



Medium-Term Management Plan 2021-2025

July 1, 2021

Ryuichi Isaka

President and Representative Director

Seven & i Holdings Co., Ltd.



——— TODAY'S

AGENDA

1

Review of the previous
Medium-Term Management Plan

2

New Medium-Term Management
Plan



— TODAY'S

AGENDA

1

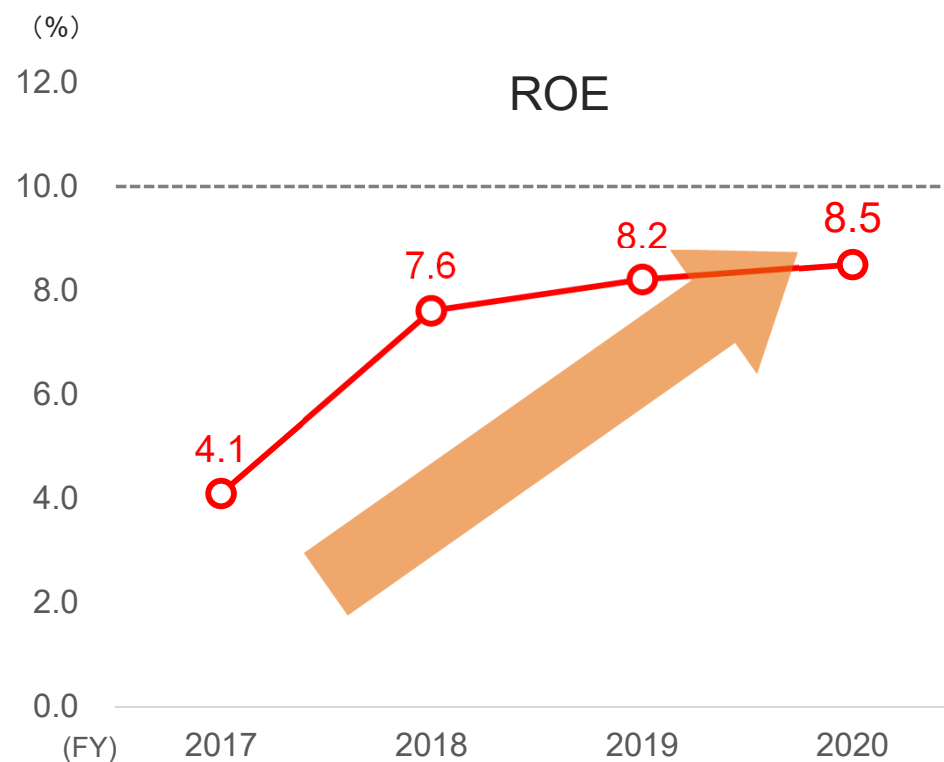
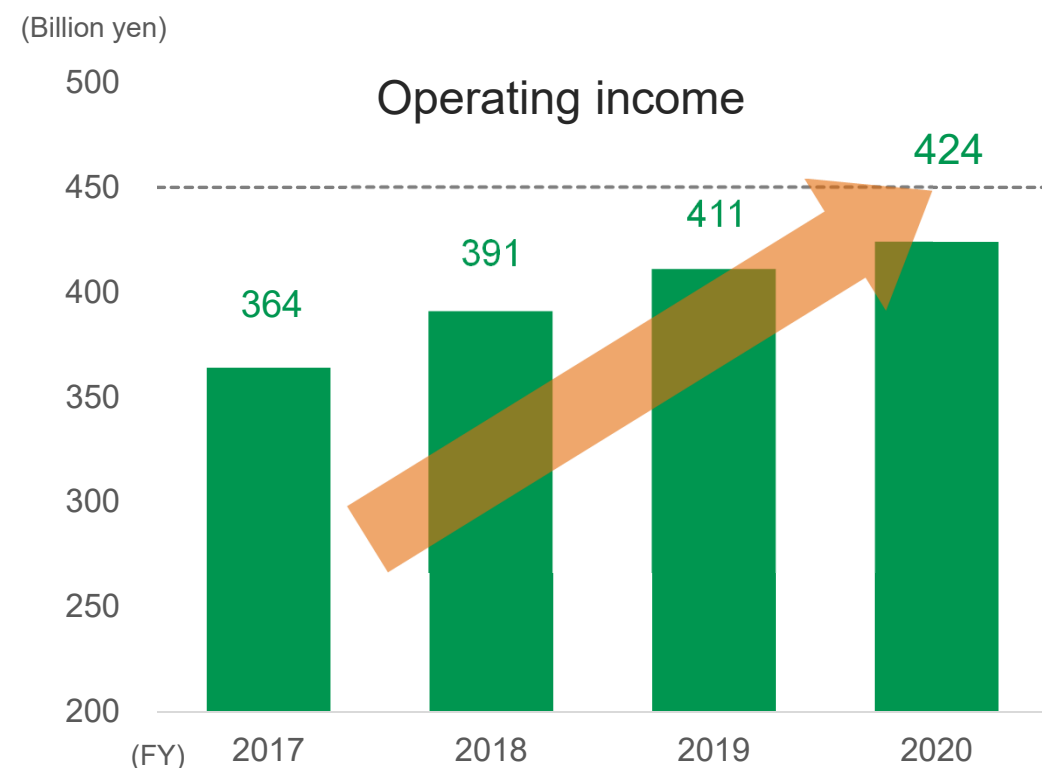
Review of the previous
Medium-Term Management Plan

2

New Medium-Term Management
Plan

Review of the Previous Medium-Term Management Plan (numerical targets)

- ✓ Operating income: Increased by 59.6 billion yen in 3 years although the initial target [450 billion yen] was not achieved.
- ✓ ROE: Improved steadily in 3 years although the initial target [10%] was not achieved.



* In April 2019, the target was revised downward to 420 billion yen (priority was given to the structural reforms of the major operating companies).

