



Consolidated Financial Results for the Three Months Ended May 31, 2024

July 11, 2024

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

Securities Code No. 3382

President, Representative Director and CEO: Ryuichi Isaka

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

Submission date of the quarterly securities report scheduled: July 12, 2024

Starting date of paying dividend: -

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

- (Notes) 1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.
2. All amounts less than one million yen have been truncated.

1. Results for the Three Months Ended May 31, 2024 (from March 1, 2024 to May 31, 2024)

(1) Results of operations (cumulative)

(Millions of yen)

	Revenues from Operations		Operating Income		Ordinary Income	
Three Months Ended May 31, 2024	2,734,750	3.2 %	59,344	(27.6) %	55,000	(25.4) %
Three Months Ended May 31, 2023	2,650,666	8.3 %	81,992	(19.9) %	73,708	(22.8) %
	Net Income Attributable to Owners of Parent		Net Income per Share (EPS)		Diluted Net Income per Share (Diluted EPS)	
Three Months Ended May 31, 2024	21,388	(49.3) %	8.20	(yen)	8.20	(yen)
Three Months Ended May 31, 2023	42,180	(35.1) %	15.92	(yen)	15.92	(yen)

(Reference) Group's total sales:

Three Months Ended May 31, 2024: 4,288,588 million yen

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

EBITDA:

Three Months Ended May 31, 2024: 195,487 million yen

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

EPS before amortization of goodwill:

Three Months Ended May 31, 2024: 20.33 yen

Three Months Ended May 31, 2023: 26.58 yen

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

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

(Notes) 1. Comprehensive income:

Three Months Ended May 31, 2024: 204,478 million yen [218.7%]

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

2. The Company conducted a 3-for-1 common share split on March 1, 2024. "EPS", "Diluted EPS" and "EPS before amortization of goodwill" are calculated as if the share split had occurred at the beginning of the previous fiscal year.

(2) Financial position

(Millions of yen)

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
As of May 31, 2024	11,223,488	3,991,248	33.9 %	1,468.26 (yen)
As of February 29, 2024	10,592,117	3,900,624	35.1 %	1,416.94 (yen)

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

As of May 31, 2024: 3,809,052 million yen As of February 29, 2024: 3,716,523 million yen

(Note) The Company conducted a 3-for-1 common share split on March 1, 2024. "Net assets per share" is calculated as if the share split had occurred at the beginning of the previous fiscal year.

2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year Ended February 29, 2024	-	56.50	-	56.50	113.00
Year Ending February 28, 2025	-				
Year Ending February 28, 2025 (forecast)		20.00	-	20.00	40.00

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

2. The Company conducted a 3-for-1 common share split on March 1, 2024. For the fiscal year ended February 29, 2024, the actual amount of dividends per share of dividends prior to the share split are presented. For the fiscal year ending February 28, 2025 (forecast), the figures after the share split are presented. For reference, annual dividends per share for the fiscal year ending February 28, 2025 (forecast) without considering the share split are 120.00 yen.

3. Forecast of Business Results for the Fiscal Year ending February 28, 2025 (From March 1, 2024 to February 28, 2025)

(Millions of yen, YOY change %)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income per Share (EPS)
Interim Period	5,606,000 1.1 %	222,000 (7.9)%	201,000 (11.4)%	111,000 38.4%	42.68 (yen)
Entire Year	11,246,000 (2.0)%	545,000 2.0 %	502,000 (1.0)%	293,000 30.4%	112.80 (yen)

(Reference) Group's total sales:

Interim Period: 8,893,000 million yen Entire Year: 17,815,000 million yen

EBITDA:

Interim Period: 497,000 million yen Entire Year: 1,102,000 million yen

EPS before amortization of goodwill:

Interim Period: 67.67 yen Entire Year: 163.62 yen

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

2. The Company acquired its own shares that were authorized under the resolution at the meeting of the Board of Directors of the Company held on November 30, 2023. The estimated impact of acquisition of own shares and cancellation of treasury stock are taken into account in regards to "EPS" and "EPS before amortization of goodwill" in the forecast for fiscal year ending February 28, 2025.

