-audit operations

The Company made payment of consideration to the Accounting Auditor for its work of which service is not included in the scope of services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services), such as assistance with preparation for the application of the new accounting standards on leases.

(4) Policy for determining the dismissal or non-reappointment of the accounting auditor

In the event any of the reasons stipulated in the items of Article 340, Paragraph 1 of the Companies Act becomes applicable to the accounting auditor, the Company's Audit & Supervisory Board will consider the dismissal of that accounting auditor, and if dismissal is deemed appropriate, the accounting auditor will be dismissed based on the unanimous agreement of the Audit & Supervisory Board Members. In the event the Company's Audit & Supervisory Board determines that circumstances related to the accounting auditor's performance of its duties and the Company's audit system necessitate a change in the accounting auditor, the Company's Audit & Supervisory Board will make a decision to propose a resolution for the non-reappointment of the accounting auditor to a Shareholders' Meeting.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

1. Corporate Philosophy

The Company formulated its Corporate Creed as below. The Corporate Creed is unchanging and comprehensively symbolizes the Group's corporate philosophy, thus, the Company values it most as the fundamental basis of the Group's management.

“Corporate Creed”

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

2. Basic views on corporate governance

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group's corporate value over the medium- and long-term in both financial and non-financial (ESG) aspects to ensure the trust and longstanding patronage of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees, based on the Corporate Creed.

The Company's mission as a holding company is to strengthen corporate governance and maximize the Group's corporate value, and the Company will strive to achieve this mission through the provision of support, oversight, and optimal resource allocation to its operating companies.

3. The resolution of the Board of Directors

The Company has adopted the following resolutions regarding “the development of systems for ensuring that the execution of duties by the Directors complies with laws, regulations, and the Articles of Incorporation and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation and by the corporate group comprised of the corporation and its subsidiaries,” as stipulated by the Companies Act.

(1) Systems for ensuring that the execution of duties by the Company's and its subsidiaries' Directors and employees is compliant with laws, regulations, and the Articles of Incorporation

- (i) The Company and its Group companies shall comply with the “Corporate Creed” and the “Corporate Action Guidelines,” etc. In order to continue to be trusted and known for integrity, the Company and its Group companies shall implement ethical corporate activities; strictly observe laws, regulations, and social norms; and announce their fulfillment of corporate social responsibilities. On that basis, the Company shall establish, maintain, and utilize compliance systems, centered on the Company's CSR Management Committee; operate internal whistleblowing systems; promote fair trade; and disseminate the Corporate Action Guidelines and the guidelines of each company. In these ways, compliance shall be further enhanced.
- (ii) The Company and its Group companies will announce their commitment to not having any contact with antisocial groups and will clearly refuse unreasonable requests. Through cooperation with outside specialists, such as the police and lawyers, we will rapidly implement legal countermeasures, both civil and criminal.
- (iii) The Company's internal auditing division, which is independent from operating divisions, will internally audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.
- (iv) The Company's and its Group companies' Audit & Supervisory Board Members will ensure that the execution of duties by their respective companies' Directors is compliant with laws,

regulations, and the Articles of Incorporation and work to raise the effectiveness of the supervisory function.

(2) Systems for the storage and control of information related to the execution of duties by the Company's Directors and systems for reporting to the Company related to the matters concerning the execution of duties by the subsidiaries' Directors

- (i) In accordance with laws, regulations, and the Information Control Regulations, the Company and its Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as minutes of Shareholders' Meetings, minutes of Board of Directors' meetings (including electromagnetic records; hereafter the same), circular decision-making documents (*ringisho*), and other documents and information necessary to secure appropriate operational execution.
- (ii) The Company and its Group companies shall appoint an information management supervisor at each company to be responsible for supervising management of business information and also controlling planning, development and facilitation of initiatives related to the information management. The information management supervisor of the Company shall be then responsible for business information management of the overall Group by setting the Company's Information Management Committee as the core function for the purpose, ensuring enhanced effectiveness of timely and accurate information disclosure by the function responsible for comprehensively collecting and disclosing important information, and integrated information management in view of the safe management of such important information as trade secrets and personal information. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the Audit & Supervisory Board Members.
- (iii) Directors and employees of the Company and its Group companies shall report to the information management supervisor of the Company where any important matter relating to each Group company arises.

(3) The Company's and its subsidiaries' regulations and systems for loss risk management

- (i) In accordance with the "basic rules for risk management," the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.
- (ii) In regard to risk management, a system for periodic reporting to the Board of Directors and Audit & Supervisory Board Members shall be established, maintained, and utilized. The Board of Directors, Directors, and people responsible for operating divisions shall conduct sufficient analysis and evaluation of risks associated with operational execution, and improvement measures shall be implemented rapidly.
- (iii) In the case where a business experiences a major disruption, a serious incident or accident, or a large-scale disaster, etc. to minimize damage to the Company and all Group companies when risk events occur, a Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

(4) The Company's and its subsidiaries' systems for ensuring the efficiency of the execution of duties by Directors

- (i) The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area shall be clearly and appropriately defined in the Decision Authority Regulations, etc. In this way, the Company and its Group companies shall avoid administrative duplication and conduct flexible decision-making and administrative execution.
- (ii) To secure the sustained growth of the Company, the Company's Board of Directors shall make decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as periodic reports from the Company's Directors and people responsible for operating divisions, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.
- (iii) The Company's Board of Directors, as a general rule, shall meet once each month. In addition, when necessary, extraordinary meetings of the Company's Board of Directors shall be held or resolutions of the Company's Board of Directors shall be adopted through documents. Rapid decision making will be implemented and efficient administrative execution will be promoted. The Company shall comply with the Articles of Incorporation, Rules of the Board of Directors, etc. of the Company concerning specific operations of the Board of Directors.

(5) The Company's systems for ensuring the appropriateness of financial reporting

- (i) In order to ensure the Company and its Group companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules, such as rules on establishing internal controls for financial reporting.
- (ii) The Company's internal auditing division, which is independent from operating divisions, shall check and assess the effectiveness of the development and operational status of internal controls for the financial reporting of the Company and its Group companies.
- (iii) Directors, Audit & Supervisory Board Members, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

(6) Matters related to the provision of support staff for the Company's Audit & Supervisory Board Members when so requested

The Company shall provide full-time staff to support Audit & Supervisory Board Members.

(7) Matters related to the independence from the Company's Directors of the support staff for the Company's Audit & Supervisory Board Members and securing effectiveness of instructions

The selection (including subsequent replacements) of support staff to work exclusively for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board Members. In addition, the support staff shall comply with the Employment Rules of the Company. However, the Audit & Supervisory Board Members shall have the authority to provide directions and orders to the support staff and personnel matters such as working conditions and disciplinary actions shall be implemented upon prior consultation with the Audit & Supervisory Board Members.

(8) Systems for reporting to the Company’s Audit & Supervisory Board Members

(i) Systems for Directors and employees of the Company to report to the Audit & Supervisory Board Members of the Company

When matters that could cause significant damage to the Company, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. committed by a Director or an employee are found, Directors and employees of the Company shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

(ii) Systems for Directors, Audit & Supervisory Board Members, and employees of the Company’s subsidiaries, or persons who have received reporting from these people to report to the Audit & Supervisory Board Members of the Company

When matters that could cause significant damage to the Group companies, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. in the Group companies are found, Directors, Audit & Supervisory Board Members and employees of the Group companies shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

(iii) Systems for reporting to the Audit & Supervisory Board Members of the Company through an internal whistleblowing system

Directors and employees of the Company as well as Directors, Audit & Supervisory Board Members and employees of the Group companies may use an internal whistleblowing system established by the Company at any time when acts constituting a violation of laws and regulations, social norms, internal rules or the like are found in the operations of the Company and the Group companies, and the secretariat operating the internal whistleblowing system shall provide reports to the Audit & Supervisory Board Members of the Company concerning the content of the reports and the operation of the internal whistleblowing system, pursuant to the internal rules.

(9) Systems for ensuring that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made

The Company and the Group companies shall take appropriate measures such as establishing provisions in their internal rules to ensure that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made.

(10) Matters concerning policies for processing prepayment or repayment of costs incurred in relation to execution of duties of the Audit & Supervisory Board Members of the Company and other processing of costs or liabilities incurred in relation to execution of duties thereof

The Company shall bear the costs incurred in relation to the execution of duties by the Audit & Supervisory Board Members.

(11) Other systems for ensuring that the Company’s Audit & Supervisory Board Members can conduct their activities effectively

(i) The Company’s Audit & Supervisory Board Members shall meet regularly with the Representative Director, and exchange opinions concerning important audit matters.

(ii) The Company’s Audit & Supervisory Board Members shall maintain close contact with the Company’s internal auditing division, and may request the division to conduct inspections when necessary.

(iii) The Company’s Audit & Supervisory Board Members shall meet regularly with the Audit & Supervisory Board Members of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.

- (iv) The Company's Audit & Supervisory Board Members may consult with the accounting auditor and lawyers as needed, and the Company shall bear all of the costs of such consultation.