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Review of the Previous Medium-Term Management Plan (results and issues)

	Points of the Medium-Term plan	Results	Issues
I	Concentrate management resources with the US-Japan CVS business as a pillar of growth	The North American business has especially seen significant growth	Further growth in North America and overseas, and regrowth of domestic business from intentional pause.
II	Area and format selection and concentration (Tokyo metropolitan area food business)	Moved from concept phase to execution phase (IY <i>Shokuhinkan</i> * has been transferred to YO)	Full-scale launch from 2020 (strengthening cooperation with supermarkets in the Tokyo metropolitan area)
III	Revitalization of GMS / department stores from the perspective of real estate redevelopment	Large stores undergoing structural reform have achieved some level of results	Further acceleration and horizontal development of structural reforms
IV	Review of the omni-channel strategy	7iD expansion across the Group, CRM strategy led by operating companies	From e-commerce to strengthening the relationships with the 22.4 million customers visiting the store per day
V	Review segments from a management approach perspective	Review and implementation in terms of the segments that clearly identify the major areas	Creation of further synergistic effects

*Food specialty store



——— TODAY'S

AGENDA

1

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New Medium-Term Management
Plan

External Environment

Global trends

- ✓ Increasingly more serious environmental issues
- ✓ Increased awareness of sustainability
- ✓ Advances in technology (data society) (heightening of cyber risks)
- ✓ Diversification of values (era of the individual)
- ✓ Increasing and visible country risks

Domestic consumption / competitive environment

- ✓ Population decline, declining birthrate and aging population
- ✓ Population concentration in urban areas, depopulation of rural areas
- ✓ Externalization of housework and food (changes in lifestyle)
- ✓ Diversification of working styles
- ✓ Competition that transcends the boundaries of business types

Changes accelerating due to COVID-19 impact

- ✓ Thoughts on health, safety and security
- ✓ Spread of digital consumption and delivery
- ✓ Non-contact / remote society (cashless, remote work, etc.)
- ✓ The need for resilience
- ✓ Small trade areas and their diversification



COVID-19 has accelerated changes in consumption, values, labor, and the industrial structure
⇒ Entering a more VUCA era

Corporate Creed, Basic Stance, Ideal Group Image

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.

Ideal Group image for 2030

A world-class global distribution group that leads distribution innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology

Towards 2030 (Positioning of the New Medium-Term Management Plan)

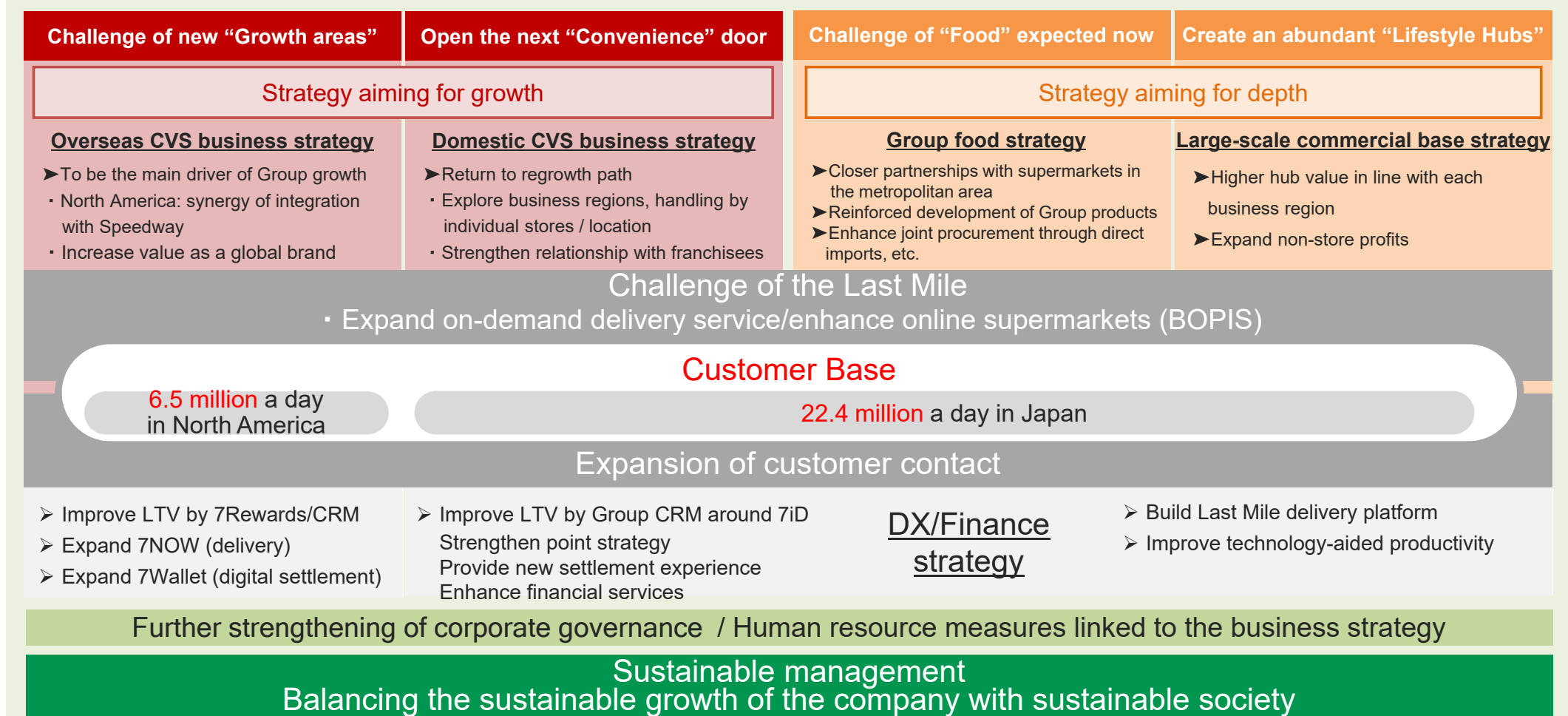
FY2026 Financial Goals		
EBITDA	ROE	EPS growth rate
1 trillion yen or more	10% or more	15% or more (5-year CAGR)

Composition of the phases of the New Medium-Term Management Plan



Group Priority Strategy

Provide a new experience and value consistently from the customer's point of view





OVERSEAS CVS BUSINESS STRATEGY

1. NORTH AMERICA

Mid-Term Goals of North American CVS Business

Growth of North American business using its store network

Goals for 2025

SEI Store Count

15,000 stores

Strengthen Fresh Food Sales

% of Fresh Food Sales
20%+

Promote DX and Enhance Delivery Service
(7NOW)

Operating Stores
6,500 stores
Delivery Sales: **3%** of total merch. sales

Further Growth of North American CVS Business (Food-Focused Growth)