3. The Company conducted a 3-for-1 common share split on March 1, 2024.

4. Others

- (1) Changes in significant subsidiaries during the period
(Changes in specific subsidiaries accompanying change in scope of consolidation): Yes
Added: One company (CONVENIENCE HOLDINGS PTY LTD) 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 other than 1. : None
 3. Changes in accounting estimates: None
 4. Restatements: None
- (4) Number of shares outstanding (Common stock)
1. Number of shares outstanding at the end of period (Including treasury stock)
As of May 31, 2024: 2,633,226,549 shares As of February 29, 2024: 2,633,226,549 shares
 2. Number of treasury stock at the end of period
As of May 31, 2024: 38,958,908 shares As of February 29, 2024: 10,312,992 shares
 3. Average number of shares during the period (Cumulative quarterly consolidated period)
As of May 31, 2024: 2,607,206,340 shares As of May 31, 2023: 2,649,690,786 shares
- (Notes) 1. The Company has introduced the BIP Trust and ESOP Trust, and its shares held by these Trusts are included in the number of treasury stock to be deducted when calculating the number of treasury stock at the end of the fiscal period and the average number of shares during the period.
2. The Company conducted a 3-for-1 common share split on March 1, 2024. "Number of shares outstanding at the end of period", "Number of treasury stock at the end of period" and "Average number of shares during the period" are calculated as if the share split had occurred at the beginning of the previous fiscal year.
- (5) Formula of various management indicators
1. EBITDA: Operating income + Depreciation and amortization + Amortization of goodwill
 2. EPS before amortization of goodwill: (Net income attributable to owners of parent + Amortization of goodwill) / Average number of shares during the period

NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

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

FORWARD LOOKING STATEMENTS

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

Attached Materials

Contents

1. Qualitative Information on Results for the Three Months Ended May 31, 2024	
(1) Qualitative information on consolidated results	2
(2) Qualitative information on consolidated financial position	6
(3) Qualitative information on forecasts.....	7
2. Related to Summary Information (Others)	
(1) Changes in significant subsidiaries during the period.....	8
(2) Application of specific accounting for preparing the quarterly consolidated financial statements	8
(3) Changes in accounting policies, accounting estimates or restatements.....	8
(4) Supplementary information	8
3. Consolidated Quarterly Financial Statements	
(1) Consolidated quarterly balance sheets	9
(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income	11
(3) Consolidated quarterly statements of cash flows	13
(4) Doubts on the premise of going concern	15
(5) Change in scope of consolidation or equity method application	15
(6) Notes to consolidated quarterly statements of income	15
(7) Notes to consolidated quarterly statements of cash flows.....	15
(8) Segment information	16
(9) Business Combination, etc.....	18
(10) Notes on significant changes in the amount of shareholders' equity.....	20
(11) Subsequent event	20

1. Qualitative Information on Results for the Three Months Ended May 31, 2024

(1) Qualitative information on consolidated results

I. Overview

In the three months period ended May 31, 2024, the Japanese economy persisted in experiencing negative real wage growth due to factors such as rising prices associated with soaring energy and raw material costs, even while employment and income conditions improved. This has led to a clear divergence in consumption patterns, with incomes of the young and the elderly increasing due to rising wages and the extension of the retirement age, but also an emerging awareness of the need to protect livelihoods, especially among those responsible for child rearing.

The North American economy remained robust overall, despite a persistently inflationary and elevated interest rate environment. In this context, there was a more prudent approach to consumption, in particular among middle- and low-income earners, who were particularly affected by rising prices and interest rates.

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).

The Group is taking a multi-faceted approach on addressing changes in the consumption environment in Japan and abroad, not only from a medium- to long-term perspective but also from a short-term perspective.

As previously announced on April 10, 2024, the Group has developed concrete action plans to maximize the Group’s corporate and shareholder value and is promoting initiatives to steadily implement these plans.

Our consolidated results for the three months ended May 31, 2024 are summarized below.

(Millions of yen)

	Three months ended May 31, 2023		Three months ended May 31, 2024	
		YOY		YOY
Revenues from operations	2,650,666	108.3%	2,734,750	103.2%
Operating income	81,992	80.1%	59,344	72.4%
Ordinary income	73,708	77.2%	55,000	74.6%
Net income attributable to owners of parent	42,180	64.9%	21,388	50.7%

Exchange rates	U.S.\$1 = ¥132.42	U.S.\$1 = ¥148.63
	1yuan = ¥19.35	1yuan = ¥20.63

Group’s total sales (including sales of franchisees of SEVEN-ELEVEN JAPAN CO., LTD., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc.) amounted to ¥4,288,588 million (103.0% year on year). For the three months ended May 31, 2024, Group’s total sales, revenues from operations and operating income increased by ¥269.8 billion, ¥222.1 billion and ¥0.4 billion, respectively, as a result of exchange rate fluctuations.