4. Summary of operational status of systems for ensuring appropriate operations

(1) Status of the Company's corporate governance

The Company's Board of Directors comprises 15 members (including 9 Independent Outside Directors / 12 men and 3 women) and meets once a month in principle. To facilitate prompt decision making and business execution even amid a dramatically changing operating environment, the Company has introduced the executive officer system and separated the Board of Directors' supervisory function from the executive officers' business execution function. This developed an environment where the Board of Directors is able to focus on the "formulation of management strategies" and the "oversight of business execution," while the executive officers can focus on "business execution." The executive officers comprise 22 members (20 men and 2 women). The term of office of the Directors is set to one year in order to reflect the intentions of shareholders regarding the appointment of the management team in a timely manner.

Matters to be decided by the Board of Directors at the Company are stipulated in the Board of Directors Regulations, the Decision Authority Regulations, and so forth, and matters stipulated by the Companies Act and the Company's internal regulations are decided by the Board of Directors. The Decision Authority Regulations clearly set forth the scope of matters to be decided by the President and Representative Director. This clarifies the decision-making process for management and the structure of responsibility, while also expediting decision-making by rational delegation of authority.

The Company's Board of Directors held 19 meetings during the 19th fiscal year, and made decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as reports from the Company's Directors and people responsible for operating divisions, the Company addressed important management issues, including investigating and re-evaluating the efficiency and soundness of administrative execution.

The Audit & Supervisory Board is composed of 5 members (including 3 Independent Outside Audit & Supervisory Board Members / 3 men and 2 women), and monitors management based on the Audit & Supervisory Board Member system. In addition to attending Board of Directors' meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Directors and periodically interview Directors regarding the status of business execution, and they investigate the status of business operations and assets of the Company and its operating companies based on the audit plan. In addition, they share information with operating companies' Directors and Audit & Supervisory Board Members and audit the Directors' performance of duties. Further, the Audit & Supervisory Board Members exchange information with the accounting auditor to maintain close ties with them with respect to accounting audits.

The Outside Directors and Outside Audit & Supervisory Board Members provide advice and suggestions to ensure the validity and appropriateness of decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

(2) Initiatives at internal auditing divisions

In order to enhance and reinforce its internal auditing function, the Company has appointed, within the Auditing Office, the "group operational auditing staff" and the "internal control evaluation staff," which are independent internal auditing divisions. The "group operational auditing staff" has an oversight function to verify and provide guidance on internal auditing, including the status of the maintenance and management of compliance systems, by core operating companies or to directly audit them, and an internal auditing function for auditing the

Company, the holding company, and performs these operations. The “internal control evaluation staff” evaluates internal controls regarding the financial reporting of the whole Group.

(3) Coordination between Audit & Supervisory Board Member audits, internal audits and accounting audits

In order to improve the overall quality of audits, the Company ensures that the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm proactively exchange information and endeavor to maintain close ties with each other, by such means as periodically holding tri-partite meetings. In the meeting, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members) receive reports from the auditing firm on, among other matters, the performance of accounting audits, and reports from the Auditing Office on, among other matters, the performance of internal audits, respectively, and request explanations as necessary.

Furthermore, the Company periodically holds reporting sessions for accounting audits, which are attended by the Representative Directors and other officers, as well as the Standing Audit & Supervisory Board Members and the Auditing Office, etc. In the sessions, they receive reports from the auditing firm on the accounting audits, and confirm, among other matters, the results of the accounting audits.

Furthermore, the Standing Audit & Supervisory Board Members and the Auditing Office hold meetings, basically once a month. In the meetings, the Auditing Office reports on the results of operational audits and the progress of internal control evaluations, etc., and also actively exchanges opinions with the Standing Audit & Supervisory Board Members regarding, among other matters, priority matters that should be examined in order to improve the quality of audits. With these efforts, the two parties aim to ensure comprehensive sharing of audit information between each other.

In the Audit & Supervisory Board meetings and other meetings, the Standing Audit & Supervisory Board Members report to the Outside Audit & Supervisory Board Members on, inter alia, the status of the reporting session for accounting audits and the contents of the meeting with the Auditing Office, respectively described above, and thereby share and discuss issues to be addressed and the like. Furthermore, by providing the Auditing Office and the auditing firm with feedback on the matters thus discussed, the Standing Audit & Supervisory Board Members aim to ensure that (i) audits by the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members; (ii) internal audits; and (iii) accounting audits are linked with each other in a timely manner.

Further, the Auditing Office reports on the performance and the results of internal audits in the Audit & Supervisory Board meetings and other meetings from time to time, and provides explanations in response to questions and so on from the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members).

At each audit, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm receive reports and materials, etc. from the internal control divisions, and request explanations as deemed necessary, and the internal control divisions cooperate in the appropriate performance of these audits.

(4) Efforts of each committee

The Company has established the “CSR Management Committee,” “Risk Management Committee,” and “Information Management Committee,” which report to the Representative Directors. Each committee determines Group policies in cooperation with the operating companies, and strengthens corporate governance by managing and supervising their dissemination and execution.

● CSR Management Committee

The Company has established the CSR Management Committee based on CSR Basic Rules for the purpose of promoting, administrating and supervising the CSR activities of the entire

Group through operating activities in order to contribute to solving social issues and aim for sustainable growth for both society and the Group. The Company has also established five subcommittees under the CSR Management Committee tasked with the examination and promotion of concrete measures to promote operating activities that will contribute to solving material issues (Materiality) identified to address the expectations and demands of stakeholders and realizing a more thorough compliance practice. Through these subcommittees, the Company has carried out initiatives to find solutions to issues and implemented preventive measures.

Under the CSR Management Committee, to resolve material issues that should be addressed by the Group, the Company tasks a subcommittee with each relevant issue: the “Environment Subcommittee” with helping mitigate climate change, depletion of resources, and other environmental burdens; the “Supply Chain Subcommittee” with building a sound supply chain that takes human rights and the environment into consideration and with improving quality and ensuring safety for merchandise and services; the “Corporate Ethics and Culture Subcommittee” with ensuring thorough awareness and adoption of the Corporate Creed and the Corporate Action Guidelines, building worker-friendly workplaces, promoting advancement of diverse human resources and improving the labor environments; the “Compliance Subcommittee” with strengthening compliance and internal controls; and the “Social Value Creation Subcommittee” with the planning, proposal and operation of new businesses originating from addressing social issues through the main business, by utilizing business characteristics and management resources. These subcommittees have formulated and carried out measures to address such individual issues on a Group-wide basis.

Through the activities of these subcommittees, we will promote business activities that further ensure compliance and contribute to the resolution of the material issues (Materiality) related to stakeholders, while aiming for sustainable development of both society and our Group from an ESG perspective.

●Risk Management Committee

In accordance with the basic rules for risk management, the Company and its Group companies establish, streamline, and manage comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors.

The Risk Management Committee receives reports from the departments in charge of risk management regarding the risk management status of the Company. The committee comprehensively determines, assesses, and analyzes risks and discusses measures, and determines the future direction going forward.

In recent years, in addition to changes in the Group’s internal environment, various changes in the external environment have had a significant impact on business activities, including heightening of geopolitical risks and ESG-related risks. In response to these changes, in the 19th fiscal year, we revised our risk management framework, taking into consideration not only short-term risks but also medium- to long-term risks. Furthermore, by identifying high-priority risks from various perspectives such as importance and commonality, and by clarifying the roles and responsibilities within the Company and each Group company, we have enhanced the effectiveness of risk management across the entire Group.

●Information Management Committee

In accordance with the Information Control Regulations, the Company has carried out risk analysis, evaluation and measures regarding the handling of operations-related information that is learned, created or retained by officers and employees of the Group under the Information Management Committee, chaired by the information management supervisor.

In the 19th fiscal year, as in the 18th fiscal year, we continued our efforts to strengthen our information collection and management system, and strengthened the system to gather important

information from Group companies in an appropriate and timely manner in order to cooperate with each other to deal with such information, as well as to centrally manage such information and report it, without omission or delay, to management and the relevant divisions.

