



Management Report 2023

Seven & i Holdings Co., Ltd.



SEVEN&i HLDGS. Co.,Ltd.

<https://www.7andi.com/en/>

Aiming for collaborative value creation and sustainable growth through constructive dialogue with stakeholders

Seven & i Holdings has been implementing the various initiatives outlined in its Medium-Term Management Plan 2021-2025 (MTMP). In light of the progress of these initiatives and changes in the business environment surrounding the Seven & i Group, we conducted a reevaluation of Group strategy through the entire Board of Directors, which comprises a majority of outside directors, and independent external advisors. The results of these discussions were announced in March 2023 alongside upward revisions to the targets of the MTMP. In this Management Report, we

introduce our new “Ideal Group Image for 2030” based on the outcomes of the Group strategy reevaluation as well as the value creation process underpinning its realization. We also present the revised Group growth strategy and sustainability strategy, along with their target values, based on the reevaluation.

Through this report, we aim to engage in constructive dialogue with our stakeholders to achieve collaborative value creation and sustainable growth.

Publication date
September 2023

Reporting period
March 1, 2022 to February 28, 2023
Includes certain disclosures and business activities conducted after March 2023.

Scope of coverage
Seven & i Holdings Co., Ltd. and its consolidated subsidiaries

Guidelines referenced
International Financial Reporting Standards (IFRS) Foundation's “Integrated Reporting Framework,” Ministry of Economy, Trade and Industry's “Guidance for Collaborative Value Creation 2.0 (https://www.meti.go.jp/english/policy/economy/corporate_accounting/pdf/20221129_guidance.pdf),” and the Task Force on Climate-related Financial Disclosures (TCFD) Status Report.

Forward-looking statements
This report contains certain statements based on Seven & i Holdings' current plans, estimates, strategies, and beliefs. All statements that are not historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management, based on currently available information. It is possible that the Company's future performance will differ significantly from the contents of these statements. Accordingly, there is no assurance that the forward-looking statements in this report will prove to be accurate.

Editorial Policy / Contents	P. 01
Management Philosophy / Stakeholder Dialogue	P. 03
Message from the CEO	P. 05
Value Creation Process	P. 13
Basic Information	
Milestones	P. 15
Primary Businesses and Capital	P. 17
Initiatives in the Food Domain	P. 19
7-Eleven Brand	P. 23
Efforts toward Digitalization	P. 24
Business Strategy	
Message from the CFO	P. 25
Business Strategy of Domestic Convenience Store Operations	P. 29
Business Strategy of Overseas Convenience Store Operations	P. 33
Superstore Operations Strategy	P. 37
Financial Services Strategy	P. 39
Sustainability Strategy	
Message from the CSuO	P. 41
Material Issues	P. 43
Environmental Initiatives	P. 45
Social Initiatives	P. 55
Corporate Governance	P. 61
Financial Information	
Key Indicators	P. 75
Financial Highlights	P. 77
Management's Discussion and Analysis	P. 79
Company Information	P. 83

The cornerstone of Group management

Management Philosophy

The Company formulated its Corporate Creed as below in 1972. The Corporate Creed is unchanging and comprehensively symbolizes the Group's Management Philosophy; thus, the Company values it most as the fundamental basis of the Group's management.

Corporate Creed

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

Basic Stance

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.

Seven & i Holdings Corporate Action Guidelines

The spirit embodied in the Corporate Creed is our unchanging philosophy, which will remain undisturbed no matter how greatly the social environment changes in the future. The attitudes needed to realize this philosophy have been formulated as our Corporate Action Guidelines. The Guidelines present the basic attitudes adopted by all of the Group's directors, Audit & Supervisory Board members, and employees and comprise the Basic Policy, which sets out the approach of the Group as a whole, and the Code of Corporate Conduct, which sets out rules for conduct. Furthermore, each Group company has established detailed guidelines and conduct rules appropriate for its business format at the concrete action level and, together with the Guidelines, will keep all new recruits and newly appointed managerial employees fully informed through their training.

Structure of the Corporate Creed and Corporate Action Guidelines



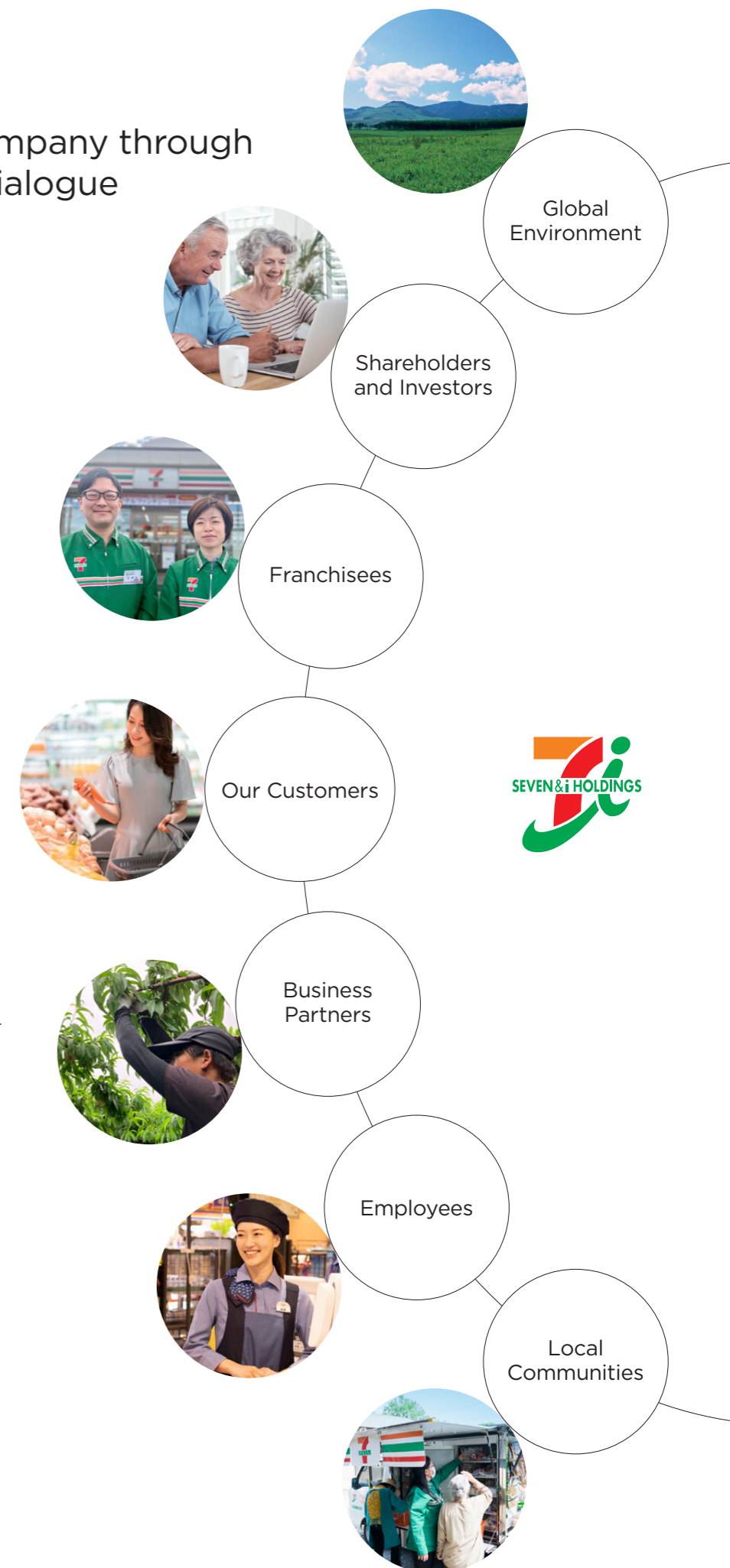
Become a trusted Company through sincere stakeholder dialogue

The Company aims to be a sincere company in line with its Corporate Creed, earning the trust of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees.