II. Overview by operating segment

(Revenues from operations by operating segment)

(Millions of yen)

	Three months ended May 31, 2023		Three months ended May 31, 2024	
		YOY		YOY
Domestic convenience store operations	229,039	106.4%	224,979	98.2%
Overseas convenience store operations	1,900,672	110.3%	2,029,438	106.8%
Superstore operations	360,155	101.2%	359,232	99.7%
Financial services	50,988	107.2%	52,340	102.7%
Others	124,975	105.5%	85,845	68.7%
Total	2,665,832	108.3%	2,751,835	103.2%
Adjustments (Eliminations/corporate)	(15,165)	–	(17,085)	–
Consolidated Total	2,650,666	108.3%	2,734,750	103.2%

(Operating income by operating segment)

(Millions of yen)

	Three months ended May 31, 2023		Three months ended May 31, 2024	
		YOY		YOY
Domestic convenience store operations	64,088	108.1%	61,254	95.6%
Overseas convenience store operations	20,981	47.7%	4,473	21.3%
Superstore operations	3,316	94.2%	2,151	64.9%
Financial services	9,947	108.1%	8,375	84.2%
Others	1,847	187.2%	2,182	118.2%
Total	100,180	85.6%	78,438	78.3%
Adjustments (Eliminations/corporate)	(18,188)	–	(19,094)	–
Consolidated Total	81,992	80.1%	59,344	72.4%

Domestic convenience store operations

In Domestic convenience store operations, revenues from operations amounted to ¥224,979 million (98.2% year on year), and operating income amounted to ¥61,254 million (95.6% year on year).

SEVEN-ELEVEN JAPAN CO., LTD. (“SEJ”) is focusing on addressing changes in customers’ purchasing behavior caused by shifts in the external environment, such as continued population decline, aging society with declining birthrate, rising prices, the overall slowdown in real wages, and bipolarization of consumption patterns. Accordingly, SEJ has been striving to expand the customer base and increase the frequency of store visits, with efforts based on refining basic merchandise. To this purpose, SEJ has been promoting its initiatives including expanding merchandise assortments according to market needs, as well as providing a new shopping experience for customers.

In addition, SEJ is taking steps to implement the “7NOW” delivery service on a nation scale. This involves building a system for national expansion and enhancing other initiatives, such as promoting the “7NOW App” to a wider audience.

Furthermore, in order to meet diverse customer needs, SEJ has launched the SIP* store, a new concept store, on February 29, 2024. At this stage, potential customer needs are identified, paving the way for the introduction of products and services aligned with these needs to other stores.

In the three months ended May 31, 2024, SEJ’s existing store sales were comparable to the precious year, with operating income reaching ¥61,194 million (94.9% year on year). Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥1,327,015 million (100.2% year on year).

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

Overseas convenience store operations

In Overseas convenience store operations, revenues from operations amounted to ¥2,029,438 million (106.8% year on year), and operating income amounted to ¥4,473 million (21.3% year on year).

In North America, 7-Eleven, Inc. ("SEI") is pursuing sustained business growth and enhanced capital efficiency in the context of a tough consumer spending environment, characterized by continued inflationary pressures and high interest rates that have shaped diverging patterns of consumption. To this end, SEI has promoted four measures: "Grow Proprietary Products," "Accelerate Digital & Delivery Initiatives," "Generate Synergies From SEI & Speedway Integration," and "Grow Store Network."

In the three months ended March 31, 2024, merchandise sales at existing stores in the U.S. decreased year on year in U.S. dollars, while operating income (before amortization of goodwill) amounted to ¥29,976 million (68.6% year on year). Moreover, total store sales (the sum of sales from directly operated stores and franchisees) amounted to ¥2,427,858 million (107.1% year on year).

Furthermore, SEI completed on April 16, 2024, the acquisition of a part of the convenience store business and fuel retail business of U.S. company Sunoco LP. Through this acquisition, SEI will further accelerate its growth in the North American market by further increasing its market share in this region.

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 extend our presence to 30 countries and regions including Japan and North America by the fiscal year ending December 31, 2030. Under this policy, we will promote a growth strategy that leverages both existing and new markets. As for existing market growth, 7IN made the strategic decision in February 2023 to invest in the Vietnam business, and the GRO Holdings Joint Stock Company which owns it, became an equity-method affiliate in November 2023. Furthermore, On April 1, 2024, 7IN completed the acquisition of the Australian company Convenience Group Holdings Pty Ltd, which holds shares in several companies, including 7-Eleven Stores Pty Ltd, a licensee that operates convenience store and fuel retail businesses under the 7-Eleven brand.

Superstore operations

In Superstore operations, revenues from operations amounted to ¥359,232 million (99.7% year on year), and operating income amounted to ¥2,151 million (64.9% year on year).

Ito-Yokado Co., Ltd. ("Ito-Yokado") is executing fundamental reforms to improve profitability in line with its planned strategy. Ito-Yokado has been making efforts to improve merchandise quality and to enhance store operating efficiency. These efforts included the launch of YORK DELI, a new delicatessen brand, by utilizing strategic investment infrastructure such as process centers and central kitchens, including Peace Deli Chiba Kitchen, which started operations on February 27, 2024.