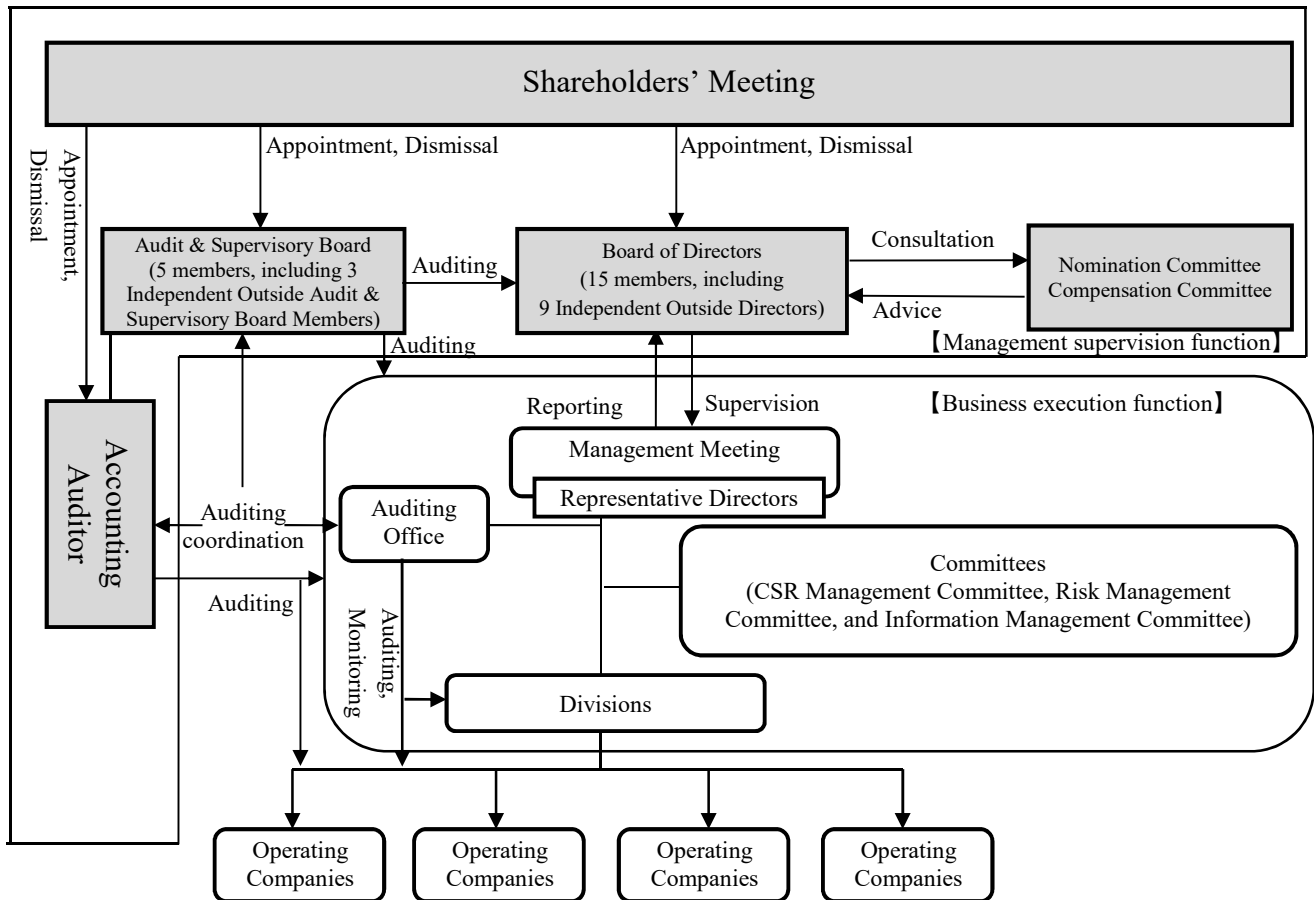
In addition, in order to comply with laws, regulations, and guidelines surrounding information security, as well as to strengthen our countermeasures against cyber attacks, which are becoming more sophisticated by the day, we are reviewing information handling procedures, strengthening management of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

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

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

Corporate Governance System

The Company's corporate governance system is as follows:



Reference: Effectiveness evaluations of the Board of Directors

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

(Note)

In this Business Report, the final numbers that are described have been rounded down, and amounts less than the stated numbers have been omitted. Except that, unless otherwise noted, percentages have been rounded to one decimal place, and net income per share and net assets per share have been rounded to the nearest number as stated.

CONSOLIDATED BALANCE SHEET (as of February 29, 2024)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	3,035,666	Current liabilities	3,073,252
Cash and bank deposits	1,558,738	Notes and accounts payable, trade	528,155
Notes and accounts receivable - trade, and contract assets	464,159	Short-term loans	84,882
Trade accounts receivable-financial services	100,645	Current portion of bonds	334,039
Merchandise and finished goods	283,349	Current portion of long-term loans	138,530
Work in process	79	Income taxes payable	18,389
Raw materials and supplies	2,444	Accrued expenses	264,862
Prepaid expenses	90,576	Contract liabilities	188,890
ATM-related temporary payments	99,351	Deposits received	140,845
Other	447,812	ATM-related temporary advances	60,880
Allowance for doubtful accounts	(11,491)	Lease obligations	132,392
Non-current assets	7,555,469	Allowance for restructuring expenses	15,989
Property and equipment	4,362,500	Allowance for sales promotion expenses	773
Buildings and structures	1,606,839	Allowance for bonuses to employees	13,870
Furniture, fixtures and equipment	493,756	Allowance for bonuses to Directors and Audit & Supervisory Board Members	496
Vehicles	21,783	Deposits received in banking business	803,763
Land	1,096,630	Call money	40,000
Lease assets	2,970	Other	306,490
Right-of-use assets	985,657	Non-current liabilities	3,618,240
Construction in progress	154,862	Bonds	1,356,585
Intangible assets	2,356,578	Long-term loans	824,616
Goodwill	1,928,916	Deferred income taxes	220,658
Software	302,767	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	459
Other	124,895	Allowance for stock payments	4,707
Investments and other assets	836,390	Net defined benefit liability	16,323
Investments in securities	277,526	Deposits received from tenants and franchised stores	45,025
Long-term loans receivable	14,488	Lease obligations	931,759
Long-term leasehold deposits	278,642	Asset retirement obligations	163,328
Advances for store construction	75	Other	54,776
Net defined benefit asset	116,852	TOTAL LIABILITIES	6,691,492
Deferred income taxes	92,015	NET ASSETS	
Other	59,222	Shareholders' equity	3,036,059
Allowance for doubtful accounts	(2,432)	Common stock	50,000
Deferred assets	981	Capital surplus	351,851
Business commencement expenses	193	Retained earnings	2,650,575
Bond issuance cost	788	Treasury stock, at cost	(16,368)
		Total accumulated other comprehensive income	680,464
		Unrealized gains on available-for-sale securities, net of taxes	46,116
		Unrealized gains (losses) on hedging derivatives, net of taxes	4,823
		Foreign currency translation adjustments	608,057
		Remeasurements of defined benefit plan	21,466
		Subscription rights to shares	60
		Non-controlling interests	184,041
		TOTAL NET ASSETS	3,900,624
TOTAL ASSETS	10,592,117	TOTAL LIABILITIES AND NET ASSETS	10,592,117

CONSOLIDATED STATEMENT OF INCOME (March 1, 2023 to February 29, 2024)

(Millions of yen)

Item	Amount	
Revenues from operations		11,471,753
Net sales		9,850,470
Cost of sales		8,060,919
Gross profit on sales		1,789,551
Operating revenues		1,621,283
Gross profit from operations		3,410,834
Selling, general and administrative expenses		2,876,585
Operating income		534,248
Non-operating income		
Interest and dividend income	13,719	
Equity in earnings of affiliates	3,711	
Gain on valuation of investment securities	146	
Other	5,910	23,487
Non-operating expenses		
Interest expenses	22,060	
Interest on bonds	21,059	
Other	7,529	50,649
Ordinary income		507,086
Special gains		
Gain on sales of property and equipment	11,027	
Gain on sales of investments in securities	2,867	
Other	2,017	15,912
Special losses		
Loss on disposals of property and equipment	15,590	
Impairment loss	43,010	
Loss on transfer of department store	129,618	
Restructuring expenses	28,858	
Loss on transfer of subsidiary	4,866	
Other	24,047	245,991
Income before income taxes		277,007
Income taxes - current	63,116	
Income taxes - deferred	(21,313)	41,803
Net income		235,203
Net income attributable to non-controlling interests		10,580
Net income attributable to owners of parent		224,623

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2023 to February 29, 2024)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2023	50,000	408,926	2,532,491	(9,873)	2,981,545
Increase (decrease) for the year					
Cash dividends			(106,152)		(106,152)
Net income attributable to owners of parent			224,623		224,623
Purchase of treasury stock				(52,393)	(52,393)
Disposal of treasury stock		0		489	489
Cancellation of treasury stock		(45,408)		45,408	–
Other		(11,666)	(387)	1	(12,052)
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	–	(57,074)	118,083	(6,494)	54,513
Balance at February 29, 2024	50,000	351,851	2,650,575	(16,368)	3,036,059

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	TOTAL NET ASSETS
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plan	Total accumulated other comprehensive income			
Balance at March 1, 2023	34,823	4,799	444,478	8,899	493,001	49	173,565	3,648,161
Increase (decrease) for the year								
Cash dividends								(106,152)
Net income attributable to owners of parent								224,623
Purchase of treasury stock								(52,393)
Disposal of treasury stock								489
Cancellation of treasury stock								–
Other								(12,052)
Net changes of items other than shareholders' equity	11,292	23	163,578	12,567	187,462	10	10,475	197,949
Net increase (decrease) for the year	11,292	23	163,578	12,567	187,462	10	10,475	252,462
Balance at February 29, 2024	46,116	4,823	608,057	21,466	680,464	60	184,041	3,900,624

Notes to Consolidated Financial Statements

Notes relating to Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Items relating to scope of consolidation

Status of consolidated subsidiaries

(1) Number of consolidated subsidiaries: 160

(2) Names of major consolidated subsidiaries:

SEVEN-ELEVEN JAPAN CO., LTD.