Guided by our Group slogan of "Responding to Change while Strengthening Fundamentals," we view the constantly changing needs of society and our customers as opportunities to create new retail services, and work toward the creation of new retail services in response to changing times.

Today, as various changes are accelerating, the Company recognizes the importance of constantly striving to accurately understand the expectations and interests that stakeholders have of the Group.

For this reason, the Company will strive to respond quickly to feedback from its stakeholders—their opinions, requests, and so forth—that it receives through its dialogue with them, and at the same time, the Company will continue to sincerely reflect this feedback in its business activities and management decision-making process (stakeholder engagement).





Aiming to be one of the world's leading retail groups with a focus on food

Ryuichi Isaka

President, Representative Director and CEO

Joined SEVEN-ELEVEN JAPAN CO., LTD. (SEJ), in 1980. Named Director in 2002 and Managing Executive Officer in 2006. After serving as Director and Managing Executive Officer of the Merchandising & Foods Department, was named SEJ's Representative Director and President in 2009. Appointed Representative Director and President of Seven & i Holdings Co., Ltd. in May 2016.

Q1: You reassessed Group strategies and updated the Medium-Term Management Plan in March 2023. Could you tell us about the process and background of these moves?

Promoting business portfolio reforms for sustained growth in corporate value, based on dialogue with stakeholders

Let's start by reviewing how our previous reforms went.

Seven & i Holdings has long maintained the basic policy of formulating and steadily implementing management strategies to contribute to sustained growth in corporate value while reflecting the issues and needs identified in repeated dialogue with diverse stakeholders. Based on this policy, since 2018 we have laid the groundwork for global growth in our overseas convenience store (CVS) operations through acquisitions including Sunoco LP and Speedway LLC. At the same time, we have made progress on reforming our domestic business portfolio through a process of business streamlining and refocusing based on a Groupwide approach. We aim for growth with more of a focus on quality, by means such as strengthening relations with franchisees through dialogue while also enhancing attentive management based on individual stores and locations to keep CVS operations on a track toward further growth.

Based on these initiatives, in July 2021 we developed the Group vision for 2030 of "a world-class global distribution group that leads distribution innovation through a global growth strategy with the 7-Eleven business as its core and the active use of technology." We also formulated Medium-Term Management Plan 2021–2025 (MTMP) for the period through FY2025, based on backcasting from this vision.

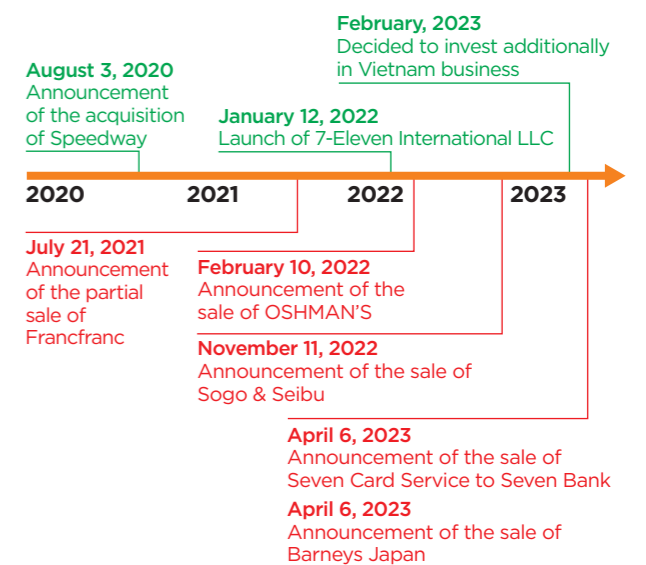
In FY2022, the second year of the MTMP, EBITDA in overseas CVS operations grew substantially by 166.9% YoY thanks to greater than expected effects of consolidation with Speedway—

despite a complex business environment that included clear changes in consumer behavior and values as a result of the global pandemic along with supply-chain disruptions associated with the Ukrainian situation. Combined with the favorable performance of domestic convenience stores, this growth in overseas CVS operations contributed to record-high consolidated operating income and net income attributable to owners of parent (hereinafter "net income") in FY2022 as revenues from operations rose by 135.0% YoY to ¥11,811.3 billion—the first time such revenues have exceeded ¥10 trillion in the history of Japan's retail industry.

Even as we achieved these results, the environment in which the Group does business has continued to undergo considerable changes over the past few years. Examples include skyrocketing prices of energy and raw materials and continued growth in labor costs. We feel that in order to realize our vision we will need to accelerate the pace of reform even further.

Accordingly, under the new Board of Directors and governance structure established in the 2022 annual shareholders' meeting we

Reforming the business portfolio



Message from the CEO

reassessed Group strategies by considering, in various ways, strategic initiatives to contribute to increasing the Group's corporate value while reflecting the growth potential and efficiency of each business segment.

The key to growth is building a supply chain to generate strengths in food

The six outside directors appointed in May 2022 participated in this reassessment of Group strategy, together with independent outside advisers hired to ensure the fairness of the process. The Board of Directors, a majority of whom are outside directors, repeatedly discussed strategic

options such as IPOs and spin-offs in individual business segments as well as thoroughgoing reforms to the Group business structure, leaving no possibilities excluded.

Through a process that at times included passionate debate and pointing out unpleasant facts, the Board reaffirmed the fact that the Group's strengths are in the field of food. These strengths power domestic CVS operations' appeal to consumers and contribute to not only high daily sales but high profit margins as well. The process also showed that in overseas CVS operations too there is a strong correlation between the share of sales made up of original food products, including fresh foods and private-brand products, and

appeal to consumers (p. 33).

Through these discussions, we revised the Group vision for 2030 identified when we formulated the MTMP, to focus even more on the element of food: "a world-class food-focused retail group that leads distribution innovation through a global growth strategy with the 7-Eleven business as its core and the active use of technology."