In the three months ended May 31, 2024, Ito-Yokado's sales rose year on year accompanying the merger with York Co., Ltd. in September 2023. However, the operating loss amounted to ¥662 million (operating loss of ¥163 million for the same period of the previous fiscal year).

For York-Benimaru Co., Ltd. ("York-Benimaru"), we are furthering initiatives to revitalize existing stores and to enhance development and sales of delicatessen merchandise in order to realize its concept of "making the daily meals of customers in local areas more enjoyable, plentiful, and convenient."

In the three months ended May 31, 2024, York-Benimaru's existing store sales increased year on year, as it benefited from the success of price adjustments in response to soaring raw material prices, and sales promotion initiatives. However, York-Benimaru's operating income amounted to ¥4,382 million (95.7% year on year), due to an increase in SG&A expenses such as personnel costs and advertising expenses, etc.

Financial services

In Financial services, revenues from operations amounted to ¥52,340 million (102.7% year on year), and operating income amounted to ¥8,375 million (84.2% year on year).

As of May 31, 2024, the number of domestic ATMs operated by Seven Bank, Ltd. stood at 27,552, up 182 from the previous fiscal year-end. The average number of transactions per day per ATM amounted to 107.2 (up 3.2 year on year), owing to improvement in the number of transactions at deposit-taking institutions and an increase in non-banking transactions such as consumer finance in line with increased demand for funds, as well as a sustained high level of cash charge transactions as consumers opted for various cashless payments. As a result, total transactions of Seven Bank's ATMs during the three months ended May 31, 2024 increased year on year. As of May 31, 2024, Seven Bank had cash and deposits (including cash for ATM loading) of ¥879.8 billion.

Others

In Others, revenues from operations amounted to ¥85,845 million (68.7% year on year), and operating income amounted to ¥2,182 million (118.2% year on year).

Revenue decreased partly due to the impact of factors such as the transfer of operating companies as a result of business portfolio optimization, while profit increased due to strong business performance with a recovery in customer traffic at operating companies such as THE LOFT CO., LTD.

Additionally, the transfer of all of the issued shares of Nissen Holdings Co., Ltd. held by Seven & i Net Media Co., Ltd., the Company's wholly owned subsidiary, announced on May 9, 2024, to Ci Medical Co., Ltd. was completed on July 1, 2024.

Adjustments (eliminations/corporate)

The operating loss from adjustments totaled ¥19,094 million (operating loss of ¥18,188 million for the same period of the previous fiscal year).

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

(2) Qualitative information on consolidated financial position

I. Assets, liabilities and net assets

(Millions of yen)

	February 29, 2024	May 31, 2024	Change
Total assets	10,592,117	11,223,488	631,370
Total liabilities	6,691,492	7,232,240	540,747
Net assets	3,900,624	3,991,248	90,623

Exchange rates	U.S.\$1 = ¥141.83	U.S.\$1 = ¥151.41
	1yuan = ¥19.93	1yuan = ¥20.83

Total assets amounted to ¥11,223,488 million, up ¥631,370 million from the previous fiscal year-end mainly due to fluctuations in foreign exchange rates. Current assets decreased ¥83,081 million from the previous fiscal year-end, mainly due to a decrease in cash and bank deposits following the acquisition of Convenience Group Holdings Pty Ltd* ("SEA") in the overseas convenience store business. Non-current assets increased ¥714,648 million, mainly due to an increase in property and equipment and intangible assets following the acquisition of SEA in the overseas convenience store operations.

Total liabilities increased ¥540,747 million from the previous fiscal year-end to ¥7,232,240 million, mainly due to fluctuations in foreign exchange rates, and an increase in interest-bearing debt which was incurred to fund the acquisition of SEA.

Net assets increased ¥90,623 million from the previous fiscal year-end to ¥3,991,248 million, mainly due to an increase in foreign currency translation adjustments.

*Convenience Group Holdings Pty Ltd is 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.

II. Cash flows

(Consolidated cash flows)

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024	Change
Cash flows from operating activities	317,626	236,122	(81,504)
Cash flows from investing activities	(95,107)	(316,886)	(221,779)
Cash flows from financing activities	(252,355)	(131,783)	120,572
Cash and cash equivalents at end of the period	1,645,968	1,373,267	(272,701)

Net cash provided by operating activities amounted to ¥236,122 million. This was mainly due to income before income taxes of ¥37,414 million.

Net cash used in investing activities amounted to ¥316,886 million, mainly due to payment for purchase of shares in subsidiaries resulting in change in scope of consolidation following acquisition of SEA in the overseas convenience store operations.

Net cash used in financing activities amounted to ¥131,783 million, mainly due to payment for redemption of bonds.