7-Eleven, Inc.

Ito-Yokado Co., Ltd.

York-Benimaru Co., Ltd.

Seven Bank, Ltd.

Seven Financial Service Co., Ltd.

During the 19th fiscal year, seven (7) companies were newly made consolidated subsidiaries following the establishment of Ito-Yokado Net Super Co., Ltd. and AR BidCo Pty Ltd and two (2) other companies, and the acquisition of shares in three (3) companies.

Following the transfer of shares of Sogo & Seibu Co., Ltd. on September 1, 2023, six (6) companies including Sogo & Seibu Co., Ltd. subsidiaries were excluded from the scope of consolidation and one (1) company was changed from a consolidated subsidiary to an equity-method affiliate. York Co., Ltd. ceased to exist as a result of its merger with Ito-Yokado Co., Ltd. on September 1, 2023. In addition, one (1) company was absorbed, one (1) company had its shares transferred, and two (2) companies were liquidated. As a result, twelve (12) companies were excluded from the scope of consolidation.

2. Items relating to application of the equity method

(1) Number of non-consolidated subsidiaries to which the equity method was applied: None

(2) Number of affiliates to which the equity method was applied: 20

Names of major affiliates:

Tenmaya Store Co., Ltd.

DAIICHI CO., LTD.

PIA Corporation

During the 19th fiscal year, one (1) company was changed from a consolidated subsidiary to an equity-method affiliate due to the transfer of Sogo & Seibu Co., Ltd. shares on September 1, 2023. In addition, one (1) company was acquired, and as a result, two (2) companies became equity-method affiliates in total.

Six (6) companies were excluded from equity-method affiliate status for reasons such as transfer of shares.

(3) Items regarding procedure for applying the equity method

- (i) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.
- (ii) When an affiliate is in a net loss position, the Company's share of such loss is reduced from its loan receivable from the affiliate.

3. Items relating to accounting period of consolidated subsidiaries

The fiscal year-end of some consolidated subsidiaries is December 31. The financial statements of such subsidiaries as of such dates and for such period are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to February 28 or 29 are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd. etc. is March 31. Pro forma financial statements as of February 28 or 29 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

4. Items relating to accounting policies

(1) Valuation basis and method for major assets

(i) Valuation basis and method for securities

Held-to-maturity debt securities are carried at amortized cost (straight-line method).

Other available-for-sale securities are classified into two (2) categories: (a) securities other than shares that do not have a market value; and (b) shares that do not have a market value

(a) Securities other than shares that do not have a market value are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

(b) Shares that do not have a market value are valued mainly at cost, determined using the moving-average method.

(ii) Valuation basis and method for derivatives

Derivative financial instruments are valued at fair value.

(iii) Valuation basis and method for inventories

Merchandise:

Inventories of domestic consolidated subsidiaries are stated mainly at cost determined by the retail method with book value written down to the net realizable value. Cost is determined principally by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined by the weighted average cost method) for foreign consolidated subsidiaries. Some domestic consolidated subsidiaries applied the FIFO method.

Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(2) Depreciation and amortization of significant assets

(i) Property and equipment (excluding lease assets)

Depreciation of property and equipment is computed using the straight-line method.

(ii) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five (5) years in most cases.

(iii) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, a useful life is determined based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(iv) Right-of-use assets

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

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

(3) Methods of accounting for significant allowance

(i) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses with respect to general receivables.

(ii) Allowance for restructuring expenses

Allowance for restructuring expenses is provided in an amount estimated to prepare for expenses or losses associated with business restructuring.

(iii) Allowance for sales promotion expenses

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

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

(iv) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated on the estimation of payment.

(v) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(vi) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid at the end of the fiscal year calculated in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefits system for Directors and Audit & Supervisory Board Members, among

which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(vii) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers of the Company and some of its consolidated subsidiaries. The amount is based on the expected stock benefit payable at the end of the 19th fiscal year.

(4) Accounting method for retirement benefits

(i) Allocation method of estimated total retirement benefits:

In calculating retirement benefit obligations, the estimated total retirement benefits are allocated to the period up to the end of the 19th fiscal year on a benefit formula basis.

(ii) Amortization method of the actuarial differences and the prior service costs:

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the consolidated fiscal year following the consolidated fiscal year in which they arise, which is within the average remaining years of service of the eligible employees when the actuarial differences arise in a consolidated fiscal year.

Prior service costs are amortized on a straight-line basis over a certain period (five (5) years or ten (10) years), which is within the average remaining years of service of the eligible employees when the prior service costs arise.

(5) Accounting policy for significant revenue and expenses

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

Step 1: Identifying the contract

Step 2: Identifying the performance obligations

Step 3: Determining the transaction price

Step 4: Allocating the transaction price to the performance obligations

Step 5: Recognizing revenue as the performance obligation is satisfied

(i) Revenue recognition criteria for each operating segment

a. Domestic convenience store operations

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

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

The Group assumes contractual obligations to franchised convenience stores, such as licensing of the use of the business expertise and trademarks, lending of equipment, purchase cooperation, advertising, management consulting, credit support for merchandise purchases, preparation for business commencement, as well as provision of services including training and accounting/bookkeeping services. These activities are determined to be a single performance obligation since they are closely connected with each other and

cannot be separately performed as distinct services. This performance obligation is satisfied over time or as the service is provided. In addition, revenue is recognized over the contract period as gross profit on sales is generated, since the transaction prices are royalties based on the gross profit on sales of the stores.

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

b. Overseas convenience store operations

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

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

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

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

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

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

c. Superstore operations

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

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

d. Financial services

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

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

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

(iii) Determination of a principal or an agent

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

(6) Significant hedge accounting methods

(i) Hedge accounting

In principle, hedging activities are accounted for by the deferred hedge method.

However, forward foreign exchange contracts are accounted for by the short-cut method (*furiate shori*), i.e., translated at the foreign exchange rate stipulated in the contracts, when they meet certain criteria for the method, interest rate swap contracts are accounted for by specific hedging when they meet certain criteria for the method, and interest rate and currency swaps are accounted for by integrated accounting treatment (specific hedging and the short-cut method) when they meet certain criteria for the method.

(ii) Hedge instruments and hedged items

a. Hedge instruments – Forward foreign exchange contracts

Hedged items – Foreign currency-denominated monetary asset and liability

b. Hedge instruments – Interest rate swaps

Hedged items – Loans payable

c. Hedge instruments – Interest rate and currency swaps

Hedged items – Foreign currency-denominated loans

(iii) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, reducing financing costs, and optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for short-term trading or speculative purposes.

(iv) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for interest rate swap contracts that meet specific hedging criteria and interest rate and currency swap contracts for which integrated accounting treatment has been applied.

(7) Other significant matters that serve as the basis for preparation of the Consolidated Financial Statements

(i) Accounting for deferred assets

Business commencement expenses are amortized using the straight-line method over five (5) years.

Bond issuance costs are amortized using the straight-line method over the redemption period.

(ii) Goodwill and negative goodwill

Goodwill is amortized mainly over a period of twenty (20) years on a straight-line basis, or recognized as income or expenses immediately if immaterial.

Negative goodwill is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(iii) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statement of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates except for shareholders' equity, which is translated at the historical rates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under "Foreign currency translation adjustments" and "Non-controlling interests."

(iv) Accounting for franchised stores in domestic and overseas convenience store operations

SEVEN-ELEVEN JAPAN CO., LTD. and its U.S. consolidated subsidiary, 7-Eleven, Inc., recognize franchise commission from their franchised stores as revenues and include it in "Operating revenues."

(v) Accounting for consumption taxes and excise tax

The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(vi) Application of the Group Tax Sharing System

The Company and some of its domestic consolidated subsidiaries have applied the Group Tax Sharing System.

(vii) Application of the practical solution on the accounting and disclosure under the Group Tax Sharing System

The Company and some of its domestic consolidated subsidiaries have applied the Group Tax Sharing System from the beginning of the 19th fiscal year. Furthermore, the Company undertakes and discloses the accounting treatment for national corporation tax and local corporation tax or tax effect accounting relating to these taxes in compliance with provisions in the "Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System" (Practical Issues Task Force ("PITF") No. 42 issued on August 12, 2021).

Notes concerning changes in accounting policies

(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) from the beginning of the 19th fiscal year, 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 consolidated financial statements of the 19th fiscal year.

Notes concerning changes in method of presentation

(Consolidated Balance Sheet)

“Allowance for restructuring expenses,” which was previously included in “Accrued expenses” of Current liabilities in the 18th fiscal year, is separately presented for the 19th fiscal year due to its increased materiality.

Notes on accounting estimates

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the consolidated financial statements. Among the amounts which include accounting estimates recorded in the consolidated financial statements for the 19th fiscal year, the following items have risks of having a material effect on the consolidated financial statements for the following fiscal year:

Determination of whether impairment losses on long-lived assets are required to be recognized

(1) Amounts recorded in the consolidated financial statements for the 19th fiscal year

Our Group operates retail stores in a variety of formats, including GMS and food supermarkets. Of these, Ito-Yokado Co., Ltd., which is included in the Superstore operations segment, operates a superstore business.

