



# Consolidated Financial Results for the Nine Months ended November 30, 2017

## Seven & i Holdings Co., Ltd.

(URL <http://www.7andi.com/en>)

Securities Code No. 3382

President: Ryuichi Isaka

The Company's shares are listed on the First Section of the Tokyo Stock Exchange.

Submission date of quarterly securities report scheduled: January 12, 2018

Starting date of paying dividend: -

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

Note: All amounts less than one million yen have been disregarded.

### 1. Business Results for the Nine Months ended November 30, 2017 (from March 1, 2017 to November 30, 2017)

#### (1) Results of Operations (cumulative)

(Millions of yen, except per share amounts)

|                                     | Revenues from Operations |        | Operating Income |      | Ordinary Income |      |
|-------------------------------------|--------------------------|--------|------------------|------|-----------------|------|
| Nine Months ended November 30, 2017 | 4,479,722                | 4.4%   | 295,799          | 8.0% | 295,717         | 7.0% |
| Nine Months ended November 30, 2016 | 4,288,929                | (5.0)% | 274,006          | 5.0% | 276,401         | 6.6% |

  

|                                     | Net income Attributable to Owners of Parent |         | Net Income per Share |       | Diluted Net Income per Share |       |
|-------------------------------------|---|---------|----------------------|-------|------------------------------|-------|
| Nine Months ended November 30, 2017 | 149,263                                     | 97.6%   | 168.75               | (yen) | 168.62                       | (yen) |
| Nine Months ended November 30, 2016 | 75,538                                      | (39.8)% | 85.43                | (yen) | 85.35                        | (yen) |

Notes: 1. Comprehensive income:

Nine Months ended November 30, 2017: 156,710 million yen [ - %]

Nine Months ended November 30, 2016: (2,148) million yen [ - %]

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

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

Nine Months ended November 30, 2017: 8,265,486 million yen [4.5%]

Nine Months ended November 30, 2016: 7,909,351 million yen [(1.4)%]

#### (2) Financial Position

(Millions of yen, except per share amounts)

|                         | Total Assets | Net Assets | Owners' Equity Ratio | Owners' Equity per Share |
|-------------------------|--------------|------------|----------------------|--------------------------|
| As of November 30, 2017 | 5,561,865    | 2,545,943  | 43.2%                | 2,714.75 (yen)           |
| As of February 28, 2017 | 5,508,888    | 2,475,806  | 42.4%                | 2,641.40 (yen)           |

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

As of November 30, 2017: 2,401,318 million yen

As of February 28, 2017: 2,336,057 million yen

### 2. Dividends

| Record Date                              | Dividends per Share (yen) |                |               |          |        |
|--|---------------------------|----------------|---------------|----------|--------|
|  | First Quarter             | Second Quarter | Third Quarter | Year-end | Annual |
| Year ended February 28, 2017             | -                         | 45.00          | -             | 45.00    | 90.00  |
| Year ending February 28, 2018            | -                         | 45.00          |               |          |        |
| Year ending February 28, 2018 (forecast) |                           |                | -             | 45.00    | 90.00  |

Note: Revision of dividends forecast during the current quarterly period: None

### 3. Forecast of Business Results for the Fiscal Year ending February 28, 2018 (from March 1, 2017 to February 28, 2018)

(Millions of yen, except per share amounts)

|                    | Revenues from Operations |      | Operating Income |      | Ordinary Income |      | Net income Attributable to Owners of Parent |       | Net Income per Share |       |
|--------------------|--------------------------|------|------------------|------|-----------------|------|---|-------|----------------------|-------|
| <b>Entire Year</b> | 6,100,000                | 4.5% | 386,500          | 6.0% | 385,000         | 5.7% | 177,000                                     | 82.9% | 200.11               | (yen) |

Notes:

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

2. Revision of business results forecast during the current quarterly period: None

\* The forecast of Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:  
Entire Year: 11,150,000 million yen [5.0%]

### 4. Others

(1) Changes in significant subsidiaries during the period:

(changes in specific subsidiaries accompanying change in scope of consolidation): None

Added: none Excluded: none

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

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

1.Changes due to amendment of accounting standards: None

2.Changes due to other reasons: None

3.Changes in accounting estimates: None

4.Restatements: None

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury stock)

As of November 30, 2017: 886,441,983 shares As of February 28, 2017: 886,441,983 shares

2. Number of treasury stock at the end of period

As of November 30, 2017: 1,896,046 shares As of February 28, 2017: 2,039,799 shares

3. Average number of shares during the period (cumulative quarterly consolidated period)

As of November 30, 2017: 884,527,115 shares As of November 30, 2016: 884,164,022 shares

(5) Supplementary information

(Application of implementation on recoverability of deferred tax assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No.26 dated March 28,2016) from the first quarter of the consolidated fiscal year under review.