As a result of the above, cash and cash equivalents for the three months ended May 31, 2024 amounted to ¥1,373,267 million.

(3) Qualitative information on forecasts

The forecasts for the fiscal year ending February 28, 2025 remain unchanged from those announced on April 10, 2024.

2. Related to Summary Information (Others)

(1) Changes in significant subsidiaries during the period:

During the first quarter of the fiscal year ending February 28, 2025, the acquisition of the 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, by the Company's consolidated subsidiary 7-Eleven International LLC ("7IN") from Australian Company R.G. Withers Nominees Pty Ltd as trustee for R.G. Withers Unit Trust, was completed through the 7IN's wholly-owned subsidiary, AR BidCo Pty Ltd. Due to the acquisition, the Company has included CONVENIENCE HOLDINGS PTY LTD, specified subsidiary, in the scope of consolidation.

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

(3) Changes in accounting policies, accounting estimates or restatements: None

(4) Supplementary information

(Acquisition of own shares)

The Company acquired its own shares under Article 156 which is applicable in accordance with Article 165, paragraph 3 of the Companies Act, and has completed all the acquisitions of its own shares on May 17, 2024 that were authorized under the resolution at the meeting of the Board of Directors held on November 30, 2023.

(Reference)

1. Details of the resolution approved at the meeting of the Board of Directors held on November 30, 2023

(1) Class of shares to be acquired	Common stock of the Company
(2) Total number of shares to be acquired	75,000,000 shares (maximum) (The percentage compared to the total number of shares outstanding (excluding treasury stock): 2.83%)
(3) Aggregate amount of acquisition cost	110,000,000,000 yen (maximum)
(4) Period of acquisition	From December 1, 2023 to May 31, 2024

※The total number of shares that can be acquired has been changed from 25,000,000 to 75,000,000 as a result of the share split which became effective on March 1, 2024.

2. Total number and value of shares acquired pursuant to the resolution approved at the meeting of the Board of Directors held on November 30, 2023 (as of May 17, 2024)

(1) Total number of shares acquired	37,370,500 shares
(2) Aggregate amount of acquisition cost	109,999,868,237 yen

※Of the total number of shares acquired, 8,699,800 shares were cancelled on February 29, 2024 and its own shares concerned were acquired before the effective date of the share split and therefore represent the number of shares before the effect of the split was reflected. In addition, the Company also cancelled the other repurchased shares, 28,670,700 shares on June 28, 2024.

3. Consolidated Quarterly Financial Statements

(1) Consolidated quarterly balance sheets

(Millions of yen)

	February 29, 2024	May 31, 2024
	Amount	Amount
ASSETS		
Current assets	3,035,666	2,952,585
Cash and bank deposits	1,558,738	1,370,589
Notes and accounts receivable - trade, and contract assets	464,159	507,972
Trade accounts receivable - financial services	100,645	104,527
Merchandise and finished goods	283,349	312,326
Work in process	79	61
Raw materials and supplies	2,444	2,563
Prepaid expenses	90,576	104,537
ATM-related temporary payments	99,351	105,363
Other	447,812	458,131
Allowance for doubtful accounts	(11,491)	(13,487)
Non-current assets	7,555,469	8,270,117
Property and equipment	4,362,500	4,800,238
Buildings and structures, net	1,606,839	1,687,662
Furniture, fixtures and equipment, net	493,756	557,303
Land	1,096,630	1,145,909
Lease assets, net	2,970	2,870
Right-of-use assets, net	985,657	1,225,606
Construction in progress	154,862	159,513
Other, net	21,783	21,372
Intangible assets	2,356,578	2,613,574
Goodwill	1,928,916	2,153,349
Software	302,767	311,527
Other	124,895	148,696
Investments and other assets	836,390	856,305
Investments in securities	277,526	293,660
Long-term loans receivable	14,488	14,293
Long-term leasehold deposits	278,642	277,350
Advances for store construction	75	75
Net defined benefit asset	116,852	117,461
Deferred tax assets	92,015	93,753
Other	59,222	62,172
Allowance for doubtful accounts	(2,432)	(2,461)
Deferred assets	981	785
Business commencement expenses	193	48
Bond issuance cost	788	736
TOTAL ASSETS	10,592,117	11,223,488

(Millions of yen)