Amounts recorded in the consolidated balance sheets and consolidated statements of income for the 19th fiscal year at Ito-Yokado Co., Ltd. are as follows:

			(Millions of yen)
Company Name	Property, plant, and equipment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	339,304	25,865	19,692

(2) Information on the content of significant accounting estimates for identified items

① Calculation method

At Ito-Yokado Co., Ltd., the smallest group of assets that generates independent cash flow are mainly stores. Although Ito-Yokado Co., Ltd. is promoting business restructuring, there were indications of impairment for several stores in the 19th fiscal year as higher costs due to strategic investments in infrastructure had a significant impact.

Whenever there is an indication of impairment for long-lived assets of a store, it is necessary to determine whether an impairment loss should be recognized by comparing the total undiscounted future cash flows to be generated from the store’s long-lived assets with their carrying amount. If it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount and the resulting reduction is recognized as an impairment loss.

② Key assumptions

The undiscounted future cash flows used to determine whether an impairment loss is required to be recognized include significant assumptions such as sales growth rates, gross margin ratios and estimated cost fluctuation.

③ Effect on the consolidated financial statements for the following fiscal year

The estimates and assumptions discussed above may be affected by future changes in uncertain economic conditions. Any changes in the assumptions may have a material effect on the consolidated financial statements for the following fiscal year.

Supplementary information

(Performance-Based Stock Compensation Plan for Directors)

The Company and some of its consolidated subsidiaries (hereinafter the “Companies”) have introduced a performance-based stock compensation plan (hereinafter the “Plan”) for the directors of the Companies (excluding nonexecutive Directors and Directors residing overseas, the same applies hereinafter) using the BIP Trust, mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders.

The accounting treatment for the said trust agreement is in accordance with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015).

(1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the BIP Trust, which is used as funds to acquire the Company’s shares. The Company’s shares are delivered to directors in accordance with Share Delivery Rules for directors stipulated by the Companies. Directors shall receive delivery of the Company’s shares, etc., in principle, upon their retirement.

(2) The Company’s shares remaining in the BIP Trust

The Company’s shares remaining in the BIP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). As of February 29, 2024, the carrying amount and the number of the Company’s shares remaining in the BIP Trust are ¥4,357 million and 991 thousand shares, respectively.

The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. The number of shares stated above is the number of shares before the share split.

(Performance-Based Stock Compensation Plan for Executive Officers)

The Company and some of its consolidated subsidiaries (hereinafter the “Companies”) have introduced a performance-based stock compensation plan (hereinafter the “Plan”) for the executive officers of the Companies (excluding those residing overseas, the same applies hereinafter) using the ESOP Trust, mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders.

The Companies adopted “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015) to account for the said trust agreement.

(1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the ESOP Trust, which is used as funds to acquire the Company’s shares. The Company’s shares are delivered to executive officers in accordance with Share Delivery Rules for executive officers stipulated by the Companies. Executive officers shall receive delivery of the Company’s shares, etc., in principle, upon their retirement.

(2) The Company’s shares remaining in the ESOP Trust

The Company's shares remaining in the ESOP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). As of February 29, 2024, the carrying amount and the number of the Company's shares remaining in the Trust are ¥2,366 million and 585 thousand shares, respectively.

The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. The number of shares stated above is the number of shares before the share split.

(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 pursuant to Article 156 of the Companies Act which is applied by replacing terms pursuant to Article 165, paragraph 3 of the same Act.

1. 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 over the period from 19th fiscal year to 21st fiscal year). Under these policies, taking into consideration carefully 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. The Company plans to fully cancel all of the treasury stock acquired related to this release. The 8,699,800 shares of treasury stock acquired during the 19th fiscal year have been cancelled within the same fiscal year.

2. Contents of the acquisition

(1) Class of shares to be acquired	Common stock of the Company
(2) Total number of shares that can be acquired	25,000,000 shares (The percentage to the total number of shares outstanding (excluding treasury stock): 2.83%)
(3) Total amount of acquisition cost	¥110,000,000,000
(4) Method of repurchase	Acquisitions on the Tokyo Stock Exchange
(5) 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 holding of treasury stock as of February 29, 2024

Total number of shares outstanding (excluding treasury stock)	875,903,256 shares
Number of treasury stock	1,838,927 shares

* The shares held by the BIP and ESOP Trust are excluded from the above number of treasury stock.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and debts for which those assets are pledged as collateral

(1) Assets pledged as collateral

Buildings and structures:	¥1,197 million
Land:	¥1,258 million
Investments in securities:	¥101,596 million
<u>Total</u>	<u>¥104,052 million</u>

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

Long-term loans:

(including current portion of long-term loans):

¥6,335 million

Investments in securities (¥999 million) and long-term leasehold deposits (¥6,500 million) are pledged as collateral for exchange settlement transactions. Long-term leasehold deposits (¥20 million) are deposited with an official depository under the Real Estate Brokerage Act.

2. Accumulated depreciation of property and equipment: ¥2,667,223 million

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

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees of consolidated subsidiaries are ¥28 million.

4. Loan commitment

Certain finance-related subsidiaries conduct a cash loan business. Unused credit balance related to loan commitment in the cash loan business is as follows.

Credit availability of loan commitment:	¥801,857 million
Outstanding balance:	¥55,155 million
<u>Unused credit balance</u>	<u>¥746,701 million</u>

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical records. Those subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

5. Other

Government bonds and others held by Seven Bank, Ltd.

Seven Bank, Ltd., a consolidated subsidiary of the Company, holds government bonds and others to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds and others (including whose redemption at maturity is less than one (1) year) are recorded in “Investments in securities” in the Consolidated Balance Sheet due to the substantive nature of the restrictions.

Notes to Consolidated Statement of Changes in Net Assets

1. Items relating to total number of outstanding shares

(Thousands of shares)

Type	As of March 1, 2023	Number of shares increased	Number of shares decreased	As of February 29, 2024
Common stock	886,441	–	8,699	877,742

2. Items relating to total number of shares of treasury stock

(Thousands of shares)

Type	As of March 1, 2023	Number of shares increased	Number of shares decreased	As of February 29, 2024
Common stock	3,217	9,047	8,827	3,437

(Notes)

- The increase in treasury stock of 9,047 thousand shares of common stock is the increase due to the purchase of 8,699 thousand shares by the resolution of the Board of Directors, the increase of 345 thousand shares due to the acquisitions of the shares of the Company held by the BIP Trust and the ESOP Trust and the increase of 2 thousand shares due to the purchase of odd-lot shares.
- The decrease in treasury stock of 8,827 thousand shares of common stock is the decrease of 8,699 thousand shares due to the cancellation of treasury stock, the decrease of 126 thousand shares due to the delivery of the shares of the Company held by the BIP Trust and the ESOP Trust, the decrease of 0 thousand shares due to the sale of odd-lot shares.
- The number of shares of treasury stock as of February 29, 2024 includes 1,576 thousand shares of the Company held by the BIP Trust and the ESOP Trust.
- The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. The number of shares stated above is the number of shares before the share split.

3. Items relating to cash dividends

(1) Dividend payments, etc.

Resolution	Type	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 25, 2023; Annual Shareholders' Meeting	Common stock	56,172	63.50	February 28, 2023	May 26, 2023
October 12, 2023; Board of Directors' meeting	Common stock	49,980	56.50	August 31, 2023	November 15, 2023
Total		106,152			

(Notes)

- The total amount of cash dividends determined by the resolution of the Annual Shareholders' Meeting held on May 25, 2023 includes ¥86 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust. In addition, dividend per share of ¥63.50 includes commemorative dividend of ¥10 for the 50th anniversary of the establishment of SEVEN-ELEVEN JAPAN CO., LTD.
- The total amount of cash dividends determined by the resolution of the Board of Directors meeting held on October 12, 2023 includes ¥70 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

(2) Dividends whose record date is within the 19th fiscal year but to be effective during the 20th fiscal year

At the Annual Shareholders' Meeting to be held on May 28, 2024, the following proposal for resolution will be presented for matters concerning common stock dividends.

- (i) Total amount of cash dividends: ¥49,488 million
- (ii) Dividend per share: ¥56.50
- (iii) Record date: February 29, 2024
- (iv) Effective date: May 29, 2024

(Notes)

1. The total amount of cash dividends includes ¥89 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.
2. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. Dividend per share stated above is the amount of dividend before the share split.

4. Items relating to share subscription rights at the end of the 19th fiscal year

Category	Breakdown of share subscription rights	Class of shares to be acquired upon exercise of the share subscription rights	Number of shares to be acquired upon exercise of the share subscription rights
The Company	15th share subscription rights issue	Common stock	3,000 shares
	17th share subscription rights issue	Common stock	3,000 shares
	19th share subscription rights issue	Common stock	3,000 shares
	21st share subscription rights issue	Common stock	3,000 shares

Notes relating to financial instruments

1. Items relating to the status of financial instruments

For the management of surplus funds, the Group follows a basic policy of prioritizing safety, liquidity, and efficiency and limits the management of such funds to management through deposits with banks. The Group mainly raises funds through bank loans and bond issuance.