There is no impact on the consolidated financial statements from the application of the implementation guidance.

### NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

This quarterly financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results statement, the quarterly review procedure based upon the Financial Instruments and Exchange Act has not been completed.

### FORWARD LOOKING STATEMENTS

1. The forecast for the year ending February 28, 2018 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of the forecast.

2. Brief summary for the second quarter of FY2018 will be posted on the Company's website

(<http://www.7andi.com/en/ir/library/kh/201802.html>). The presentation materials related to management policy and financial results which will be used on financial results presentation planned to be held on January 11, 2018, will be posted as soon as possible after the presentation.

## Attached Materials

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#### Consolidated Quarterly Financial Statements

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**5. Consolidated Quarterly Financial Statements**  
**(1) Consolidated Quarterly Balance Sheets**

(Millions of yen)

|  | February 28, 2017 | November 30, 2017 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                  |                   |                   |
| <b>Current assets</b>                          | <b>2,274,403</b>  | <b>2,394,409</b>  |
| Cash and bank deposits                         | 1,222,101         | 1,290,587         |
| Notes and accounts receivable - trade          | 347,838           | 389,108           |
| Trade accounts receivable - financial services | 91,052            | 96,715            |
| Merchandise and finished goods                 | 189,193           | 191,886           |
| Work in process                                | 31                | 20                |
| Raw materials and supplies                     | 3,238             | 3,067             |
| Prepaid expenses                               | 49,113            | 55,648            |
| ATM-related temporary payments                 | 98,710            | 87,164            |
| Deferred income taxes                          | 30,239            | 30,887            |
| Other  | 247,866           | 255,065           |
| Allowance for doubtful accounts                | (4,983)           | (5,742)           |
| <b>Non-current assets</b>                      | <b>3,234,485</b>  | <b>3,167,456</b>  |
| <b>Property and equipment</b>                  | <b>2,007,829</b>  | <b>1,976,588</b>  |
| Buildings and structures, net                  | 865,439           | 864,927           |
| Furniture, fixtures and equipment, net         | 311,762           | 316,686           |
| Land   | 768,926           | 732,372           |
| Lease assets, net                              | 12,735            | 7,719             |
| Construction in progress                       | 48,677            | 50,551            |
| Other, net                                     | 288               | 4,330             |
| <b>Intangible assets</b>                       | <b>495,935</b>    | <b>483,113</b>    |
| Goodwill                                       | 270,055           | 254,921           |
| Software                                       | 72,416            | 78,710            |
| Other  | 153,463           | 149,481           |
| <b>Investments and other assets</b>            | <b>730,720</b>    | <b>707,754</b>    |
| Investments in securities                      | 188,162           | 183,892           |
| Long-term loans receivable                     | 15,315            | 15,016            |
| Long-term leasehold deposits                   | 396,707           | 384,683           |
| Advances for store construction                | 389               | 310               |
| Net defined benefit asset                      | 44,628            | 48,450            |
| Deferred income taxes                          | 25,261            | 19,203            |
| Other  | 64,064            | 59,768            |
| Allowance for doubtful accounts                | (3,808)           | (3,571)           |
| <b>TOTAL ASSETS</b>                            | <b>5,508,888</b>  | <b>5,561,865</b>  |