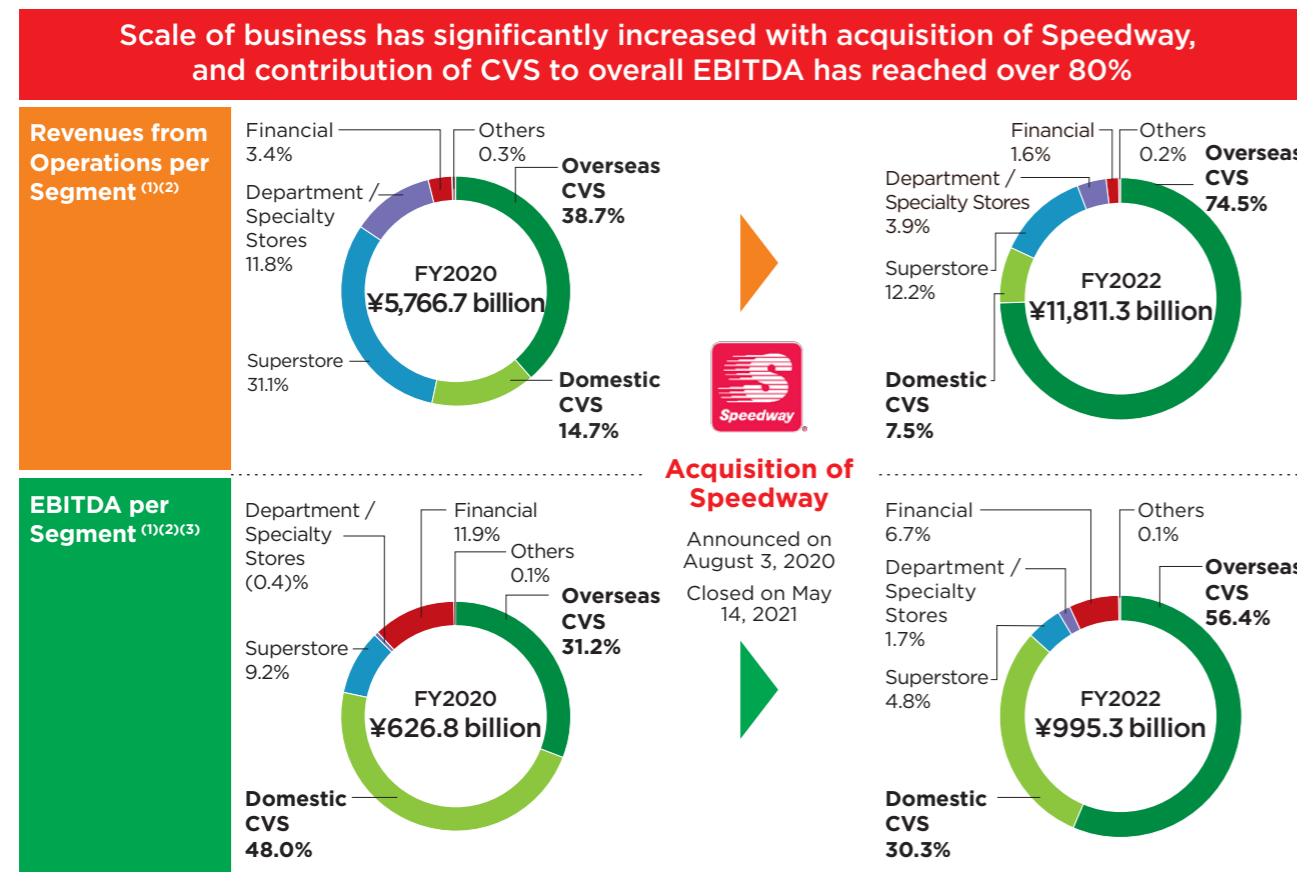
We believe that our strength in food is backed by the diverse tangible and intangible capital that the Group has built up over the years, including our value chain, shared infrastructure, brand power, and store loyalty.

Among our businesses, the superstore operations serve as a major force driving our strength in food. The superstore operations offer wide-ranging product lines unrivaled by CVS operations and boast outstanding procurement

capabilities in areas including networking with a wide range of suppliers of products from perishables through processed foods. Based on these procurement capabilities, for our *Seven Premium* private brand, launched in 2007, the Group develops diverse product lines while leveraging marketing information from points of contact with consumers in Group stores. In addition, our unique product choices including fresh foods realize delicious flavor and product lineups that are unmatched by the competition. This is the result of team merchandising that brings together high levels of technologies and knowledge in various fields to develop products that emphasize quality, safety, and deliciousness, together with our diverse supplier teammates (p. 19).

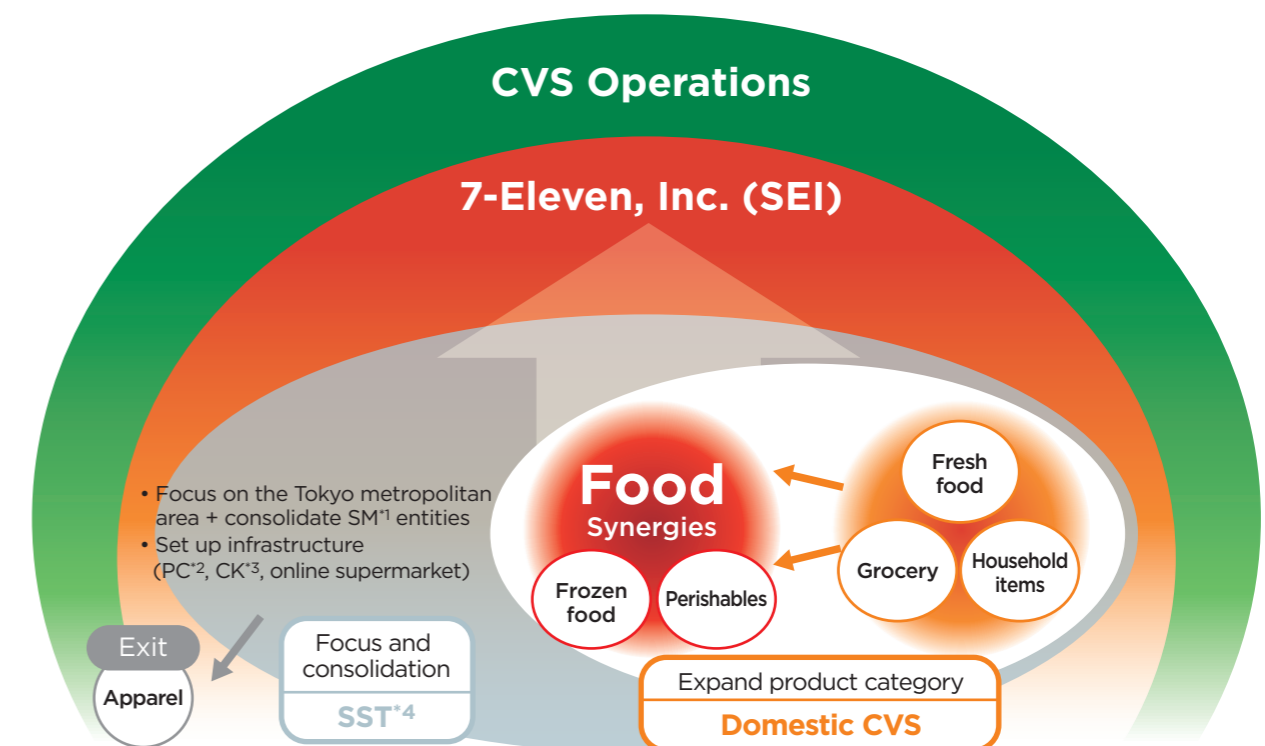
In CVS operations as well, it is not just growing the number of stores but also building

Change in business portfolio



(1) Contribution of each segment based on revenues from operations / EBITDA total excluding eliminations and corporate
 (2) CVS operations: Convenience Store operation
 (3) EBITDA calculated by per-segment operating income + depreciation and amortization + goodwill amortization

Food-based growth strategy for domestic and overseas CVS operations



*1 SM: Supermarkets *2 PC: Process centers *3 CK: Central kitchens *4 SST: Superstores

supply chains to generate strengths in food, as noted above, that have proven to be keys to growth. Although we were, in fact, the last CVS operator to expand its store network to reach all of Japan, our insistence on building reliable supply chains before advancing into new territories has earned us the support of consumers in each region by demonstrating our strengths in food. We are confident that this strategy of progress by linking supply chain development with opening stores will help us to secure unrivaled advantages in global markets as well.