	February 29, 2024	May 31, 2024
	Amount	Amount
LIABILITIES		
Current liabilities	3,073,252	3,262,121
Notes and accounts payable, trade	528,155	628,880
Short-term loans	84,882	344,128
Current portion of bonds	334,039	15,000
Current portion of long-term loans	138,530	180,546
Income taxes payable	18,389	9,173
Accrued expenses	264,862	279,956
Contract liabilities	188,890	185,810
Deposits received	140,845	228,841
ATM-related temporary advances	60,880	56,901
Lease obligations	132,392	158,599
Allowance for restructuring expenses	15,989	7,251
Allowance for Loss on transfer of subsidiary	–	5,392
Allowance for loss on litigation	–	1,514
Allowance for sales promotion expenses	773	1,239
Allowance for bonuses to employees	13,870	25,013
Allowance for bonuses to Directors and Audit & Supervisory Board Members	496	63
Deposits received in banking business	803,763	800,784
Call money	40,000	45,000
Other	306,490	288,027
Non-current liabilities	3,618,240	3,970,118
Bonds	1,356,585	1,413,330
Long-term loans	824,616	873,109
Deferred tax liabilities	220,658	230,506
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	459	413
Allowance for stock payments	4,707	4,771
Net defined benefit liability	16,323	16,432
Deposits received from tenants and franchised stores	45,025	45,258
Lease obligations	931,759	1,145,473
Asset retirement obligations	163,328	168,854
Other	54,776	71,967
TOTAL LIABILITIES	6,691,492	7,232,240
NET ASSETS		
Shareholders' equity	3,036,059	2,947,848
Common stock	50,000	50,000
Capital surplus	351,851	351,346
Retained earnings	2,650,575	2,622,474
Treasury stock, at cost	(16,368)	(75,972)
Total accumulated other comprehensive income	680,464	861,203
Unrealized gains (losses) on available-for-sale securities, net of taxes	46,116	50,870
Unrealized gains (losses) on hedging derivatives, net of taxes	4,823	5,081
Foreign currency translation adjustments	608,057	784,065
Remeasurements of defined benefit plans	21,466	21,185
Subscription rights to shares	60	65
Non-controlling interests	184,041	182,129
TOTAL NET ASSETS	3,900,624	3,991,248
TOTAL LIABILITIES AND NET ASSETS	10,592,117	11,223,488

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

Consolidated quarterly statements of income

(Millions of yen)

	Three Months Ended	Three Months Ended
	May 31, 2023	May 31, 2024
	Amount	Amount
Revenues from operations	2,650,666	2,734,750
Net sales	2,252,655	2,347,873
Cost of sales	1,867,536	1,944,527
Gross profit on sales	385,118	403,345
Operating revenues	398,011	386,877
Gross profit from operations	783,129	790,223
Selling, general and administrative expenses	701,137	730,878
Operating income	81,992	59,344
Non-operating income	4,283	11,086
Interest income	2,714	3,922
Gain on valuation of investment securities	155	5,508
Other	1,414	1,655
Non-operating expenses	12,567	15,430
Interest expenses	5,506	7,957
Interest on bonds	4,898	5,279
Equity in losses of affiliates	163	145
Other	1,998	2,047
Ordinary income	73,708	55,000
Special gains	5,326	1,697
Gain on sales of property and equipment	3,126	603
Compensation income	–	616
Gain on sales of investments in securities	2,035	54
Other	165	424
Special losses	14,451	19,283
Loss on disposals of property and equipment	3,295	3,343
Impairment loss	3,572	1,107
Loss on transfer of subsidiary	4,866	5,392
Loss on disaster	29	4,078
Restructuring expenses	437	764
Other	2,250	4,597
Income before income taxes	64,583	37,414
Total Income taxes	19,590	14,760
Income taxes - current	17,909	10,429
Income taxes - deferred	1,680	4,331
Net income	44,993	22,653
Net income attributable to non-controlling interests	2,812	1,265
Net income attributable to owners of parent	42,180	21,388

Consolidated quarterly statements of comprehensive income

(Millions of yen)

	Three Months Ended May 31, 2023	Three Months Ended May 31, 2024
	Amount	Amount
Net income	44,993	22,653
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	3,602	4,806
Unrealized gains (losses) on hedging derivatives, net of taxes	(15)	258
Foreign currency translation adjustments	15,912	177,021
Remeasurements of defined benefit plans, net of taxes	(325)	(298)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	(0)	37
Total other comprehensive income (loss)	19,173	181,824
Comprehensive income (loss)	64,166	204,478
Comprehensive income (loss) attributable to owners of parent	60,714	202,128
Comprehensive income (loss) attributable to non-controlling interests	3,452	2,350