(Millions of yen)

|   | February 28, 2017 | November 30, 2017 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>LIABILITIES</b>  |                   |                   |
| <b>Current liabilities</b>  | <b>1,947,618</b>  | <b>1,999,695</b>  |
| Notes and accounts payable, trade   | 415,349           | 465,284           |
| Short-term loans  | 150,376           | 154,745           |
| Current portion of bonds  | 50,000            | 74,998            |
| Current portion of long-term loans  | 64,301            | 62,301            |
| Income taxes payable  | 34,462            | 20,604            |
| Accrued expenses  | 131,871           | 147,902           |
| Deposits received   | 188,798           | 165,237           |
| ATM-related temporary advances  | 46,072            | 39,491            |
| Allowance for sales promotion expenses  | 21,409            | 23,395            |
| Allowance for bonuses to employees  | 14,159            | 3,974             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members             | 311               | 191               |
| Allowance for loss on future collection of<br>gift certificates                         | 1,807             | 1,531             |
| Provision for sales returns   | 77                | 93                |
| Deposits received in banking business   | 538,815           | 538,622           |
| Call money  | 20,000            | 10,000            |
| Other   | 269,804           | 291,319           |
| <b>Non-current liabilities</b>  | <b>1,085,463</b>  | <b>1,016,226</b>  |
| Bonds   | 349,996           | 305,000           |
| Long-term loans   | 433,814           | 418,979           |
| Deferred income taxes   | 49,080            | 50,987            |
| Allowance for retirement benefits to Directors<br>and Audit & Supervisory Board Members | 939               | 957               |
| Net defined benefit liability   | 9,163             | 8,717             |
| Deposits received from tenants and<br>franchised stores                                 | 55,327            | 54,651            |
| Asset retirement obligations  | 77,640            | 79,993            |
| Other   | 109,502           | 96,940            |
| <b>TOTAL LIABILITIES</b>  | <b>3,033,082</b>  | <b>3,015,921</b>  |
| <b>NET ASSETS</b>   |                   |                   |
| <b>Shareholders' equity</b>   | <b>2,247,056</b>  | <b>2,316,961</b>  |
| Common stock  | 50,000            | 50,000            |
| Capital surplus   | 409,095           | 409,110           |
| Retained earnings   | 1,793,035         | 1,862,575         |
| Treasury stock, at cost   | (5,074)           | (4,723)           |
| <b>Total accumulated other comprehensive income</b>                                     | <b>89,000</b>     | <b>84,356</b>     |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes             | 28,467            | 31,467            |
| Unrealized gains (losses) on hedging derivatives,<br>net of taxes                       | 23                | (51)              |
| Foreign currency translation adjustments  | 56,391            | 46,518            |
| Remeasurements of defined benefit plans   | 4,117             | 6,421             |
| <b>Subscription rights to shares</b>  | <b>2,594</b>      | <b>2,623</b>      |
| <b>Non-controlling interests</b>  | <b>137,154</b>    | <b>142,001</b>    |
| <b>TOTAL NET ASSETS</b>   | <b>2,475,806</b>  | <b>2,545,943</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>   | <b>5,508,888</b>  | <b>5,561,865</b>  |

**(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly  
Statements of Comprehensive Income  
Consolidated Quarterly Statements of Income**

(Millions of yen)

|   | Nine Months ended<br>November 30, 2016 | Nine Months ended<br>November 30, 2017 |
|---|--|--|
|   | Amount                                 | Amount                                 |
| <b>Revenues from operations</b>                                     | <b>4,288,929</b>                       | <b>4,479,722</b>                       |
| Net sales   | 3,391,080                              | 3,549,377                              |
| Cost of sales   | 2,619,733                              | 2,781,241                              |
| <b>Gross profit on sales</b>  | <b>771,346</b>                         | <b>768,136</b>                         |
| Operating revenues  | 897,848                                | 930,344                                |
| <b>Gross profit from operations</b>                                 | <b>1,669,195</b>                       | <b>1,698,480</b>                       |
| Selling, general and administrative expenses                        | 1,395,189                              | 1,402,680                              |
| <b>Operating income</b>   | <b>274,006</b>                         | <b>295,799</b>                         |
| <b>Non-operating income</b>   | <b>11,594</b>                          | <b>9,581</b>                           |
| Interest income   | 4,043                                  | 4,175                                  |
| Equity in earnings of affiliates                                    | 3,281                                  | 2,157                                  |
| Other   | 4,269                                  | 3,248                                  |
| <b>Non-operating expenses</b>                                       | <b>9,198</b>                           | <b>9,664</b>                           |
| Interest expenses   | 4,480                                  | 4,894                                  |
| Interest on bonds   | 1,886                                  | 1,783                                  |
| Other   | 2,831                                  | 2,986                                  |
| <b>Ordinary income</b>  | <b>276,401</b>                         | <b>295,717</b>                         |
| <b>Special gains</b>  | <b>2,676</b>                           | <b>7,574</b>                           |
| Gain on sales of property and equipment                             | 1,481                                  | 3,598                                  |
| Gain on sales of property and equipment related<br>to Restructuring | 376                                    | 2,401                                  |
| Other   | 818                                    | 1,575                                  |
| <b>Special losses</b>   | <b>106,965</b>                         | <b>60,365</b>                          |
| Loss on disposals of property and equipment                         | 14,034                                 | 13,576                                 |
| Impairment loss on property and equipment                           | 38,698                                 | 18,518                                 |
| Amortization of goodwill  | 33,401                                 | -                                      |
| Restructuring expenses  | 15,102                                 | 22,929                                 |
| Other   | 5,728                                  | 5,341                                  |
| <b>Income before income taxes</b>                                   | <b>172,112</b>                         | <b>242,926</b>                         |
| <b>Total income taxes</b>   | <b>84,835</b>                          | <b>81,267</b>                          |
| Income taxes - current  | 89,785                                 | 75,801                                 |
| Income taxes - deferred   | (4,949)                                | 5,466                                  |
| Net income  | 87,277                                 | 161,659                                |
| Net income attributable to non-controlling interests                | 11,739                                 | 12,396                                 |
| <b>Net income attributable to owners of parent</b>                  | <b>75,538</b>                          | <b>149,263</b>                         |

## Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

|   | Nine Months ended<br>November 30, 2016 | Nine Months ended<br>November 30, 2017 |
|---|--|--|
|   | Amount                                 | Amount                                 |
| <b>Net income</b>   | <b>87,277</b>                          | <b>161,659</b>                         |
| Other comprehensive income  |  |  |
| Unrealized gains (losses) on available-for-sale securities, net of taxes          | 6,304                                  | 3,087                                  |
| Unrealized gains (losses) on hedging derivatives, net of taxes                    | (1,089)                                | (69)                                   |
| Foreign currency translation adjustments  | (97,703)                               | (10,252)                               |
| Remeasurements of defined benefit plans   | 3,193                                  | 2,318                                  |
| Share of other comprehensive income of entities accounted for using equity method | (130)                                  | (33)                                   |
| <b>Total other comprehensive income</b>   | <b>(89,425)</b>                        | <b>(4,948)</b>                         |
| <b>Comprehensive income</b>   | <b>(2,148)</b>                         | <b>156,710</b>                         |
| Comprehensive income attributable to owners of parent                             | (11,248)                               | 144,619                                |
| Comprehensive income attributable to non-controlling interests                    | 9,100                                  | 12,090                                 |

### (3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

|  | Nine Months ended<br>November 30, 2016 | Nine Months ended<br>November 30, 2017 |
|--|--|--|
|  | Amount                                 | Amount                                 |
| <b>Cash flows from operating activities:</b>   |  |  |
| Income before income taxes   | 172,112                                | 242,926                                |
| Depreciation and amortization  | 154,032                                | 159,059                                |
| Impairment loss on property and equipment  | 44,820                                 | 37,310                                 |
| Amortization of goodwill   | 45,332                                 | 12,470                                 |
| Interest income  | (4,043)                                | (4,175)                                |
| Interest expenses and interest on bonds  | 6,367                                  | 6,677                                  |
| Equity in losses (earnings) of affiliates  | (3,281)                                | (2,157)                                |
| Gain on sales of property and equipment  | (1,858)                                | (5,999)                                |
| Loss on disposals of property and equipment  | 14,155                                 | 13,656                                 |
| Gain on transfer from business divestitures  | -                                      | (1,090)                                |
| Decrease (increase) in notes and accounts receivable, trade                                      | (20,668)                               | (43,674)                               |
| Decrease (increase) in trade accounts receivable, financial services                             | (1,929)                                | (5,662)                                |
| Decrease (increase) in inventories   | (11,002)                               | (6,917)                                |
| Increase (decrease) in notes and accounts payable, trade   | 46,565                                 | 54,197                                 |
| Increase (decrease) in deposits received   | 6,432                                  | (23,126)                               |
| Net increase (decrease) in loans in banking business   | (1,000)                                | -                                      |
| Net increase (decrease) in deposits received in banking business                                 | 8,621                                  | (193)                                  |
| Net decrease (increase) in call loans in banking business  | 10,000                                 | -                                      |
| Net increase (decrease) in call money in banking business  | 20,000                                 | (10,000)                               |
| Net change in ATM-related temporary accounts   | (4,577)                                | 4,963                                  |
| Other  | 5,132                                  | (5,428)                                |
| Sub-total  | 485,212                                | 422,837                                |
| Interest and dividends received  | 2,908                                  | 3,240                                  |
| Interest paid  | (6,509)                                | (6,735)                                |
| Income taxes paid  | (114,340)                              | (85,265)                               |
| Income taxes refund  | -                                      | 16,936                                 |