Q2: Could you describe some key points of the recently announced action plan intended to achieve the MTMP?

Steady progress of domestic and overseas CVS operations and further acceleration of thoroughgoing reforms to superstore operations

In FY2023, while consumer activity is recovering in Japan thanks to the reclassification of COVID-19 as a Class 5 infectious disease and other developments, there are concerns about lower consumer confidence as a result of factors including lower disposable income in addition to

continuing increases in energy costs. While there were expectations of a recovery in consumer confidence for a time in the United States as gasoline prices fell, some observers expect a recession in the U.S. economy in the second half. As such, conditions are unpredictable. In light of these considerations, we expect to have no choice but to do business under conditions that will remain very challenging in FY2023.

Even under these circumstances, domestic CVS operations maintain planned profit levels and North American CVS operations show large-scale growth in profit levels thanks to the effects of the Speedway merger and enhancement of original products that have high gross profit margins. Driven by these domestic and overseas CVS operations, both EBITDA and free cash flow recorded higher than anticipated growth. We consider the Group's strengths in food to be behind this growth in profits as well.

At the same time, in March 2023 we announced thoroughgoing business reforms to superstore operations, including an exit from the in-house apparel business as well as consolidation and reorganization of Group companies with a focus on the Tokyo metropolitan area. We will move ahead steadily with these measures in line with a

three-year time limit and under monitoring by the Strategy Committee, which consists of outside directors only, and the Board of Directors.

To reflect this steady progress based on the results of domestic and overseas CVS operations and indicate our unwavering commitment to thoroughgoing business reforms in superstore operations, in March 2023 we revised our FY2025 targets upward.

We consider FY2023 to be a year of laying solid groundwork for achieving these targets, through growth into one of the world's leading retail groups with a focus on food. The makeup of Japanese society continues to change amid developments such as the aging of the population, the rising number of single households, and the growing presence of women in the workforce. What's more, the global pandemic has led to changes in people's work styles and behaviors. These factors are spurring further growth in demand for purchasing products such as perishables and fresh foods close to home. Furthermore, demand for safety, peace of mind, and good health is growing as well. We believe that these changes are resulting in significant opportunities to demonstrate the strengths of our domestic and overseas CVS and superstore

operations, which provide the food that people enjoy every day.

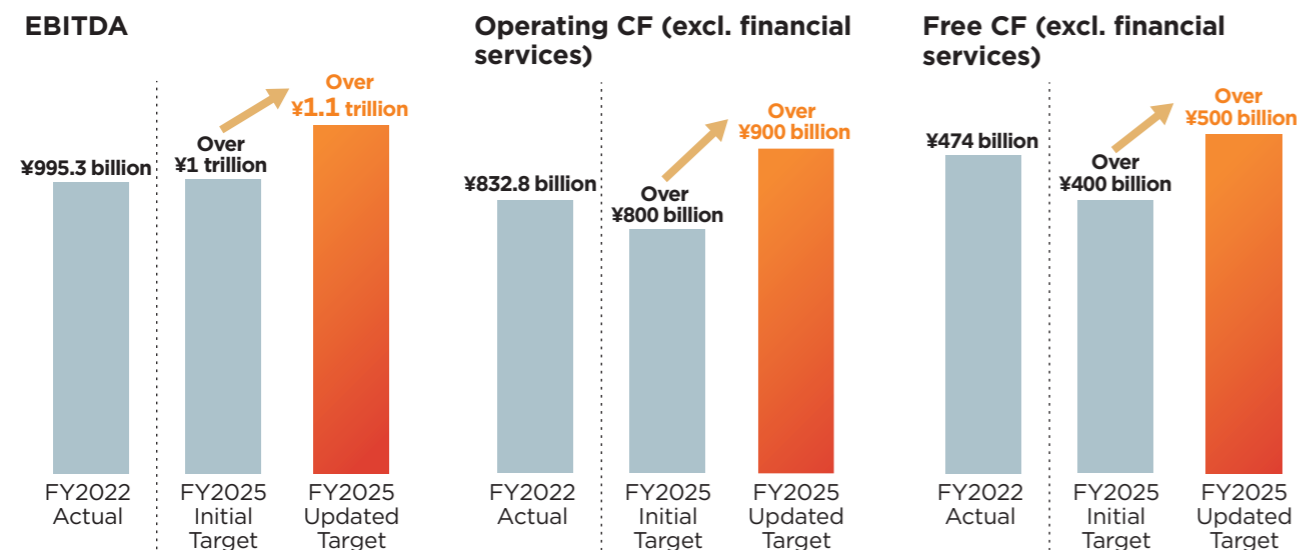
Formulation of a capital reallocation plan for medium- to long-term growth

In reassessing Group strategy, we also are identifying clear guideposts on capital reallocation.

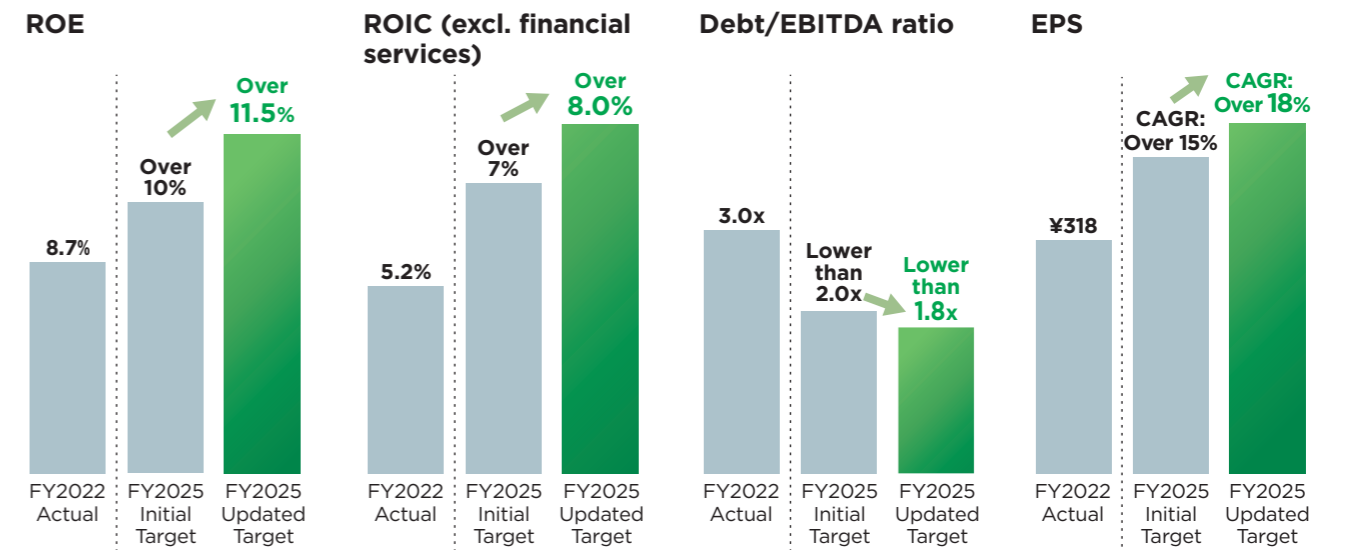
It will be important to strive to recover capital through thoroughgoing transformation in the area of priority structural reforms while continuing to grow the operating cash flow that we have built up through now centered on domestic and overseas CVS operations. We also will allocate generated cash flow with a focus on strategic investment in overseas CVS operations, which drive Group growth, while continuing to make investment decisions grounded in capital efficiency for medium- to long-term growth. We plan to allocate to investment in superstore operations cash flow generated within superstore operations themselves, without allocating cash flow from CVS operations to SST operations.