SIX POINT PLAN 2021

Deliver a Consistent Customer Experience

Modernize Food & Beverage Experience

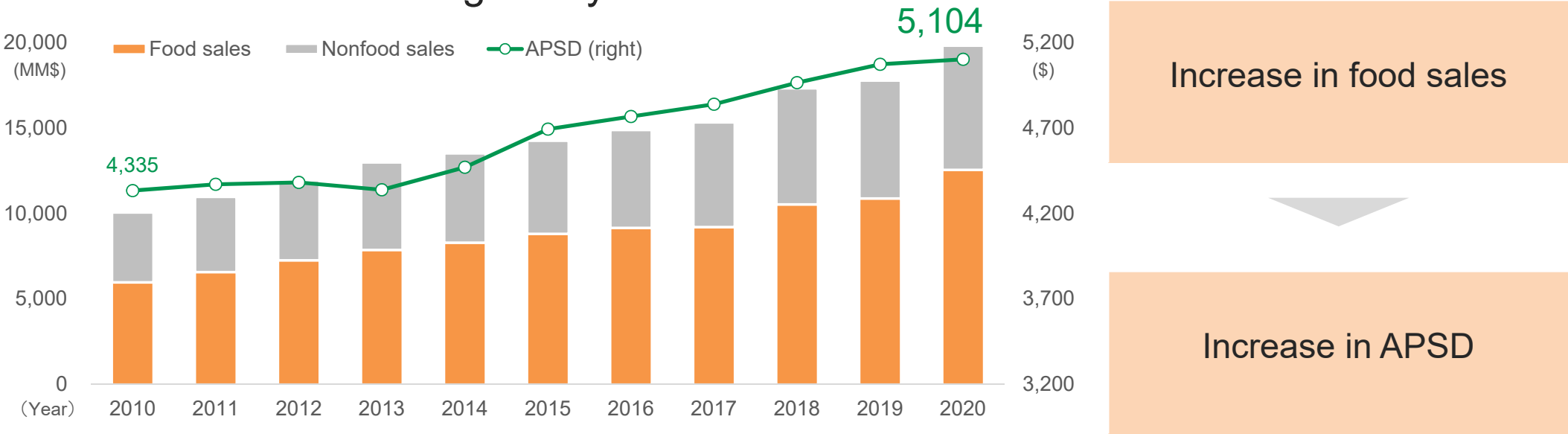
Optimize the Product Offering

Digitally Transform Convenience

Modernize & Grow the Store Base

Exceed Environmental, Social and Governance Goals

Food sales and average daily sales trends



Food-Focused Growth (Initiatives for Strengthening Food Business)

■ Collaboration with Warabeya TEXAS

Since 2017

Operating Area 650 stores in Dallas region

Results of Texas region (FY2020)

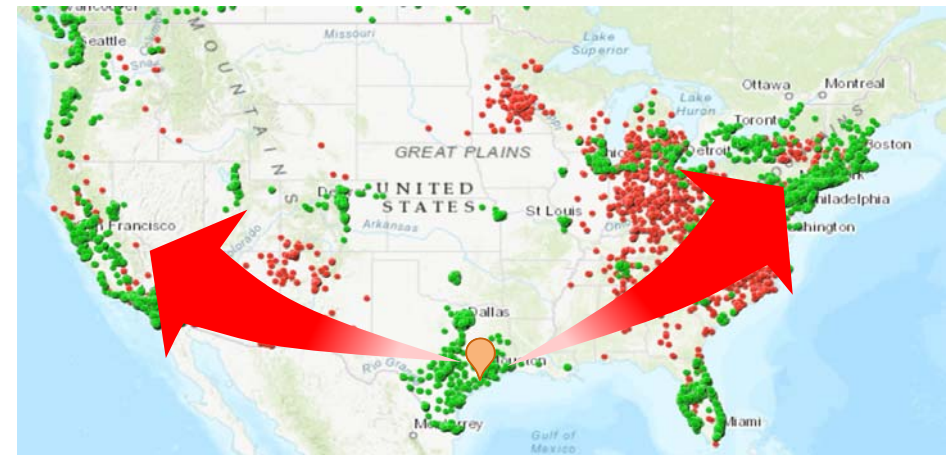
	Texas Region	vs National Average
APSD	\$5,394	+\$290
APSD Growth	+1.9%	+1.3pt.
Food Sales Ratio	61.5%	+1.3pt.

■ Expand Team Merchandising

Since 2020

Apply the method to other commissaries

Expand to NY and LA



Food-Focused Growth (Further Initiatives for Strengthening Food Business)

■ Consider promoting collaboration with Warabeya TEXAS

More store density by acquiring Speedway stores

Highly efficient value chain will be built



Combined Distribution Center with commissary plants project

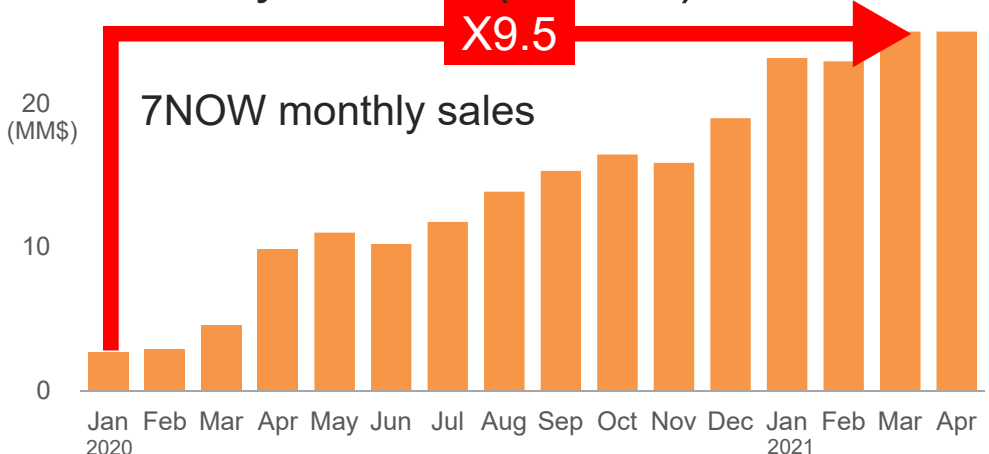
Operating area	Stafford, Virginia
No. of stores	approx. 1,300 stores (2-fold supply capacity over Texas plant)

Expand from the East Coast, where fresh food sales are high



Further Growth of North American CVS Business (Promoting DX)

■ Delivery service (7NOW)



Order-to-delivery time	No. of transactions / day / store	Average spending per customer
~31 min (Fastest in industry)	14.6 (Nearly 3.5 times that of Jan 2020)	\$14.50 (approx. 1.7 times the amount of in-store sales)