| <b>Net cash provided by operating activities</b>   | <b>367,271</b>                         | <b>351,012</b>                         |
| <b>Cash flows from investing activities:</b>   |  |  |
| Acquisition of property and equipment  | (245,015)                              | (186,889)                              |
| Proceeds from sales of property and equipment  | 14,644                                 | 25,136                                 |
| Acquisition of intangible assets   | (23,195)                               | (24,133)                               |
| Payment for purchase of investments in securities  | (41,928)                               | (14,826)                               |
| Proceeds from sales of investments in securities   | 18,699                                 | 24,714                                 |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | -                                      | 108                                    |
| Payment for long-term leasehold deposits   | (23,559)                               | (11,614)                               |
| Refund of long-term leasehold deposits   | 23,538                                 | 30,716                                 |
| Proceeds from deposits from tenants  | 2,812                                  | 4,342                                  |
| Refund of deposits from tenants  | (2,559)                                | (4,131)                                |
| Proceeds from business divestitures  | -                                      | 12,411                                 |
| Payment for acquisition of business  | (45,780)                               | (4,392)                                |
| Escrow funding related to future acquisition   | (43,597)                               | -                                      |
| Payment for time deposits  | (6,744)                                | (4,102)                                |
| Proceeds from withdrawal of time deposits  | 23,702                                 | 7,408                                  |
| Other  | (2,307)                                | (6,760)                                |
| <b>Net cash used in investing activities</b>   | <b>(351,290)</b>                       | <b>(152,013)</b>                       |



(Millions of yen)

|  | Nine Months ended<br>November 30, 2016 | Nine Months ended<br>November 30, 2017 |
|--|--|--|
|  | Amount                                 | Amount                                 |
| <b>Cash flows from financing activities:</b>   |  |  |
| Net increase (decrease) in short-term loans  | 77,054                                 | 3,995                                  |
| Proceeds from long-term debts  | 70,956                                 | 51,694                                 |
| Repayment of long-term debts   | (47,146)                               | (63,077)                               |
| Proceeds from commercial paper   | 75,016                                 | -                                      |
| Payment for redemption of commercial paper   | (75,016)                               | -                                      |
| Payment for redemption of bonds  | (40,000)                               | (20,000)                               |
| Capital contribution from non-controlling interests  | 0                                      | 346                                    |
| Dividends paid   | (80,612)                               | (79,359)                               |
| Dividends paid to non-controlling interests  | (3,400)                                | (3,947)                                |
| Purchase of treasury stock   | (2,267)                                | (17)                                   |
| Other  | (7,192)                                | (17,436)                               |
| <b>Net cash used in financing activities</b>   | <b>(32,608)</b>                        | <b>(127,802)</b>                       |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>  | <b>(9,795)</b>                         | <b>606</b>                             |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(26,423)</b>                        | <b>71,804</b>                          |
| <b>Cash and cash equivalents at beginning of period</b>  | <b>1,147,086</b>                       | <b>1,209,497</b>                       |
| <b>Decrease in cash and cash equivalents resulting from<br/>exclusion of the subsidiary from consolidation</b> | <b>(5)</b>                             | <b>-</b>                               |
| <b>Cash and cash equivalents at end of period</b>  | <b>1,120,657</b>                       | <b>1,281,301</b>                       |

#### (4) Doubts on the Premise of Going Concern

None

#### (5) Notes to Consolidated Quarterly Statements of Income

1. The Company recorded the loss on valuation of stocks of subsidiaries and affiliates on Sogo & Seibu's share on its financial statement of the third quarter of the consolidated fiscal year ended February 28, 2017, it is determined that there has been a decrease in its substantial value. In consequence, the Company recorded amortization of goodwill of 33,401 million yen.
2. A breakdown of Restructuring expenses listed below.