We also plan to provide returns to shareholders, including purchase of treasury stock, dynamically with the aim of increasing return on equity (ROE) and earnings per share (EPS),

FY2025 performance targets (revised upward)



FY2025 performance targets (revised upward)



targeting a total return ratio of 50% or more cumulative from FY2023 through FY2025.

Q3: Some shareholders submitted a shareholder resolution to the 2023 Annual Shareholders' Meeting. What is your view on the results?

Building even stronger relations of trust with shareholders and investors by enhancing dialogue toward long-term value creation

Behind this shareholder resolution was a demand to separate some operations from the Group. As I noted earlier, food is the source of the Group's competitive strengths, and the knowledge and know-how of procurement and product development that the Group has built up in the field of food, including superstore operations, plays a major role in creating long-term value.

For this reason, we believe that haphazardly separating some businesses could impede our efforts to maximize corporate value, and this in turn could harm returns to shareholders.

On the proposal on appointment of directors, which was the specific point at issue, the company proposal garnered much more support than the

shareholder proposal. However, we take seriously the fact that there was some solid opposition to the company's proposal. While we have valued dialogue with stakeholders under our Corporate Creed of aiming to be a sincere company trusted by stakeholders, 2023 Annual Shareholders' Meeting provided an opportunity to rethink how we handle dialogue—particularly with investors. Reflecting on the fact that although we have discussed our practical vision for the future extensively in the Board of Directors we have not communicated it fully to investors, from now on we will discuss our future vision in as specific terms as possible, attaching roadmaps and evidence.

Together with actively holding IR Days and other opportunities in which I will take the lead in discussing our understanding of the issues and our future vision, we will have the persons responsible for overseeing individual businesses and chief officers in charge of corporate functions (CxOs) describe strategies in specific terms. This is part of our efforts to improve communication, including enhancement of investor relation (IR) and shareholder relations (SR) activities and strengthening the IR and SR organizations.

Q4: Please tell us about Seven & i Group's sustainability initiatives, as an organization with a focus on long-term value creation.

Enhancing efforts to address material issues and human capital management

To realize a sustainable society through its operations, the Seven & i Group is advancing various initiatives based on seven material issues linked to the 17 Sustainable Development Goals (SDGs). We identified these issues through dialogue with stakeholders (p. 43).

We believe that by addressing these material issues we will be able both to fulfill our responsibility to improve the quality of management as one of the world's leading retail

groups and to earn the trust of society and create opportunities for growth through solutions to society's challenges.

For example, in 2019 the Group formulated its environmental declaration GREEN CHALLENGE 2050, describing our vision for decarbonization, a circular economy, and a society in harmony with nature. In this declaration, we announced our goals for 2030 and vision for 2050 on themes that include reduction of CO₂ emissions, measures against plastic waste, measures against food loss/waste and for organic waste recycling, and sustainable procurement. In the area of plastic waste, we collect PET bottles in store for recycling and sell beverages in 100% recycled PET bottles. We are able to carry out initiatives such as these thanks to our position as a retailer that comes into contact with numerous consumers on a daily basis. We believe that this approach of building up small actions to deliver solutions to large-scale social issues will lead to understanding of the Group's businesses as well as higher levels of trust and expectations over the long term.

In addition, to ensure the sustainability of the value chain in which we demonstrate our strengths in food, we have formulated the Seven & i Group Human Rights Policy and the Seven & i Group Business Partner Sustainable Action Guidelines, and we carry out human rights due diligence through corporate social responsibility (CSR) auditing and other means.

Simultaneously with such activities to improve the quality of management, over the past few years we on the management team have focused in particular on efforts to increase employee engagement. As we have seen, today the Group is in the midst of large-scale reforms. To ensure the success of these reforms, we will need to develop measures to respond to the aspirations of Group employees who want to grow more and to take on new challenges with a positive approach, while working together in solidarity toward our goals. But it is a fact

that the progress of Group reforms can make some employees wonder about their employer's future. I believe that at a time like this internal communication to empower employees plays an important role, and soon after the announcement of the results of reassessment of Group strategy we held a briefing for employees on the superstore operations, which are slated for thoroughgoing reforms. Of course, it takes more than a single briefing to alleviate employees' concerns. Still, we believe that continued direct communication, while also demonstrating to employees the visible results of specific measures and actions, will lead to improved engagement that will enable the Group's further growth. I intend to guide the helm of management while keeping at heart the need to generate such results by bringing together the power of individual employees as my most important mission as a manager.

Q5: Do you have a message for stakeholders?

Realizing sustained growth based on our Corporate Creed of trust and sincerity

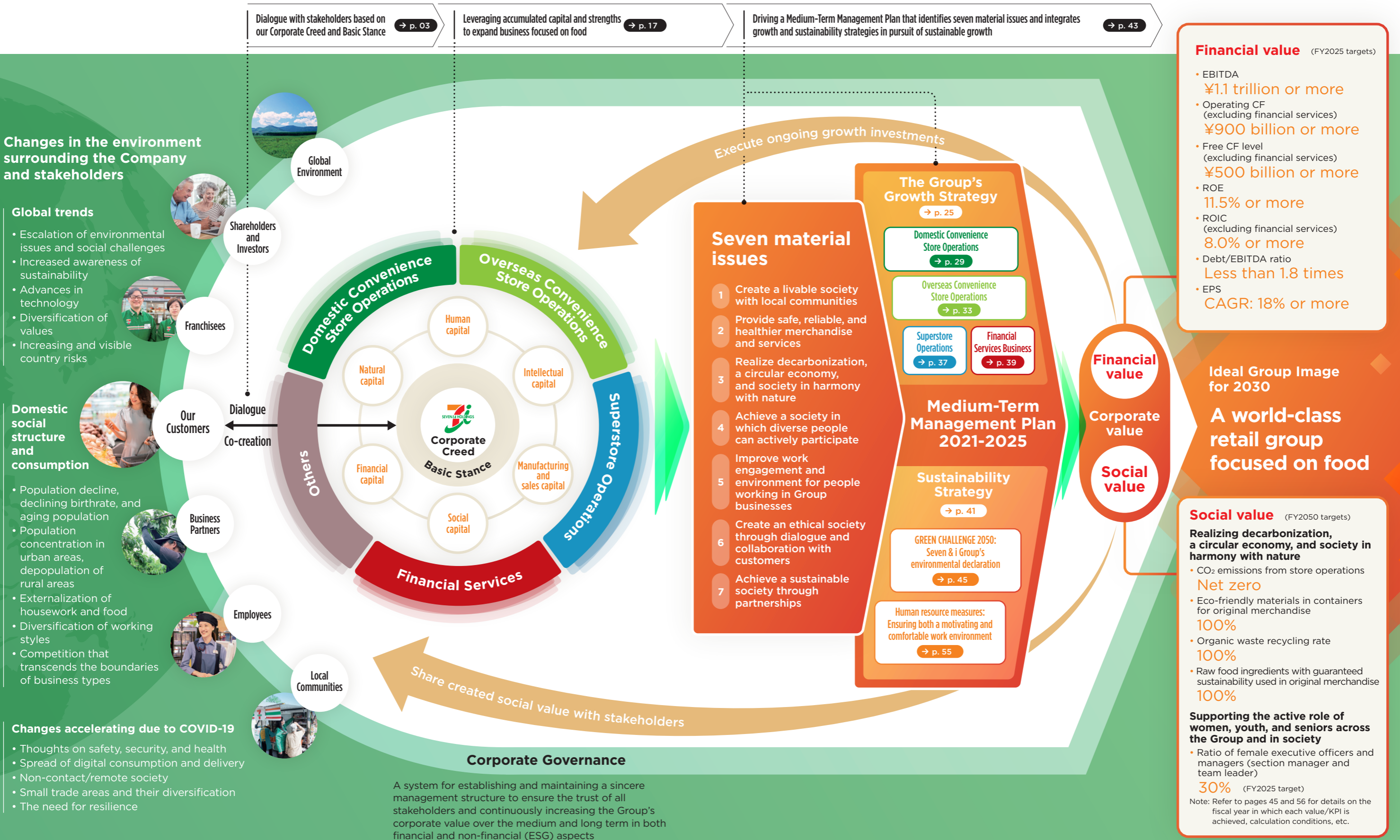
As I noted earlier, the Seven & i Group's Corporate Creed calls for being a sincere company trusted by stakeholders. This creed is something that must remain unchanged no matter how much the times or the business environment may evolve. We will continue to realize sustained growth through repeated and thorough dialogue with stakeholders in the future as well.