■ 7Rewards

Enhance new service		
Experience value	Convenience	Customer touchpoints

Respond to surging delivery demands

Expand operating stores

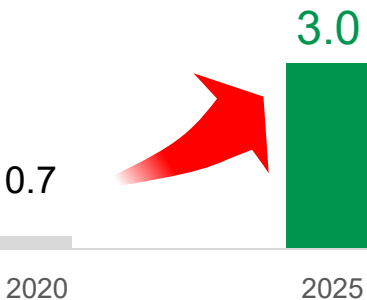
Enhance access platforms

Operating Stores

As of Apr.2021 approx. 3,890

2025 approx. 6,500

Sales Composition Ratio

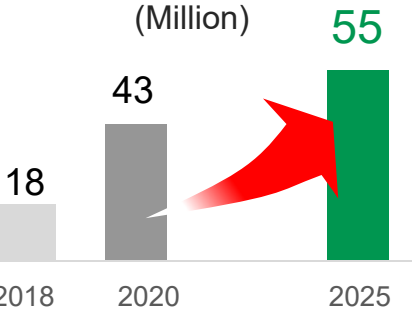


No. of operating stores*

Digital Wallet	approx. 7,750
Mobile Checkout	approx. 400
Fuel Loyalty Program	approx. 1,850

* As of Apr. 2021

Members (Million)



Further Growth of North American CVS Business (Quality Store, Response to EVs)

■ Expansion of initiatives for quality stores

Proprietary Beverage	Cold press juice etc.
Alcohol Beverage	Craft Beer, Wine
In-store Cooking	Croissants, Cookies
Restaurant	Laredo Taco



Expand to new and existing stores including Speedway

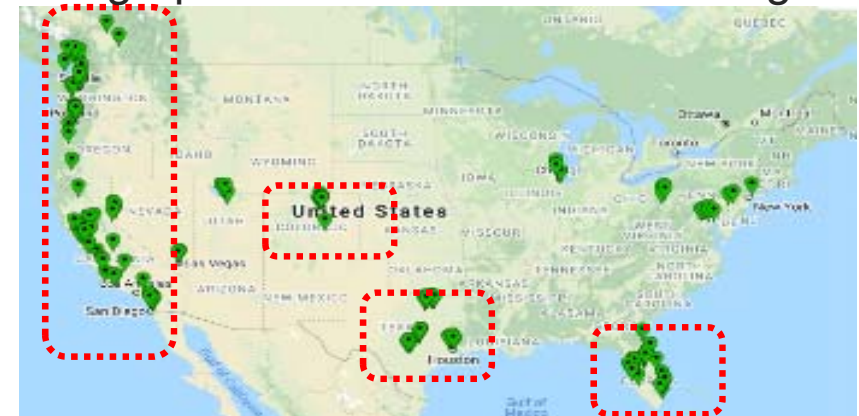
■ Expansion of EV charging stations



Pulling ahead our previous 2027 goal

Target Year	Target Number of Chargers
2027 ↓ 2022 (5 year ahead of schedule)	250 stores ↓ 250 stores 500+ chargers

Geographic Focus Area for EV Chargers



Promote installation of EV charger collaborating with U.S Government

Further Growth of North American CVS Business

Advanced Product
Development

Quality Store
Development

New Customer
Experience

Growth through CVS business by strengthening the supply chain

■ Ratio of cash flows from operating activities (excl. financial services)



Aiming for approx. 50% of
Group operating cash flows

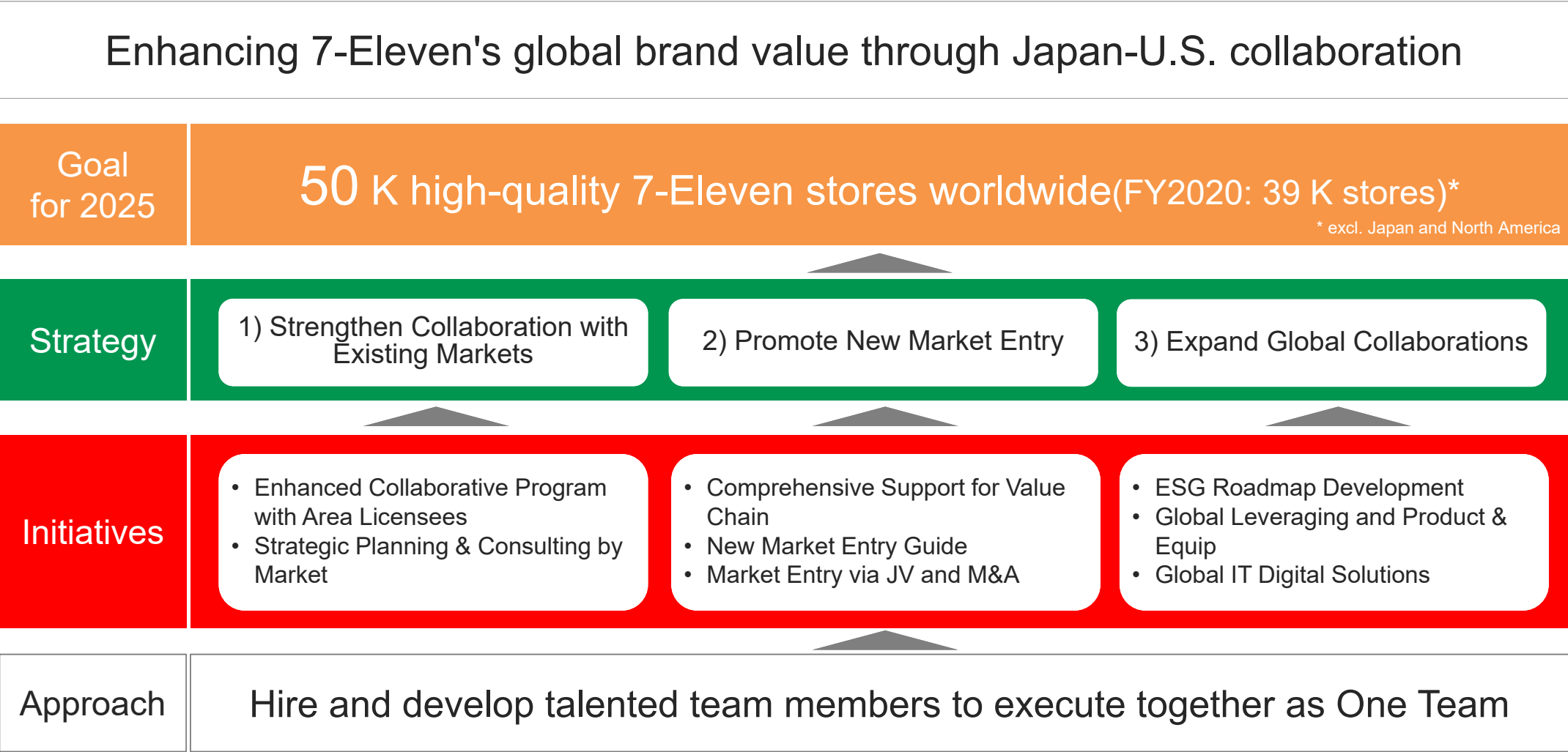
Becoming the main driver
of sustainable growth