(Millions of yen)

|  | Nine Months ended<br>November 30, 2016 | Nine Months ended<br>November 30, 2017 |
|--|--|--|
| Impairment loss                                | 6,121                                  | 18,792                                 |
| Gain on transfer from business divestitures    | -                                      | (1,090)                                |
| Loss on sales of property and equipment        | -                                      | 2,692                                  |
| Store closing losses                           | 3,049                                  | 1,174                                  |
| Early retirement benefit                       | 5,700                                  | 381                                    |
| Loss on inventory disposal on business closure | 19                                     | -                                      |
| Others   | 211                                    | 978                                    |
| Total  | 15,102                                 | 22,929                                 |

Note: 376 million yen on its financial statement of the third quarter of the consolidated fiscal year ended February 28, 2017, 2,401 million yen on its financial statement of the third quarter of the consolidated fiscal year ended February 28, 2018, are recorded as "Gain on sales of property and equipment related to Restructuring" in Special gains.

#### (6) Segment Information

##### I. Nine Months ended November 30, 2016 (From March 1, 2016 to November 30, 2016)

##### 1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

(Millions of yen)

|                                 | Reportable segments                            |  |                          |                                   |                       |                                  |               | Total            | Adjustments<br>(Note 1) | Consolidated<br>total<br>(Note 2) |
|---------------------------------|--|--|--------------------------|-----------------------------------|-----------------------|----------------------------------|---------------|------------------|-------------------------|-----------------------------------|
|                                 | Domestic<br>convenience<br>store<br>operations | Overseas<br>convenience<br>store<br>operations | Superstore<br>operations | Department<br>store<br>operations | Financial<br>services | Specialty<br>store<br>operations | Others        |                  |                         |                                   |
| <b>Revenues from operations</b> |  |  |                          |                                   |                       |                                  |               |                  |                         |                                   |
| <b>Revenues</b>                 |  |  |                          |                                   |                       |                                  |               |                  |                         |                                   |
| 1. Customers                    | 681,976  | 1,215,161                                      | 1,435,526                | 517,042                           | 120,844               | 312,779                          | 5,599         | 4,288,929        | -                       | 4,288,929                         |
| 2. Intersegment                 | 1,123  | 151  | 8,679                    | 7,034                             | 28,098                | 2,262                            | 12,582        | 59,933           | (59,933)                | -                                 |
| <b>Total</b>                    | <b>683,100</b>                                 | <b>1,215,312</b>                               | <b>1,444,205</b>         | <b>524,077</b>                    | <b>148,943</b>        | <b>315,041</b>                   | <b>18,182</b> | <b>4,348,862</b> | <b>(59,933)</b>         | <b>4,288,929</b>                  |
| <b>Segment income (loss)</b>    | <b>187,444</b>                                 | <b>53,094</b>                                  | <b>9,935</b>             | <b>(2,974)</b>                    | <b>38,935</b>         | <b>(6,070)</b>                   | <b>3,026</b>  | <b>283,390</b>   | <b>(9,384)</b>          | <b>274,006</b>                    |

Notes:

1. The adjustments on segment income (loss) of (9,384) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

##### 2. Impairment of Fixed Assets and Goodwill by Reportable Segment

(Application of Accounting Standard for Business Combinations and other accounting standards)

Effective from the first quarter of the consolidated fiscal year ended February 28, 2017, differences caused by change in the Company's equity in the subsidiaries and affiliates remaining under the control of the Company are adjusted in capital surplus, and acquisition-related costs are reported as expenses incurred during the consolidated financial year in which acquisitions take place.

As a result of the application and in comparison with the previous method, segment income in the third quarter of the consolidated fiscal year increased by 2,340 million yen in "Overseas convenience store operations" segment, by 10 million yen in "Superstore operations" segment, by 213 million yen in "Financial services" segment, by 2 million yen in "Others" segment, respectively. Furthermore, segment loss decreased by 684 million yen in "Department store operations" segment, by 22 million yen in "Specialty store operations" segment, respectively.

(Significant Asset Impairment Loss)

In the third quarter of the consolidated fiscal year ended February 28, 2017, impairment loss of 17,843 million yen in "Superstore operations" and 15,593 million yen in "Department store operations" was recorded.