From a look at recent developments such as the effects of the global pandemic and international disputes, we can expect conditions of dramatic change and future uncertainty to continue. Amid such circumstances, we will continue to contribute to our communities, in Japan and around the world, as one of the world's leading retail groups with a focus on food, while steadily achieving the MTMP.

We ask for your continued support and understanding.

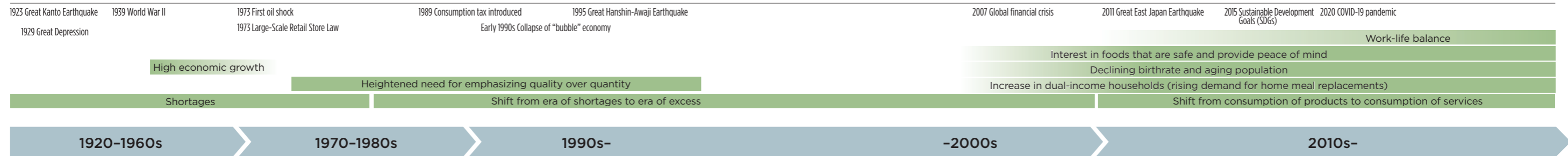


Adapting to changes in the business environment and pursuing sustainable growth with stakeholders



The Seven & i Group, evolving with society by staying close to our customers' lifestyles

Since starting as a single apparel store, the Group has remained closely attuned to changes in the social structure and customer needs, striving to create new value while significantly changing its merchandise, services, and business content. We will continue to sincerely support our customers' lifestyles and grasp societal trends from a global perspective in order to enhance our corporate value.



Creation of new business formats, merchandise, and services in the face of a changing social structure

1920
Yokado established
(later, renamed from Meugaya)

1958
Yokado Co., Ltd. established

1961
Began developing supermarket chain network

Significance

- Spirit of trust and sincerity
- Customer-oriented business using self-service chain store approach

Provided value

- Provided better quality at lower prices to more local customers

1974
Opened 7-Eleven store

Significance

- Created Japanese-style convenience store and established concept as component of social infrastructure

Provided value

- Large stores and small shops prosper together
- Modernization and revitalization of existing small- and medium-sized stores
- Provided merchandise of high quality and convenience in buyers' market, where customers choose the merchandise they want

1974
Opened Denny's restaurant

Significance

- Created Japanese-style family restaurant chain

Provided value

- Provided delicious food for enjoyment outside the home

1991
Rebuilt Southland Corporation
(now, 7-Eleven, Inc.)

Significance

- U.S. 7-Eleven rebuilt by Japanese company
- Global expansion

Provided value

- Applied methods of convenience store operations in Japan to the United States to better meet needs of U.S. customers

2001
Established IY Bank Co., Ltd.
(now, Seven Bank, Ltd.)

Significance

- Retail industry's first settlement bank based on customer perspective

Provided value

- Provided convenience of deposit/withdrawal transactions at any time

2005
Seven & i Holdings Co., Ltd. established

Significance

- Multi-business format with Group management under holding company structure

Provided value

- Provided new merchandise and services through Group synergy transcending borders of formats, such as convenience stores, supermarkets, and department stores

2007
Birth of Seven Premium

Significance

- Sharing know-how of every Group company and providing quality and value

Provided value

- Proposed richer dining experiences to customers by providing "safety, security, and health," "best taste and technology," and "daily life and convenience"

2007
Birth of nanaco e-money service

Significance

- Improving customer convenience
- Addressing trend toward diversified small-payment methods

Provided value

- Provided an easy and speedy payment method that does not require change
- Supported fun and convenient life scenarios with point system

May 2021
Acquisition of Speedway LLC by 7-Eleven, Inc.

Significance

- Business expansion in North American market
- Accelerated global expansion

Provided value

- Providing new food and beverage experiences and convenience as a store indispensable to customers' lifestyles

June 2021
7-Eleven International LLC established

Significance

- Enhancing 7-Eleven's global brand value through Japan-U.S. collaboration

Provided value

- Reinforced support for existing area licensees, accelerated store openings in new areas, and promoted merchandise procurement and development initiatives leveraging economies of scale

July 2021
Drafted Medium-Term Management Plan 2021-2025

Ideal Group Image for 2030

- A world-class retail group focused on food, leading retail innovation through global growth strategies with the 7-Eleven business at the core and proactive utilization of technology. (Updated in March 2023)

February 2022
Full-fledged start of 7NOW delivery service

Significance

- Improving customer convenience

Provided value

- Swiftly delivering high-quality food and immediate consumables

March 2023
Start of common Group infrastructure with Peace Deli

Significance

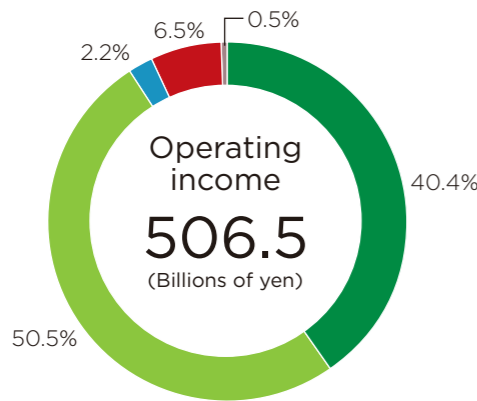
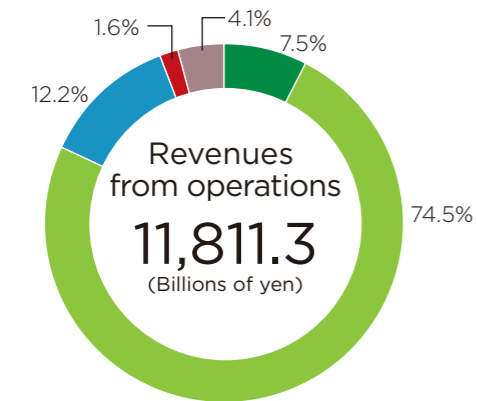
- Development of the Group's strategic investment infrastructure in the food sector

Provided value

- Development of high-quality, fresh, and differentiated products

Accumulating capital essential for growth as a retail group centered on the 7-Eleven business

The Seven & i Group has been crafting unique capital that does not manifest on the financial statements as we explore new products, services, and business expansion, encompassing diverse human resources from Japan and abroad as well as the highly recognized 7-Eleven brand. By effectively utilizing this accumulated capital in the Group, we aim to become a world-class retail group centered on the 7-Eleven business.