In addition, the Group uses derivative instruments to hedge the exposure to the risk of fluctuations in currency exchange rates regarding foreign currency-denominated asset and liability and hedge the exposure to the risk of fluctuations in interest rates regarding interest bearing debt as well as to optimize cash flows for future principal and interest payments. The Group does not hold or issue derivative instruments for short-term trading or speculative purposes.

The Group's risk management is conducted pursuant to the "basic rules for risk management," stipulating which departments have overall control of each type of risk and which departments have overall control of general risk.

The Group reduces credit risk relating to notes and accounts receivable-trade, and leasehold deposits by continuously monitoring the credit ratings of business partners while undertaking due date control and balance control of notes and accounts receivable-trade for each business partner. Also, investments in securities are mainly shares and government bonds. In relation to these securities, the Group periodically checks market values and the financial standing of issuers while continuously reviewing the status of securities holdings in light of the Group's relationship with business partner companies.

The Group uses forward exchange contracts to hedge the risk of currency exchange rate fluctuations in relation to certain notes and accounts payable-trade, that are denominated in foreign currencies. Further, among loans, short-term loans are mainly for fund raising related to sales transactions, while long-term loans and bonds are mainly for fund raising related to capital investment and M&As. In relation to these loans, the Group undertakes comprehensive asset-liability management (ALM). The Group reduces the risks of currency exchange rate fluctuations and interest rate fluctuations through interest rate and currency swaps and interest rate swap transactions for certain long-term loans.

2. Items relating to the market values of financial instruments

The amounts recorded on the Consolidated Balance Sheet on February 29, 2024, the market values, and the difference between these amounts are as follows. Shares that do not have a market value and investments in partnerships, etc. are not included in the following table (please refer to (Note) on page 92). “Cash and bank deposits,” “Notes and accounts payable, trade” and “Short-term loans” are omitted because they are in cash and their market values approximate their book values due to their short maturities.

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Notes and accounts receivable - trade, and contract assets	464,159		
Allowance for doubtful accounts* ¹	(3,706)		
	460,452	464,603	4,150
(2) Investments in securities	209,195	215,255	6,060
(3) Long-term leasehold deposits* ²	284,296		
Allowance for doubtful accounts* ³	(199)		
	284,097	280,604	(3,492)
Total assets	953,745	960,463	6,718
(1) Deposits received in banking business	803,763	803,781	18
(2) Bonds* ⁴	1,690,624	1,523,189	(167,435)
(3) Long-term loans* ⁵	963,146	945,018	(18,128)
(4) Deposits received from tenants and franchised stores* ⁶	46,026	42,434	(3,591)
Total liabilities	3,503,561	3,314,424	(189,136)
Derivative instruments* ⁷			
(i) Items for which hedge accounting is not applied	30	30	–
(ii) Items for which hedge accounting is applied	33	33	–
Derivative instruments	64	64	–

(Notes)

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

*2. Including current portion of long-term leasehold deposits.

*3. Net allowance (after deducting allowance for doubtful accounts for long-term leasehold deposits).

*4. Including current portion of bonds.

*5. Including current portion of long-term loans.

*6. Including current portion of deposits received from tenants and franchised stores.

*7. Net credit or liabilities arising from derivative instruments are shown, and the figures in parentheses indicate total net liabilities.

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

Classification	Consolidated Balance Sheet (Millions of yen)
Unlisted shares* ¹	18,631
Shares of subsidiaries and affiliates* ¹	33,731
Investment in partnerships, etc.* ²	15,969

(Notes)

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

*² Investment in partnerships, etc. is not subject to disclosure of fair value in accordance with Paragraph 24-16 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021).

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

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

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

Level 2 fair value: Among the inputs to the calculation of observable fair value, fair value calculated using inputs for fair value calculations other than Level 1 inputs

Level 3 fair value: Fair value calculated using inputs for unobservable fair value calculations

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

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

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Investments in securities				
Available-for-sale securities				
Stocks	87,650	–	–	87,650
Government bonds and municipal bonds	–	65,308	–	65,308
Bonds	–	46,158	–	46,158
Total assets	87,650	111,467	–	199,118
Derivative transactions				
Currency-related	–	64	–	64
Interest rate-related	–	–	–	–
Total liabilities	–	64	–	64

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

(Millions of yen)

Classification	Fair value			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable - trade, and contract assets	–	389,445	75,158	464,603
Investments in securities				
Available-for-sale securities				
Stocks	16,136	–	–	16,136
Long-term leasehold deposits	–	280,604	–	280,604
Total assets	16,136	670,050	75,158	761,345
Deposits received in banking business	–	803,781	–	803,781
Bonds	–	1,523,189	–	1,523,189
Long-term loans	–	945,018	–	945,018
Deposits received from tenants and franchised stores	–	42,434	–	42,434
Total liabilities	–	3,314,424	–	3,314,424

Note

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

calculation of fair value

(Assets)

Investments in securities

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

Notes and accounts receivable-trade, and contract assets

For notes and accounts receivable-trade, and contract assets with short settlement periods, the relevant book values are used because market values and book values are almost equivalent, and it is classified as Level 2 fair value. The market value of items with long settlement periods is the present value, which is calculated by discounting the total of principal and interest by the corresponding yield on government bonds over the remaining period, making allowance for credit risk, and is classified as Level 3 fair value.

Long-term leasehold deposits

The market value of long-term leasehold deposits is the present value, which is calculated by discounting future cash flows—reflecting collectability—by the corresponding yield on government bonds over the remaining period, and is classified as Level 2 fair value.

(Liabilities)

Deposits received in banking business

For demand deposits, the market value is regarded as the amount payable (book value) if demands were received on the consolidated balance sheet date. Time deposits are classified according to certain periods, and the market value of time deposits is the present value, which is calculated by discounting future cash flows. The discount rate used for this is the interest rate used when new deposits are received. For time deposits with short remaining periods (within one (1) year), the market value is the relevant book value because the market value approximates the book value. Such fair value is classified as Level 2 fair value.

Bonds

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

Long-term loans

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

Deposits received from tenants and franchised stores

The market value of deposits received from tenants and franchised stores is the present value,

which is calculated by discounting future cash flows by the corresponding yield on government bonds over the remaining period, and is classified as Level 2 fair value.

Derivatives

Currency-related fair value is measured with the discounted present value method by using observable inputs such as interest rates and foreign exchange rates. In addition, because items such as forward foreign exchange contracts subject to the short-cut method are processed together with hedged accounts payable-trade, the market values of such items are included in the market value of the corresponding notes and accounts payable-trade. Such fair value is classified as Level 2 fair value.

Interest rate-related fair value is measured with the discounted present value method by using observable inputs such as interest rates and foreign exchange rates. In addition, since the specific hedging of interest rate swaps is treated as one with long-term loans that are subject to hedging, the market value is included in the market value of the long-term loans. Since the integrated accounting treatment of interest rate and currency swaps (specific hedging and the short-cut method) is treated as one with long-term loans that are subject to hedging, the market value is included in the market value of the long-term loans. Such fair value is classified as Level 2 fair value.

Notes concerning real estate for lease

Notes about real estate for lease have been omitted because the total amount thereof is considered immaterial.

Notes concerning per share information

1. Net assets per share: ¥4,250.83
2. Net income per share: ¥254.63

(Notes)1. As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the total number of shares issued at the end of the fiscal year, to calculate net assets per share. The total number of shares of treasury stock at the end of the fiscal year deducted for the computation is 1,576 thousand shares.

2. As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the average number of shares during the fiscal year, to calculate net income per share. The average number of shares of treasury stock during the fiscal year deducted for the computation is 1,359 thousand shares.

3. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. Net assets per share and net income per share stated above are the amount before the share split. Net assets per share and net income per share after the share split are ¥1,416.94 and ¥84.88, respectively.

Notes concerning significant subsequent event

I Business combination by acquisition

The Company resolved to approve the execution of an agreement by and between 7-Eleven International LLC ("7IN"), the Company's wholly-owned subsidiary and the joint venture of SEVEN-ELEVEN JAPAN CO., LTD. and 7-Eleven, Inc., 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. In addition, 7IN executed the agreement relating to the Transaction on April 1, 2024. The details are as follows.

1 Overview

(1) Name and main business of the acquired company

Name: Convenience Group Holdings Pty Ltd

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

(2) 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 the remarkable growth of SEI in the U.S. In addition, the Company decided to increase its investment in the 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 has been operating convenience stores in Australia for many years as a licensee of the “7-Eleven” brand. 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 its missions and duties. Following the Transaction, the Company group has reaffirmed 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.

(3) Date of the business combination

April 1, 2024

(4) Legal form of the business combination

Acquisition of shares

(5) The acquired company’s name after the business combination

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

(6) Ratio of voting rights acquired

100%

(7) Reason for determining the acquired company

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

2 Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition: Cash AUD1,710 million (¥168,623 million*)(Note)

Acquisition cost: AUD1,710 million (¥168,623 million*)

(Note) Pursuant to the transaction agreement, the acquisition price is subject to a price adjustment reflecting increases or decreases of working capital and other items up to the closing date.