The figures mentioned above include "Restructuring expenses" in Consolidated Quarterly Statements of Income for the nine months ended November 30, 2016.

(Significant Change in the Amount of Goodwill)

As a result of the application of Accounting Standard for Business Combinations, Accounting Standard for Consolidated Financial Statements, and of Accounting Standard for Business Divestiture, etc., effective from the first quarter of the consolidated fiscal year ended February 28, 2017, the amount in Goodwill has been reduced. In accordance with the application, the amount of goodwill, as at the beginning of the second quarter of the consolidated fiscal year ended February 28, 2017, was reduced by 33,368 million yen in the "Overseas convenience store operations" segment, by 226 million yen in "Superstore operations" segment, by 14,044 million yen in "Department store operations" segment, by 3,271 million yen in "Financial services" segment, and by 413 million yen in "Specialty store operations" segment respectively.

By recording amortization of goodwill in "Department store operations" in the second quarter of the consolidated fiscal year ended February 28, 2017, there has been a significant change in the amount of goodwill. In accordance with the application, the amount of goodwill was reduced by 33,401 million yen in "Department store operations".

## II. Nine Months ended November 30, 2017 (From March 1, 2017 to November 30, 2017)

### 1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

(Millions of yen)

|                                 | Reportable segments                            |  |                          |                                   |                       |                                  |               | Total            | Adjustments<br>(Note 1) | Consolidated<br>total<br>(Note 2) |
|---------------------------------|--|--|--------------------------|-----------------------------------|-----------------------|----------------------------------|---------------|------------------|-------------------------|-----------------------------------|
|                                 | Domestic<br>convenience<br>store<br>operations | Overseas<br>convenience<br>store<br>operations | Superstore<br>operations | Department<br>store<br>operations | Financial<br>services | Specialty<br>store<br>operations | Others        |                  |                         |                                   |
| <b>Revenues from operations</b> |  |  |                          |                                   |                       |                                  |               |                  |                         |                                   |
| <b>Revenues</b>                 |  |  |                          |                                   |                       |                                  |               |                  |                         |                                   |
| 1. Customers                    | 704,012  | 1,472,479                                      | 1,391,601                | 472,899                           | 124,725               | 307,727                          | 6,277         | 4,479,721        | 0                       | 4,479,722                         |
| 2. Intersegment                 | 1,027  | 375  | 7,584                    | 6,460                             | 27,826                | 1,731                            | 11,589        | 56,594           | (56,594)                | -                                 |
| <b>Total</b>                    | <b>705,039</b>                                 | <b>1,472,855</b>                               | <b>1,399,185</b>         | <b>479,359</b>                    | <b>152,551</b>        | <b>309,458</b>                   | <b>17,866</b> | <b>4,536,315</b> | <b>(56,593)</b>         | <b>4,479,722</b>                  |
| <b>Segment income (loss)</b>    | <b>188,483</b>                                 | <b>63,934</b>                                  | <b>9,065</b>             | <b>288</b>                        | <b>39,476</b>         | <b>690</b>                       | <b>3,453</b>  | <b>305,392</b>   | <b>(9,592)</b>          | <b>295,799</b>                    |

#### Notes:

- The adjustments on segment income (loss) of (9,592) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

### 2. Impairment of Fixed Assets and Goodwill by Reportable Segment

No significant items to be reported.

### 3. Matters concerning the change of Reportable Segment, etc.

(Change in Reportable Segment Classifications)

The Company changed the Group's segment classification from the first quarter of this consolidated fiscal year as follows:

#### a. Domestic convenience store operations

This is the operating segment of convenience store operations led by Seven-Eleven Japan Co., Ltd. (hereinafter "SEJ"), and includes SEJ, its subsidiaries and affiliate and the overseas businesses (China, Hawaii) that SEJ provides sales support, and business promotion and management.

#### b. Overseas convenience store operations

This is the operating segment of convenience store operations led by 7-Eleven, Inc. (hereinafter "SEI"), and includes SEI, its subsidiaries and affiliates, and the business operating companies that SEI provides sales support, and business promotion and management.