Note: The composition ratios shown in the pie charts do not include eliminations and corporate.

- Domestic Convenience Store Operations
- Overseas Convenience Store Operations
- Superstore Operations
- Financial Services
- Others

(FY2022 results)

Domestic Convenience Store Operations



Major Group Companies¹

- SEVEN-ELEVEN JAPAN CO., LTD.
 - SEVEN-ELEVEN OKINAWA CO., LTD.
- (5 consolidated subsidiaries, 4 affiliates; 9 companies, in total)

Overseas Convenience Store Operations



Major Group Companies¹

- 7-Eleven, Inc.
 - 7-Eleven International LLC
 - SEVEN-ELEVEN HAWAII, INC.
 - SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.
 - SEVEN-ELEVEN (BEIJING) CO., LTD.
 - SEVEN-ELEVEN (CHENGDU) CO., LTD.
 - SEVEN-ELEVEN (TIANJIN) CO., LTD.
- (102 consolidated subsidiaries, 4 affiliates; 106 companies, in total)

Superstore Operations

Major Group Companies¹

- Ito-Yokado Co., Ltd.
 - York-Benimaru Co., Ltd.
 - SHELL GARDEN CO., LTD.
 - Peace Deli Co., Ltd.
 - Hua Tang Yokado Commercial Co., Ltd.
 - Chengdu Ito-Yokado Co., Ltd.
- (16 consolidated subsidiaries, 5 affiliates; 21 companies, in total)



Financial Services

Major Group Companies¹

- Seven Bank, Ltd.
 - Seven Financial Service Co., Ltd.
 - Seven Card Service Co., Ltd.
 - Seven CS Card Service Co., Ltd.
- (14 consolidated subsidiaries, 2 affiliates; 16 companies, in total)



Others

Major Group Companies¹

- Akachan Honpo Co., Ltd.
 - THE LOFT CO., LTD.
 - Seven & i Food Systems Co., Ltd.
 - Nissen Holdings Co., Ltd.
- (28 consolidated subsidiaries, 9 affiliates; 37 companies, in total)

Human capital

- **Diverse human resources** from around the world with extensive capabilities

> Number of employees (consolidated): 167,248

Note: As of the end of February 2023. Includes part-time employees (converted to the equivalent in full-time workers, assuming 163 average monthly working hours).

Intellectual capital

- The **ability to develop proprietary merchandise** by integrating the Group's knowledge, technologies, and expertise related to **food**
- **7-Eleven's trademark and brand strength** boasting global recognition
- **A robust franchise system** that grows together with franchisees and the **store management expertise** to support it

Manufacturing and sales capital

- **International product sourcing capability in the food sector** based on superstore operations
 - **Approximately 85,000 stores²** spread across 19 countries and regions
 - **A strong value chain with business partners** contributing to the quality enhancement and stable supply of proprietary merchandise
- > 176 manufacturing facilities (including 159 7-Eleven dedicated facilities)

Social capital

- Business expansion driven by contact with customers reaching **approximately 59.9 million people daily**

Note: Including licensees in FY2022

Financial capital

- Robust **cash-generating capability**
- > Consolidated operating cash flow: ¥928.4 billion

Natural capital

- Toward a sustainable society through the environmental declaration, **GREEN CHALLENGE 2050**

> Electricity consumption in store operations: 7,521 GWh (FY2021)

Note: The figure is for 11 domestic companies and 7-Eleven, Inc.

Note: In order to realize the Group's vision for 2030, effective from FY2023, the Group reclassified its operating segments from the traditional six segments: domestic convenience store operations, overseas convenience store operations, superstore operations, department and specialty store operations, financial services, and others, into five segments: domestic convenience store operations, overseas convenience store operations, superstore operations, financial services, and others.

*1 The list of consolidated subsidiaries and affiliates is as of February 28, 2023.

*2 The store counts in Japan are as of February 28, 2023, while for overseas, they are as of January 31, 2023.

Maximizing our unique Team MD structure and value chain to further strengthen our presence in food

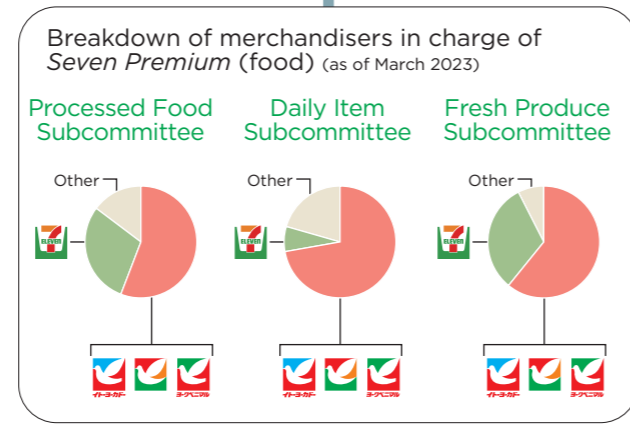
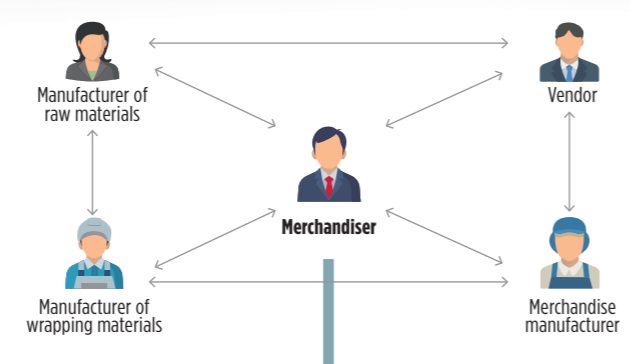


Seven Premium harnesses the product development capabilities of different Group companies

The Seven & i Group facilitates Team Merchandising (Team MD) by merging the marketing insights of our operating companies and involving suppliers with differentiated technologies and expertise that each company deals with individually. This approach enables rapid product development in response to changing customer needs.

Drawing upon the product development knowledge of these Group companies and leveraging our network of business partners, we introduced a private brand common to the Group in 2007 known as *Seven Premium*. To dispel the conventional image of low-priced private-brand products, *Seven Premium* focuses on aspects such as taste, safety, and reliability in prioritizing quality. In pursuit of this goal, the Group established a high-level Team MD framework to develop and produce merchandise with business partners who have advanced technologies and know-how covering

Team MD framework: In pursuit of Group synergies



from raw material procurement to processing, production, and packaging materials. Having started with 49 items spanning clothing, food, and housing, *Seven Premium* has expanded to encompass approximately 3,500 items as of February 2023, with 286 of them achieving annual sales of over ¥1 billion by nurturing each product carefully.