OVERSEAS CVS BUSINESS STRATEGY

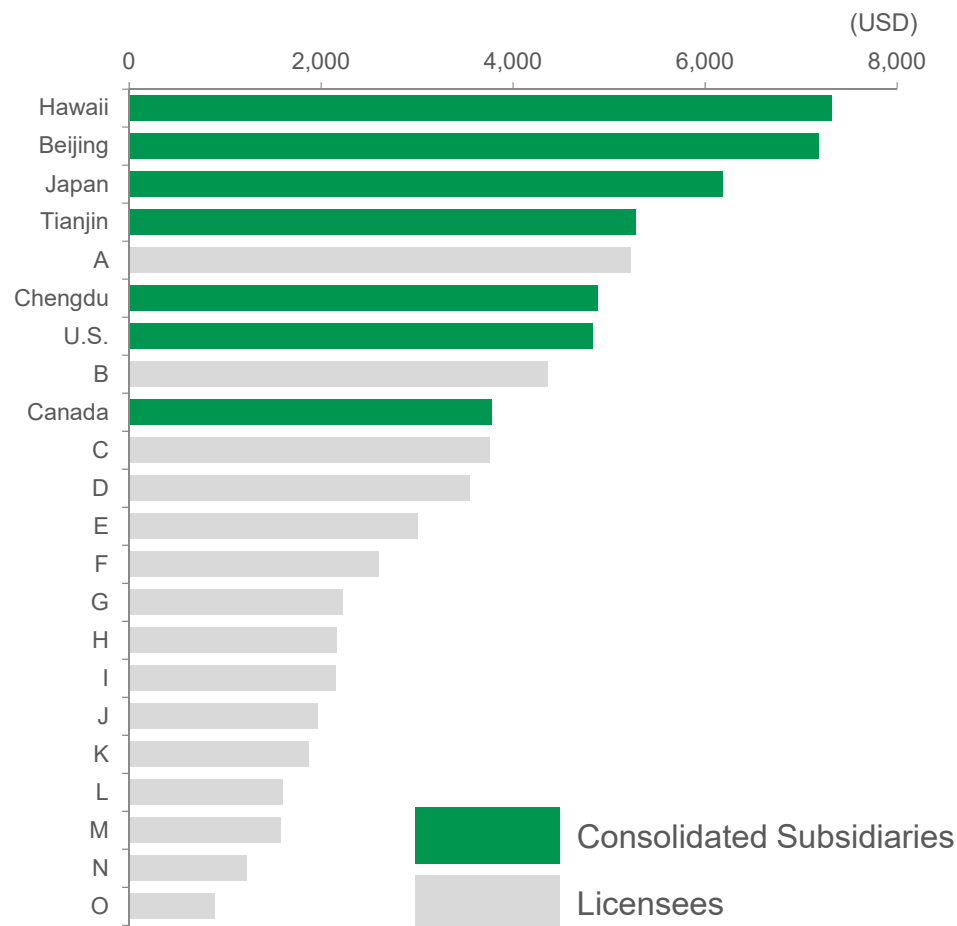
2. GLOBAL

Medium-Term Global Strategy Map



Strengthen Collaboration with Existing Markets

■ APSD Sales by Country and Region in FY2020
(purchasing power parity)