#### c. Superstore operations

This is the operating segment of retail operations that comprehensively provide the necessary items for daily life such as popular consumer choices in foods and daily goods, and includes Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Mart Co., Ltd., SHELL GARDEN CO., LTD., and the subsidiaries and affiliates of these companies. Akachan Honpo Co., Ltd., etc. that provide high specialty products have been reorganized into specialty store operations.

#### d. Department store operations

This is the operating segment of retail operations that provide diverse luxury goods and high specialty products operated in large scale stores, and includes Sogo & Seibu Co., Ltd. and its subsidiaries and affiliates. THE LOFT CO., LTD., which provides high specialty products, has been reorganized into specialty store operations.

#### e. Financial services

This is the operating segment of the operations that provide services related to the banking, credit cards and leases businesses, and includes Seven Bank, Ltd. and its subsidiaries and affiliates, Seven Financial Service Co., Ltd., Seven Card Service Co., Ltd. and Seven CS Card Service Co., Ltd. SEVEN & i Financial Center Co., Ltd. has been reorganized into the corporate operations not included in any reportable segment.

#### f. Specialty store operations

This is the operating segment of retail operations that provide high specialty or characteristic products and services, and includes business operating companies such as Akachan Honpo Co., Ltd., THE LOFT CO.,LTD., Seven & i Food Systems Co., Ltd., Barneys Japan Co., Ltd. and Nissen Co., Ltd.

#### g. Others

This includes the operating segments that do not belong to the other six segments above, and includes Seven & i Create Link Co., Ltd. and Seven & i Asset Management Co., Ltd. dealing with the real estate businesses, SEVEN & i Publishing Co., Ltd. dealing with the publishing business, Seven Culture Network Co., Ltd. providing cultural education services and Yatsugatake Kogen Lodge Co., Ltd running the hotel-operation, villa management, etc. business.

Note: The Company and SEVEN & i Financial Center Co., Ltd. are not included in any of the above segments, as they are classified as corporate operations.

The segment information for the third quarter of the consolidated fiscal year ended February 28, 2017 is prepared based on the classification of reportable segments after the change.

**(Reference)**

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

**Nine Months ended November 30, 2016 (From March 1, 2016 to November 30, 2016)**

(Millions of yen)

|                                | Japan            | North America    | Others        | Total before eliminations | Eliminations   | Consolidated total |
|--------------------------------|------------------|------------------|---------------|---------------------------|----------------|--------------------|
| Revenues from operations       |                  |                  |               |                           |                |                    |
| <b>Revenues</b>                |                  |                  |               |                           |                |                    |
| 1. Customers                   | 2,966,478        | 1,239,009        | 83,441        | 4,288,929                 | -              | 4,288,929          |
| 2. Intersegment                | 528              | 151              | 325           | 1,005                     | (1,005)        | -                  |
| <b>Total</b>                   | <b>2,967,006</b> | <b>1,239,160</b> | <b>83,766</b> | <b>4,289,934</b>          | <b>(1,005)</b> | <b>4,288,929</b>   |
| <b>Operating income (loss)</b> | <b>221,907</b>   | <b>51,855</b>    | <b>233</b>    | <b>273,997</b>            | <b>9</b>       | <b>274,006</b>     |

**Nine Months ended November 30, 2017 (From March 1, 2017 to November 30, 2017)**

(Millions of yen)

|                                | Japan            | North America    | Others        | Total before eliminations | Eliminations | Consolidated total |
|--------------------------------|------------------|------------------|---------------|---------------------------|--------------|--------------------|
| Revenues from operations       |                  |                  |               |                           |              |                    |
| <b>Revenues</b>                |                  |                  |               |                           |              |                    |
| 1. Customers                   | 2,897,799        | 1,499,223        | 82,698        | 4,479,722                 | -            | 4,479,722          |
| 2. Intersegment                | 520              | 249              | 14            | 784                       | (784)        | -                  |
| <b>Total</b>                   | <b>2,898,319</b> | <b>1,499,473</b> | <b>82,713</b> | <b>4,480,506</b>          | <b>(784)</b> | <b>4,479,722</b>   |
| <b>Operating income (loss)</b> | <b>232,805</b>   | <b>61,741</b>    | <b>1,244</b>  | <b>295,792</b>            | <b>7</b>     | <b>295,799</b>     |

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. "Others" consists of the business results in the People's Republic of China, etc.

**(7) Notes on Significant Changes in the Amount of Shareholders' Equity**

None