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Three Months Ended May 31, 2023	Three Months Ended May 31, 2024
	Amount	Amount
Cash flows from operating activities		
Income before income taxes	64,583	37,414
Depreciation and amortization	98,084	104,531
Impairment loss	3,797	1,387
Amortization of goodwill	28,259	31,611
Interest income	(2,714)	(3,922)
Interest expenses and interest on bonds	10,405	13,237
Equity in losses (earnings) of affiliates	163	145
Gain on sales of property and equipment	(3,126)	(603)
Loss on disposals of property and equipment	3,295	3,343
Loss on transfer of subsidiary	4,866	5,392
Loss (gain) on sales of investments in securities	(2,035)	(54)
Decrease (increase) in notes and accounts receivable, trade	(7,007)	(21,983)
Decrease (increase) in trade accounts receivable, financial services	(2,885)	(3,881)
Decrease (increase) in inventories	(11,718)	(1,190)
Increase (decrease) in notes and accounts payable, trade	18,875	38,333
Increase (decrease) in deposits received	91,986	88,266
Net increase (decrease) in bonds in banking business	(20,000)	–
Net increase (decrease) in deposits received in banking business	(35,817)	(2,979)
Net decrease (increase) in call loan in banking business	(25,000)	–
Net increase (decrease) in call money in banking business	211,900	5,000
Net decrease (increase) in ATM-related temporary accounts	(2,289)	(9,720)
Other	(54,344)	(21,993)
Subtotal	369,279	262,334
Interest and dividends received	2,580	4,022
Interest paid	(14,441)	(14,458)
Income taxes paid	(39,794)	(15,794)
Income taxes refund	3	18
Net cash provided by operating activities	317,626	236,122
Cash flows from investing activities		
Acquisition of property and equipment	(77,869)	(98,041)
Proceeds from sales of property and equipment	9,974	1,631
Acquisition of intangible assets	(30,211)	(31,630)
Payment for purchase of investments in securities	(6,061)	(2,565)
Proceeds from sales of investments in securities	11,570	2,708
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation	(0)	(165,212)
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	(2,687)	(22,573)
Payment for long-term leasehold deposits	(4,091)	(2,537)
Refund of long-term leasehold deposits	5,219	4,494
Proceeds from deposits from tenants	488	806
Refund of deposits from tenants	(557)	(885)
Payment for time deposits	(417)	(103)
Proceeds from withdrawal of time deposits	2,781	226
Other	(3,245)	(3,204)
Net cash used in investing activities	(95,107)	(316,886)

(Millions of yen)

	Three Months Ended May 31, 2023	Three Months Ended May 31, 2024
	Amount	Amount
Cash flows from financing activities		
Net increase (decrease) in short-term loans	3,144	255,066
Proceeds from long-term debts	28,700	96,115
Repayment of long-term debts	(39,020)	(35,432)
Payment for redemption of bonds	(185,525)	(334,417)
Proceeds from share issuance to non-controlling shareholders	2,368	399
Purchase of treasury stock	(2)	(59,640)
Dividends paid	(55,719)	(49,078)
Dividends paid to non-controlling interests	(561)	(506)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(0)	(367)
Other	(5,739)	(3,922)
Net cash used in financing activities	(252,355)	(131,783)
Effect of exchange rate changes on cash and cash equivalents	1,016	23,321
Net increase (decrease) in cash and cash equivalents	(28,819)	(189,226)
Cash and cash equivalents at beginning of period	1,674,787	1,562,493
Cash and cash equivalents at end of period	1,645,968	1,373,267

(4) Doubts on the premise of going concern

None

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

(Significant change in the scope of consolidation)

During the first quarter of the fiscal year ending February 28, 2025, 7-Eleven International LLC (“7IN”), the Company’s wholly-owned subsidiary, acquired 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 AR BidCo Pty Ltd, 7IN’s wholly-owned subsidiary, from Australian Company R.G. Withers Nominees Pty Ltd as the trustee for R.G. Withers Unit Trust. Due to the acquisition, the Company has included CONVENIENCE HOLDINGS PTY LTD, specified subsidiary, and other 20 companies in the scope of consolidation.

(6) Notes to consolidated quarterly statements of income

A breakdown of restructuring expenses is as follows:

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Impairment loss	225	279
Early retirement benefit	38	249
Others	174	235
Total	437	764

(7) Notes to consolidated quarterly statements of cash flows

I. “Payment for sales of shares in subsidiaries resulting in change in scope of consolidation” in the first quarter of the fiscal year ending February 28, 2025 contains the payment of 22,068 million yen as accrued amount of price adjustment for Sogo & Seibu Co., Ltd., which has been excluded from the scope of consolidation as a result of the sale of shares in the fiscal year ended February 29, 2024.

II. Reconciliation of Cash and cash equivalents as of May 31, 2023 and 2024 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows is as follows.

(Millions of yen)

	Three months ended May 31, 2023	Three months ended May 31, 2024
Cash and bank deposits	1,639,833	1,370,589
Restricted cash	18,954	20,542
Time deposits with maturities and certificate deposits in excess of three months	(12,820)	(17,864)
Cash and cash equivalents	1,645,968	1,373,267

(8) Segment information

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

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

(Millions of yen)

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

Notes:

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

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

No significant items to be reported.