Develop advanced value chains

Sales
Improvement

Quality
Assessment

Enhanced collaborative program
to fully utilize strengths of SEJ and SEI

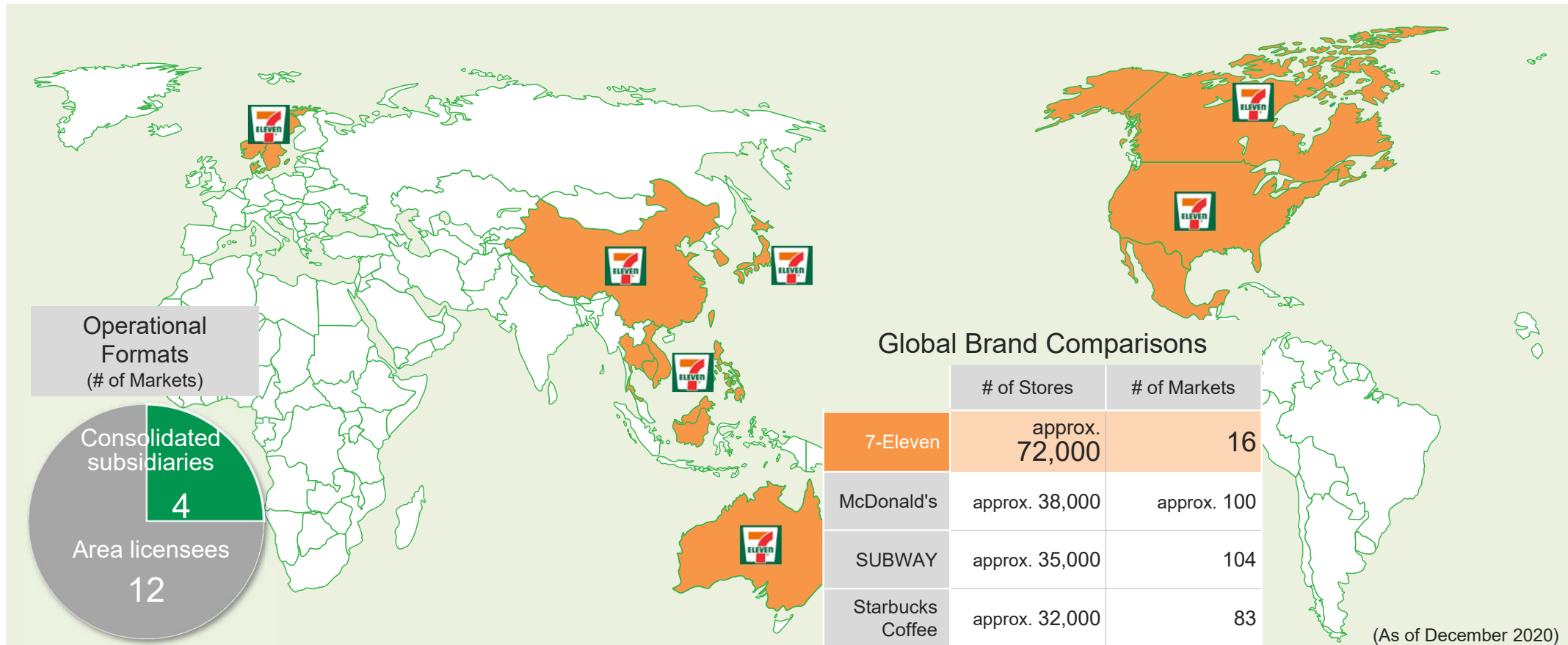
Strategic Planning for Each Region

Global Leveraging
Product Development

IT/Digital Solution

Develop quality store network around the world

Promote New Market Entry

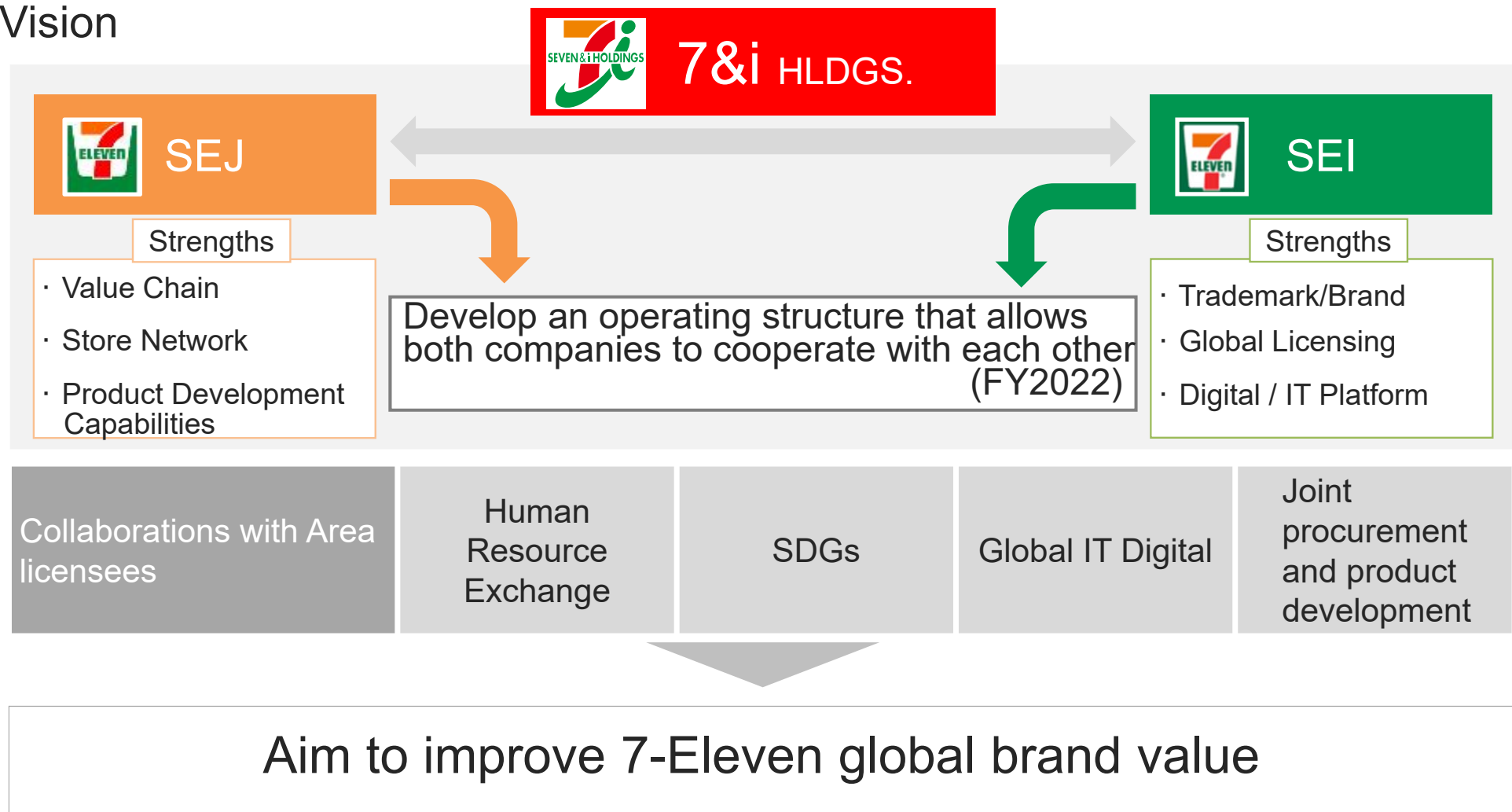


Worldwide 7-Eleven

Having the largest store network in the world but only in 16 countries and regions
Enormous attractive markets and growth opportunities left for global expansion

Expand Global Collaborations

■ Vision





DOMESTIC CVS BUSINESS STRATEGY

Medium-Term Strategy Overview

Changes in the social structure



COVID-19



Acceleration and diversification of small commercial areas

Ideal image

Meet diversifying needs and provide convenience to all local communities

Sustainable growth of existing stores

Store opening strategy

Promotion of DX

Review product composition

- Sales floor layout tailored to small commercial areas
- Group procurement

Build a foundation for re-accelerating store openings

Develop and test next-generation stores

Expand online convenience stores

Enhance CRM (App evolution)

Improve the productivity of affiliated stores and divisions

Open the door to the next "convenience" ⇒ Towards a regrowth trajectory with distribution innovation

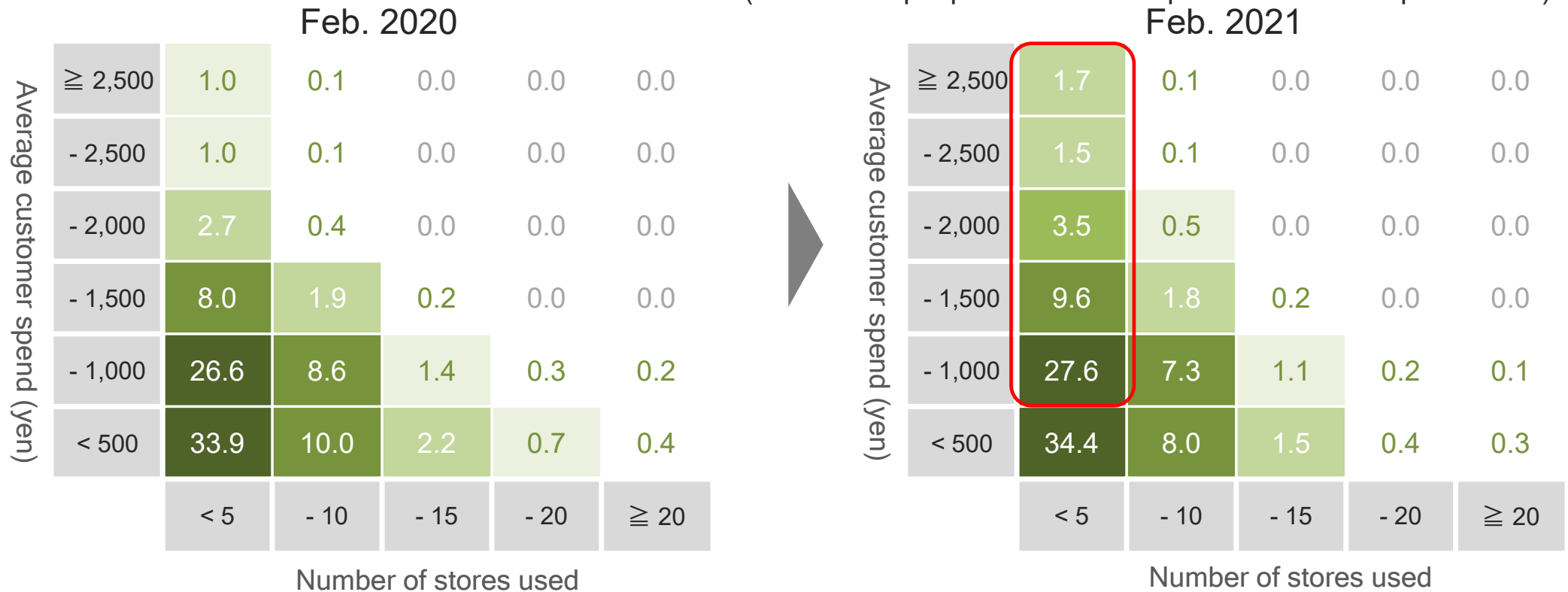
Acceleration and Diversification of Small Commercial Areas