*Converted at the rate of AUD1 = ¥98.61 (as of March 29, 2024).

3 Details and amounts of main acquisition-related costs

Not determined at this time.

4 Amount, reason for recognition, and period and method of amortization of goodwill

Not determined at this time.

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

Not determined at this time.

II 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 a share split and to partially amend the Articles of Incorporation, and conducted a share split with an effective date of March 1, 2024.

1. 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 the Company's stock.

2. Overview of share split

(1) Method of share split

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

(2) Number of shares increased by share split

(a) Total number of issued shares before the share split	877,742,183 shares
(b) Number of shares increased by this share split	1,755,484,366 shares
(c) Total number of issued shares after the share split	2,633,226,549 shares
(d) Total number of shares authorized to be issued after the share split	10,000,000,000 shares

3. Amendment to Articles of Incorporation

(1) Reason for the Amendment

In connection with the share split described above, the Company has amended 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.

(2) 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.

4. Schedule

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

5. Effect on per share information

Per share information assuming that the share split had been conducted at the beginning of the 19th fiscal year under review is as follows.

	19th Fiscal Year March 1, 2023 to February 29, 2024
Net income per share	¥84.88

6. Others

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

- (2) The year-end dividend for the 19th fiscal year, the record date for which is February 29, 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.

Notes concerning revenue recognition

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

(Millions of yen)

	Reportable segment				Others (Note 1)	Total	Adjustments (Note 2)	Revenues from external customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Japan	916,238	–	1,434,916	118,761	382,074	2,851,991	599	2,852,590
North America	–	8,218,195	–	9,589	–	8,227,785	–	8,227,785
Other regions (Note 3)	–	29,626	36,152	8,499	1,972	76,250	–	76,250
Revenue from contracts with customers	916,238	8,247,822	1,471,068	136,850	384,046	11,156,027	599	11,156,626
Other income (Note 4)	3,115	266,330	2,190	41,181	2,309	315,126	–	315,126
Revenues from external customers	919,354	8,514,152	1,473,259	178,031	386,356	11,471,154	599	11,471,753

(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” category represents operating revenues that do not belong to any business segment.
3. Countries belonging to “Other regions” include China among others.
4. “Other income” includes revenues based on ASU No. 2016-02 “Leases (Topic842)” and rental income from movable and real estate properties based on “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13), and finance income, etc. based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

- (2) Information that provides the basis for understanding revenue

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

- (3) Information for understanding the amount for the 19th fiscal year and the following fiscal years

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

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

(Millions of yen)

	As of March 1, 2023	As of February 29, 2024
Receivables from contracts with customer		
Notes receivable	66	2
Accounts receivable-trade	421,179	463,022
Other	133,351	130,901
Contract assets	531	5
Contract liabilities	211,356	188,890

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

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

The amount of revenue recognized from contract liabilities included in the balance of contract liabilities at the beginning of the period was ¥142,025 million. The amount of revenue recognized from performance obligations that had been satisfied in prior periods was not material.

(ii) Transaction prices allocated to remaining performance obligations

As of February 29, 2024, the total transaction price amount allocated to the remaining performance obligations was ¥227,142 million. The Group expects to recognize revenues from remaining performance obligations such as e-money, gift certificates, and points, etc. as they are used, and from remaining performance obligations such as fixed rents from tenants and opening preparation fees received from franchisees as time passes, generally within 15 years.

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

Other notes

Notes concerning business combination

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.

1. Outline of the business divestiture

(1) Name of the successor entity

Sugi Godo Kaisha

(2) Description of the divested businesses

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

(3) 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 interests of the Company and its stakeholders including the shareholders.

(4) Date of the business divestiture

September 1, 2023

(5) 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.

2. Overview of the accounting treatment

(1) Amount of loss on the transfer

¥129,618 million

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

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

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

(3) 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.

3. Approximate amount of profit or loss related to the divested business recorded in the consolidated statements of income for the fiscal year

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

NON-CONSOLIDATED BALANCE SHEET (as of February 29, 2024)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	103,905	Current liabilities	360,579
Cash and bank deposits	628	Short-term loans from subsidiaries and affiliates	251,003
Prepaid expenses	3,409	Current portion of long-term loans	41,000
Accounts receivable, other	75,285	Lease obligations	7,130
Income taxes receivable	18,779	Accounts payable, other	52,578
Deposits held by subsidiaries and affiliates	4,557	Accrued expenses	6,059
Other	1,244	Income taxes payable	386
Non-current assets	2,552,582	Advance received	335
Property and equipment	25,342	Allowance for bonuses to employees	795
Buildings and structures	5,852	Allowance for bonuses to Directors and Audit & Supervisory Board Members	182
Fixtures, equipment and vehicles	6,948	Other	1,107
Land	2,712	Non-current liabilities	897,011
Lease assets	859	Bonds	470,000
Construction in progress	8,969	Long-term loans	357,974
Intangible assets	84,382	Long-term loans from subsidiaries and affiliates	1
Software	46,703	Lease obligations	27,515
Software in progress	6,262	Allowance for stock payments	2,016
Lease assets	30,370	Provision for loss on guarantees	32,782
Other	1,045	Deposits paid in subsidiaries	3,550
Investments and other assets	2,442,858	Deposits received from tenants	2,502
Investments in securities	45,938	Other	666
Stocks of subsidiaries and affiliates	2,345,702	TOTAL LIABILITIES	1,257,590
Prepaid pension cost	2,219	NET ASSETS	
Long-term leasehold deposits	4,234	Shareholders' equity	1,384,938
Deposits paid in subsidiaries and affiliates	10,000	Common stock	50,000
Deferred income taxes	30,141	Capital surplus	1,187,489
Other	4,621	Additional paid-in capital	875,496
Deferred assets	788	Other capital surplus	311,992
Bond issuance costs	788	Retained earnings	163,770
		Other retained earnings	163,770
		Retained earnings brought forward	163,770
		Treasury stock, at cost	(16,321)
		Accumulated gains from valuation and translation adjustments	14,697
		Unrealized gains on available-for-sale securities, net of taxes	14,697
		Subscription rights to shares	49
		TOTAL NET ASSETS	1,399,685
TOTAL ASSETS	2,657,276	TOTAL LIABILITIES AND NET ASSETS	2,657,276

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2023 to February 29, 2024)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividend income	194,816	
Management consulting fee income	4,572	
Commission fee income	2,229	
Other	658	202,277
General and administrative expenses		76,970
Operating income		125,307
Non-operating income		
Interest income	113	
Dividend income	520	
Other	95	729
Non-operating expenses		
Interest expenses	2,288	
Interest on bonds	1,393	
Other	311	3,993
Ordinary income		122,042
Special gains		
Gain on sales of stocks of subsidiaries and affiliates	1,619	
Other	61	1,681
Special losses		
Loss on disposals of property and equipment	24	
Impairment loss	1,476	
Loss on valuation of stocks of subsidiaries and affiliates	102	
Loss on transfer of department store	143,092	
Other	13,510	158,205
Income before income taxes		(34,481)
Income taxes - current	(42,055)	
Income taxes - deferred	(35,341)	(77,397)
Net income		42,915

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (March 1, 2023 to February 29, 2024)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at March 1, 2023	50,000	875,496	357,401	1,232,897	227,007	227,007	(9,825)	1,500,079
Increase (decrease) for the year								
Cash dividends					(106,152)	(106,152)		(106,152)
Net income					42,915	42,915		42,915
Purchase of treasury stock							(52,393)	(52,393)
Disposal of treasury stock			0	0			489	489
Cancellation of treasury stock			(45,408)	(45,408)			45,408	–
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	–	–	(45,408)	(45,408)	(63,236)	(63,236)	(6,496)	(115,140)
Balance at February 29, 2024	50,000	875,496	311,992	1,187,489	163,770	163,770	(16,321)	1,384,938

	Accumulated gains (losses) from valuation and translation adjustments		Subscription rights to shares	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments		
Balance at March 1, 2023	11,435	11,435	49	1,511,564
Increase (decrease) for the year				
Cash dividends				(106,152)
Net income				42,915
Purchase of treasury stock				(52,393)
Disposal of treasury stock				489
Cancellation of treasury stock				–
Net changes of items other than shareholders' equity	3,262	3,262	–	3,262
Net increase (decrease) for the year	3,262	3,262	–	(111,878)
Balance at February 29, 2024	14,697	14,697	49	1,399,685

Notes to Non-Consolidated Financial Statements

Notes concerning matters pertaining to significant accounting policies

1. Valuation basis and method for securities

(1) Stock of subsidiaries and affiliates:

Valued at cost by the moving-average method.

(2) Available-for-sale securities

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

Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 19th fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of sales is determined using the moving-average method.

Shares, etc. with no market price:

Shares that do not have a market value are valued at cost, determined using the moving-average method.

(3) Valuation basis and method for derivatives:

Valued at fair value.

2. Methods of depreciation for non-current assets

(1) Property and equipment (excluding lease assets):

Amortized using the straight-line method.