II. Three months ended May 31, 2024 (From March 1, 2024 to May 31, 2024)

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

(Millions of yen)

	Reportable segments				Others (Note 1)	Total	Adjustments (Note 2)	Consolidated total (Note 3)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Revenues from operations								
1.Customers	224,452	2,028,746	358,331	45,556	77,544	2,734,631	119	2,734,750
2.Intersegment	527	691	901	6,783	8,300	17,204	(17,204)	-
Total	224,979	2,029,438	359,232	52,340	85,845	2,751,835	(17,085)	2,734,750
Segment income (loss)	61,254	4,473	2,151	8,375	2,182	78,438	(19,094)	59,344

Notes:

1. Others represent the businesses which are not included in any of the reportable segments and consist of specialty store operations and real estate operations, etc.

2. The adjustments on segment income (loss) of (19,094) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to operating segments.
3. Segment income (loss) is reconciled with the operating income in the consolidated quarterly statements of income.

(ii) Impairment of fixed assets and goodwill by reportable segment
(Significant changes in the amount of goodwill)

During the first quarter of the fiscal year ending February 28, 2025, the acquisition of the shares of Convenience Group Holdings Pty Ltd was completed through the 7-Eleven International LLC's wholly-owned subsidiary, AR BidCo Pty Ltd. Due to the acquisition, the Company has included CONVENIENCE HOLDINGS PTY LTD and other 20 companies in the scope of consolidation. As a result, the amount of goodwill in Overseas convenience store operations has been increased by 123,636 million yen. The amount above is provisional since the purchase price allocation has not been finalized.

(Reference)

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

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

(Millions of yen)

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

Three months ended May 31, 2024 (From March 1, 2024 to May 31, 2024)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	690,480	2,025,193	19,076	2,734,750	–	2,734,750
2. Intersegment	15,101	169	39	15,310	(15,310)	–
Total revenues	705,581	2,025,363	19,116	2,750,061	(15,310)	2,734,750
Operating income (loss)	70,036	3,538	430	74,004	(14,660)	59,344

Notes:

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

(9) Business Combination, etc.

Three months ended May 31, 2024 (From March 1, 2024 to May 31, 2024)

(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. ("SEI"), 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 (March 31, 2024 in the U.S.). The details are as follows.

I. Overview

(i) Name and main business of the acquired company

Name: Convenience Group Holdings Pty Ltd

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

(ii) Main reason for the business combination

In the Medium-Term Management Plan 2021-2025, the Company announced its ideal group image for 2030 as well as its corporate creed since its establishment to be a sincere company that earns the trust of all stakeholders, and its basic stance of "We aim to contribute to the local community both in Japan and overseas by providing new experiences and values from the customer's point of view." Additionally, based on 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 its 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 by 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 of 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", as its 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 will further accelerate these efforts in the Australian market through expansion of its network and presence.

(iii) Date of the business combination

April 1, 2024 (March 31, 2024 in the U.S.)

(iv) Legal form of the business combination

Acquisition of shares

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

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

(vi) Ratio of voting rights acquired

100%

(vii) Reason for determining the acquired company

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

II. Period of performance of the acquired company included in the consolidated financial statements

None

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

Consideration for acquisition: Cash 1,982,736 thousand Australian dollars (195,517 million yen)

Acquisition cost: 1,982,736 thousand Australian dollars (195,517 million yen)

(Note) The amount of cash and cash equivalents held by the acquiree was 302,155 thousand Australian dollars (29,795 million yen).

IV. Details and amounts of main acquisition-related costs

Payment for financial and legal investigations: 225 thousand U.S. dollars (33 million yen)

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

(i) Amount of goodwill

1,253,788 thousand Australian dollars (123,636 million yen)

The amount above is provisional since the purchase price allocation has not been finalized and fair value measurement of identifiable assets and liabilities at the acquisition date has not been finalized.

(ii) Reason for recognition of goodwill

Future excess earning power expected from future business development.

(iii) Period and method of amortization of goodwill

Straight-line method over 20 years

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

Current assets	576,571 thousand Australian dollars	(56,855 million yen)
Non-current assets	2,596,610 thousand Australian dollars	(256,051 million yen)
Total assets	3,173,182 thousand Australian dollars	(312,907 million yen)
Current liabilities	793,546 thousand Australian dollars	(78,251 million yen)
Non-current liabilities	1,650,687 thousand Australian dollars	(162,774 million yen)
Total liabilities	2,444,234 thousand Australian dollars	(241,025 million yen)

(Note) Converted at the rate of 1 Australian dollar = 98.61 yen (as of March 29, 2024)

Converted at the rate of 1 U.S. dollar = 148.63 yen (average exchange rates)

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

None

(11) Subsequent event

None