(7iD Analysis, Changes in Consumer Behavior)

■ 7iD member composition ratio analysis:

comparison of the number of stores frequented monthly and the spend per customer

(1.06 million people in the 1 metropolitan area and 3 prefectures)



Visibility of members who use only specific stores and use a large amount of money at one time

[Reference]

Acceleration and Diversification of Small Commercial Areas (Changes in Usage)

■ Purchase price TOP20 year-on-year (February 2021)

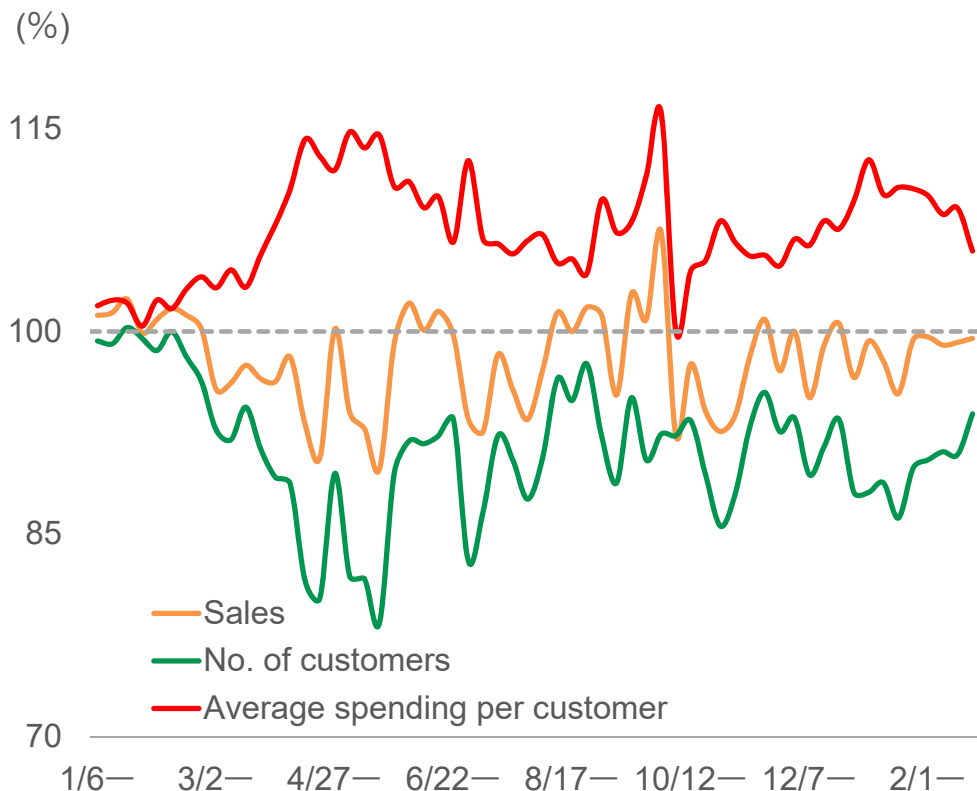
	Category	YOY (%)
1	Family-size ice cream	178.1
2	Rice balls (special rice balls)	140.1
3	Pastries (doughnuts)	139.0
4	Frozen food (frozen pre-cooked food)	138.8
5	Chilled groceries (paste products)	136.8
6	Soft drinks (large bottled tea)	131.1
7	White wine	129.0
8	Seven Premium (side dishes)	127.9
9	Chilled groceries (processed meat)	125.0
10	Delicatessen (salad)	123.6

	Category	YOY (%)
11	Sandwiches (rolls)	121.5
12	Delicatessen (meal salad)	120.1
13	Confectionery (chilled Japanese sweets)	117.7
14	Frozen food (noodles / light meals)	117.2
15	Confectionery (chilled pastries)	116.6
16	Red wine	116.1
17	Soft drinks (up to 350ml)	115.3
18	Liquor (reach in showcase)	112.9
19	Seven Premium (main dishes)	112.5
20	Frozen food (agriculture, fisheries and ingredients)	112.4

Usage has changed due to the acceleration of small commercial areas owing to the spread of COVID-19.

Acceleration and Diversification of Small Commercial Areas (Sales by Location)

■ Changes in existing store sales, number of customers, and average spending per customer



■ Results by location (existing stores in FY2021)

	No. of stores as of Feb. 28, 2021	Sales YOY(%)
Nationwide	20,612	97.6
Residential + suburbs	13,086	100.3
Resorts	1,873	97.1
Business offices	2,057	88.9
Others (Railroads, temporarily closed, etc.)	3,596	92.5

Urgent needs to review the sales floor and product assortments in response to the acceleration of small commercial areas owing to the spread of COVID-19.