(2) Intangible assets (excluding lease assets):

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over a usable period of five (5) years.

(3) Lease assets

For depreciation of lease assets, a useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

3. Methods of processing deferred assets

Bond issuance cost:

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

4. Methods of accounting for allowances

(1) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated on the estimation of payment.

(2) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount expected to be paid.

(3) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers. The amount is based on the expected stock benefit payable at the end of the 19th fiscal year.

(4) Allowance for accrued pension and severance costs (Prepaid pension cost)

Allowance for accrued pension and severance costs is provided to prepare for payments of retirement benefits to employees. The amount is based on the estimated retirement benefit obligation and the estimated pension plan assets at the end of the 19th fiscal year. In calculating retirement benefit obligations, the estimated total retirement benefit obligation is allocated to the period up to the end of the 19th fiscal year on a benefit formula basis.

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the fiscal year following the fiscal year in which they arise, which is within the average remaining years of service of the eligible employees when the actuarial differences arise in a fiscal year.

(5) Provision for loss on guarantees

Provision for loss on guarantees is provided to cover losses related to guarantees offered to subsidiaries and affiliates. The estimated loss amount is recorded, taking into account the financial position and other factors of the guaranteed parties.

5. Accounting policy for revenue and expenses

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

6. Significant hedge accounting methods

(1) Hedge accounting

In principle, hedging activities are accounted for by the deferred hedge method.

However, interest rate and currency swaps are accounted for by integrated accounting treatment (specific hedging and *furiate shori*) when they meet certain criteria for the method.

(2) Hedge instruments and hedged items

Hedge instruments – Interest rate and currency swaps

Hedged items – Foreign currency-denominated loans payable

(3) Hedging policies

The Company has policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, and optimizing future cash flow. The Company does not hold or issue derivative instruments for short-term trading or speculative purposes.

(4) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for

interest rate and currency swap contracts for which integrated accounting treatment has been applied.

7. Other significant items that form the basis of the preparation of financial statements

Accounting method related to retirement benefits

The method for accounting for unrecognized actuarial differences related to retirement benefits differs from that in the Consolidated Financial Statements.

Notes concerning changes in accounting policies

(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) from the beginning of the 19th fiscal year, 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 measures provided for in paragraph 27-2 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement.” There is no impact on the Financial Statements of the 19th fiscal year.

Notes on accounting estimates

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the financial statements. Among the amounts which include accounting estimates recorded in the financial statements for the 19th fiscal year, the following items have risks of having a material effect on the financial statements for the following fiscal year:

The valuation of stocks of subsidiaries and affiliates

(1) Amounts recorded in the financial statements for the 19th fiscal year

Shares of subsidiaries that do not have a market value	¥2,340,912 million
Shares of affiliates that do not have a market value	¥3,288 million
Loss on valuation of stocks of subsidiaries and affiliates	¥102 million

(2) Information on the nature of significant accounting estimates for the items identified

An impairment loss shall be recognized for shares of subsidiaries and affiliates that do not have a market value, when their substantive value, which is calculated by multiplying the amount of net assets per share by the number of shares held, declines significantly due to deterioration in the financial condition of the company issuing the shares, unless there is sufficient persuasive evidence to support a subsequent recovery.

In the 19th fiscal year, there are no shares of subsidiaries and affiliates that do not have a market value and whose substantial value has declined significantly but for which no impairment loss has been recognized.

Supplementary information

(Performance-Based and Stock-Based Compensation Plan for Directors and Executive Officers)

The Company has introduced a performance-based and stock-based compensation plan for the Company’s Directors (excluding non-executive Directors and Directors residing overseas) and executive officers (excluding executive officers residing overseas). An overview of the plan is described in “Supplementary Information” under “Notes to Consolidated Financial Statements.”

(Acquisition of own shares)

Note is omitted since it is the same content as in “Supplementary information” under “Notes to Consolidated Financial Statements.”

Notes to Non-Consolidated Balance Sheet

1. Accumulated depreciation of property and equipment:	¥4,312 million
2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates (excluding items listed elsewhere)	
(1) Short-term receivables:	¥66,547 million
(2) Short-term payables:	¥30,362 million
(3) Long-term payables:	¥29,988 million

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions	
Revenues from operations:	¥201,669 million
General and administrative expenses:	¥8,125 million
(2) Non-operating transactions:	¥118,707 million

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year Common stock 3,415,597 shares
(Notes)

1. Shares of treasury stock at the end of the fiscal year include 1,576 thousand shares of the Company held by the BIP Trust and the ESOP Trust.
2. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. The number of shares stated above is the number of shares before the share split.

Notes regarding tax effect accounting

1. Deferred tax assets and deferred tax liabilities by cause of occurrence

Deferred tax assets

Allowance for bonuses to employees:	¥309 million
Accrued enterprise taxes and business office taxes:	¥128 million
Accounts payable, other and accrued expenses:	¥8,135 million
Subscription rights to shares:	¥15 million
Tax loss carried forward:	¥55,000 million
Denial of impairment loss:	¥872 million
Valuation loss on subsidiaries' and affiliates' stock:	¥17,277 million
Allowance for stock payments:	¥426 million
Provision for loss on guarantees:	¥10,039 million
Assets adjusted for gain or loss on transfer:	¥277 million
Other:	¥344 million
<u>Sub-total:</u>	<u>¥92,827 million</u>
Less: Valuation allowance:	(¥55,517 million)
Total:	¥37,309 million

Deferred tax liabilities

Prepaid pension cost:	(¥679 million)
<u>Unrealized losses on available-for-sale securities, net of taxes:</u>	<u>(¥6,488 million)</u>
Total:	(¥7,167 million)
Deferred tax assets, net:	¥30,141 million

2. Accounting treatment for national corporation tax, local corporation tax, and tax effect accounting relating to these taxes

The Company has applied the Group Tax Sharing System from the beginning of the 19th fiscal year. Furthermore, the Company undertakes and discloses the accounting treatment for national corporation tax, local corporation tax, and tax effect accounting relating to these taxes in compliance with provisions in the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PTIF No. 42 issued on August 12, 2021).

Notes concerning non-current assets utilized through leases

Future lease payments for non-cancellable operating leases

Due within one year:	¥1,486 million
Due after one year:	¥13,491 million
<u>Total:</u>	<u>¥14,978 million</u>

Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

(Millions of yen)

Attribution	Name of company, etc.	Voting rights held by the Company (%)	Relationship with related party	Details of transaction	Amount of transaction	Account title	Year-end balance
Subsidiary	SEVEN & i Financial Center Co., Ltd.	Ownership Direct: 100	Deposit and borrowing of funds Concurrently serving corporate officers	Deposit of funds (Note 1)	2,929,991	Deposits held by subsidiaries and affiliates	4,542
				Interest on deposits (Note 1)	113	Deposits paid in subsidiaries and affiliates	10,000
				Borrowing of funds (Note 1)	2,922,000	Other current assets	21
				Interest on borrowed funds (Note 1)	652	Short-term loans payable to subsidiaries and affiliates	251,000
				Loss compensation (Note 5)	102,277	Accrued expenses	2
						–	–
Subsidiary	SEVEN-ELEVEN JAPAN CO., LTD.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 2)	3,249	Accounts receivable	59,976
				Operational consignment (Note 3)	798		
				Amount expected to be received due to the Group Tax Sharing System	59,095		
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 3)	1,158	Accounts receivable	588
Subsidiary	Seven Financial Service Co., Ltd.	Ownership Direct: 100	Lease of non-current assets	Payment of lease obligations (Note 4)	8,068	Short-term lease obligations	7,124
				Lease interest expenses (Note 4)	344	Long-term lease obligations	27,514

(Notes)

1. Transactions are conducted based on interest rates for deposits to and loans from subsidiaries and affiliates that are determined reasonably by taking into account market interest rates.
2. Business management fees are determined proportionately according to the size of each subsidiary's business in line with the Group's rules.
3. Operational consignment fees are determined based on negotiations between the relevant parties.
4. Lease transactions are determined through consultation with reference to general transaction conditions.
5. This amount compensated for losses incurred by Seven & i Financial Center Co., Ltd. due to the forgiveness of debt in connection with the transfer of Sogo & Seibu shares and Barney's Japan shares.

Notes concerning per share information

1. Net assets per share:	¥1,600.82
2. Net income per share:	¥48.65

(Notes)

1. As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the total number of shares issued at the end of the fiscal year, to calculate net assets per share. The total number of shares of treasury stock at the end of the fiscal year deducted for the computation is 1,576 thousand shares.
2. As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the average number of shares during the fiscal year, to calculate net income per share. The average number of shares of treasury stock during the fiscal year deducted for the computation is 1,359 thousand shares.
3. The Company implemented a share split with an effective date of March 1, 2024 whereby each share of common stock was split into 3 shares. Net assets per share and net income per share stated above are the amount before the share split.

Notes concerning significant subsequent event

(Share split and related amendment to articles of incorporation)

Note is omitted since it is the same content as in "Notes concerning significant subsequent event" under "Notes to Consolidated Financial Statements."

Notes concerning revenue recognition

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

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

Other notes

In the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

End