Driving Group growth with the Seven Premium brand

The *Seven Premium* is continuing along its growth trajectory, garnering particular acclaim in the food domain. In response to social changes such as a declining birthrate and aging population, increasing single-person households, and greater female workforce participation leading to more dual-income households, 7-Eleven is bolstering its food sector offerings, aligning with the growing trend of simplified and outsourced food solutions. Utilizing the strengths of our supermarket businesses such as Ito-Yokado, York-Benimaru, and York, known for their product variety and procurement

capabilities, we introduced the *Seven Gold* (now *Seven Premium Gold*) brand in 2010, aiming for elevated quality, based on customer feedback from our extensive network of stores serving around 22.2 million visitors daily. Building on this, in 2013,

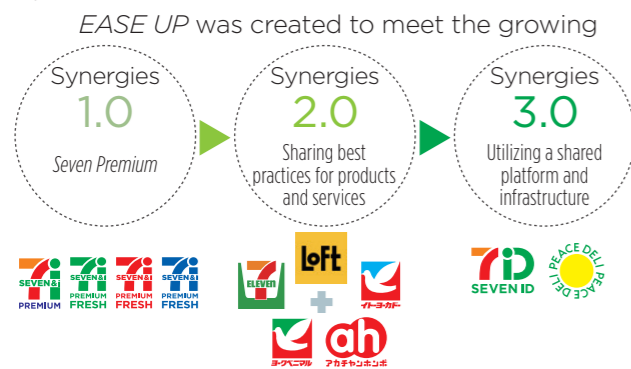
<p>Seven Premium The <i>Seven Premium</i> brand provides delicious and immensely satisfying cuisine for people's dining pleasure.</p>	
<p>Seven Premium Gold The <i>Seven Premium Gold</i> brand delivers irresistible flavors to the dinner table, crafted with renowned chefs and experts, that consumers will be eager to share with others.</p>	<p>Seven Premium Lifestyle The <i>Seven Premium Lifestyle</i> brand focuses on environmentally friendly merchandise that seamlessly blends with one's lifestyle, meticulously crafted to provide a sense of genuine comfort and ease.</p>
<p>Seven Café Seven Café provides moments to relax and enjoy delicious food and drink anytime, anywhere.</p>	<p>Seven Premium Fresh The <i>Seven Premium Fresh</i> brand prioritizes sustainability and seasonality, providing a fresh and delicious taste direct from the producer to the dinner table that can be enjoyed with peace of mind.</p>
<p>Seven the Price The <i>Seven the Price</i> brand delivers everyday items with dependable quality at budget-friendly prices.</p>	

Initiatives in the Food Domain

we started the *Seven Café*, creating a new market of convenience store coffee. *Seven Premium* has emerged as a premium food brand that transcends private brands, driving growth for the Group.

Delivering better products to more people

The Seven & i Group positions the realization of Group synergies in the food domain, exemplified by *Seven Premium*, as “Synergies 1.0,” and the ongoing development of excellent products, services, and best practices shared among Group companies as “Synergies 2.0.” As a practical example of “Synergies 2.0,” starting from January 2023, SEVEN-ELEVEN JAPAN began selling the original *EASE UP* frozen food products, developed by Ito-Yokado.



EASE UP products



demand for convenient and delicious individual meals, embodying the concept of “easy yet gourmet meals” that help save time. For its introduction into 7-Eleven stores, a manufacturing system was established that leverages the capabilities of SEVEN-ELEVEN JAPAN's daily manufacturers to ensure greater customer satisfaction. The knowledge and technology gained from this collaboration have been applied to address challenges specific to frozen food, such as freezing and heating, resulting in further advancements in the quality of *EASE UP*. We are currently tapping into the expertise of SEVEN-ELEVEN JAPAN's manufacturing partners to further enrich our product lineup, and Ito-Yokado has garnered strong customer support on the back of this initiative.

The Group is embracing the challenge of new product development, building upon the success of *EASE UP*, which embodies Group synergies in the

fusion of Ito-Yokado's innovative ideas and SEVEN-ELEVEN JAPAN's product development prowess.

Strengthening Groupwide shared platform and infrastructure toward the next stage, “Synergies 3.0”

Now, the Seven & i Group is moving toward “Synergies 3.0” utilizing a Groupwide shared platform and infrastructure at each company for the food sector. An apt example of this endeavor is Nagareyama Kitchen (Nagareyama City, Chiba Prefecture), which started operation in March 2023 under Peace Deli (p. 38). Serving as a central food production hub for the entire Group, it supplies fresh fish, meat, and meal kits to approximately 200 stores, including Ito-Yokado and York outlets, across the Tokyo metropolitan area. In 2024, we plan to launch Chiba Kitchen (Chiba City, Chiba Prefecture). This expansion of synergies within the Group's food domain, progressing from the product development focus of “1.0” (including the development of *Seven Premium*), to the sales emphasis of “2.0,” and now extending into manufacturing under “3.0,” reflects our commitment to fostering growth across all entities within the Group.

Bringing our strengths in food to the global market

The Seven & i Group positions global convenience store operations as a key driver of our growth strategy based on food. To this end, we are leveraging the synergies grown from our domestic operations and our expertise in building a value chain in Japan to enhance the development and sales of original products such as fresh foods, proprietary beverages, and private-brand merchandise, on a global scale. Building upon the successful Team MD framework, which was developed through *Seven Premium*, and our distinctive value chain, we are expanding our efforts to North America. Additionally, by supporting area licensees across various countries, reinforcing synergies, and implementing other measures, our goal is to establish ourselves as a world-class



Peace Deli Nagareyama Kitchen (Chiba Prefecture)

retail group focused on food.

Enhancing safety, peace of mind, and quality to support the food value chain

The Seven & i Group continues to reinforce efforts and structures aimed at enhancing safety, peace of mind, and quality as the foundation for creating synergies in the food domain.

Regular sharing of quality-related policies among Group companies

The quality control officers of the 12 Group companies handling food products regularly convene to discuss guidelines concerning significant incidents, product recalls, and sales continuity, ensuring accident prevention and swift incident response.

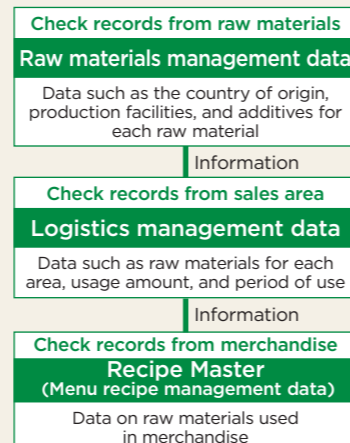
Collaboration with JFSM

Established in 2016 with participation from domestic and international food manufacturers, Japan Food Safety Management Association (JFSM) serves as the governing body for Japan's food safety management standards. As one of the founding members, we are dedicated to enhancing the quality of food products through the utilization of JFS standards.*

* Japanese-origin food safety management standards developed by JFSM in alignment with international standards, including the Codex Hazard Analysis and Critical Control Point (HACCP) system

Centralized management of raw material production history

To ensure accurate tracking of raw materials and production facilities used for daily products such as rice-based merchandise and pre-cooked meals, SEVEN-ELEVEN JAPAN maintains a database of product information from approximately 180 production facilities. This allows us to manage production history from the source of raw materials to store shelves.



Acquisition of certification for food safety management standards

All production facilities that manufacture *Seven Premium* daily food items have obtained certification and conform to food safety management standards such as ISO 22000, FSSC 22000, and JFS standards, which are consistent with international standards, including Codex HACCP.



Introduction of a cold chain

A variety of vegetables are used in SEVEN-ELEVEN JAPAN's original fresh food products. To process and transport freshly harvested vegetables from farms, 7-Eleven has introduced cold chain technologies (a low-temperature logistics network) to maintain freshness. The harvested vegetables are under constant temperature control during transportation and at sorting centers and production facilities until they reach the store shelf.