Acceleration and Diversification of Small Commercial Areas

(Product/Sales Floor Support)

■ New layout 2020

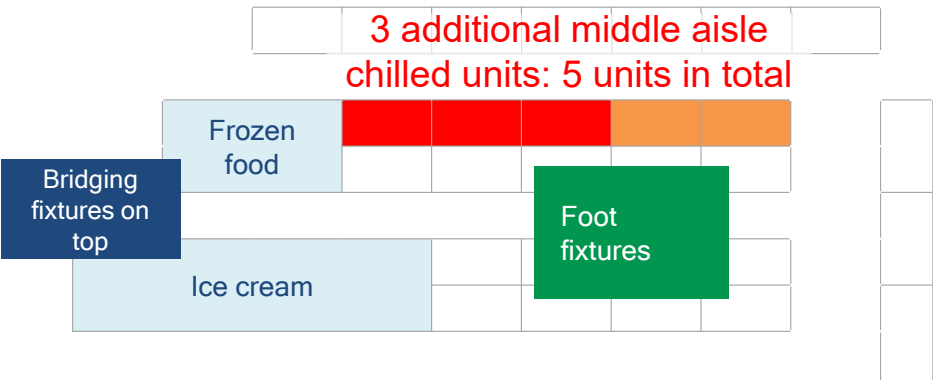


Results of 800 stores introduced in September 2020
(national average difference from the previous year)

Total sales (exc. cigarettes)	+15,600 yen
Open case chilled groceries	+6,300 yen
Confectionery	+1,900 yen
Alcohol	+1,000 yen
Chilled groceries (vegetables, processed meat, etc.)	+100 yen

12,000 stores to be introduced by the end of FY2022

■ Handling of city center stores (example)



Achievements of 17 stores introduced in the Minato area
(Vs. the average of stores which have not brought in these units in the same area)

Total sales (exc. cigarettes)	+8,300 yen
Cooked rice	+1,500 yen
Frozen food	+1,400 yen
Delicatessen	+1,400 yen
Confectionery	+1,100 yen

By the end of FY2022, individual handling by 1,500 stores

Online Convenience Stores

■ Strengths of online convenience stores

Real-time inventory linkage

- Approximately 2,800 items (excluding magazines and tax-exempt products)
- High conversion rate

30-minute delivery service

- The inventory base closest to the customer
- Responding to immediate meal needs (fried food by order, etc.)

Last Mile DX Platform (future)

- Optimization of delivery resources and routes through utilizing AI
- Expand view to cover the delivery of Group company products (being tested)

■ Future plans for expansion

End of February 2021: approx. 350 stores

Hokkaido: approx. 120 stores, Hiroshima: approx. 150 stores

Tokyo: approx. 80 stores (Setagaya, Nakano, Shinagawa, Ikebukuro)

FY2022

From March, started in the Ginza area (office area testing)

⇒ Aim for testing at 1,000 stores by the end of FY2022

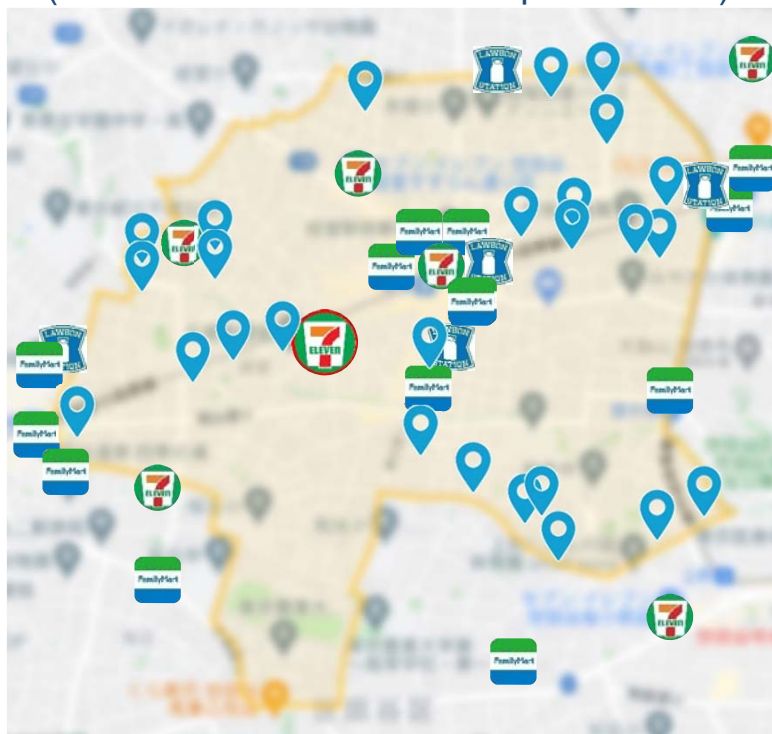
Earnings model establishment

FY2026 targets

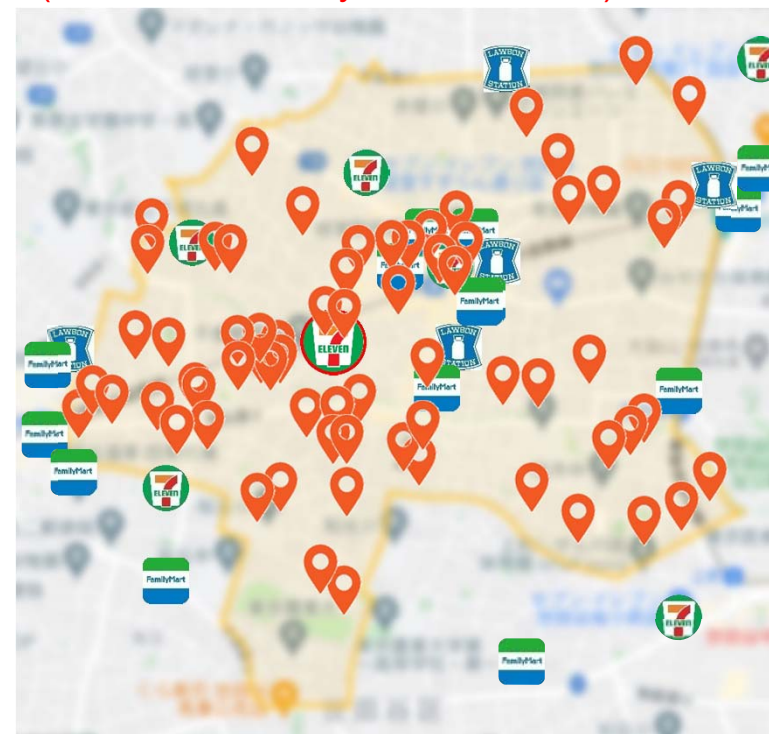
Completion of nationwide expansion, operating income + 5% boost

[Reference] Online Convenience Stores (Effect of Real-Time Inventory Linkage)

- Before implementation
(minimum of 2 hours - time specification)



- After implementation
(30-minute delivery after the order)




Improved conversion rate, expanded purchase categories, improved frequency of use and improved delivery efficiency

Medium-Term Strategy Roadmap

FY2022

FY2026

Sales floor / products		Product composition corresponding to small commercial area (change of sales floor layout)	Product procurement and expansion of product assortments utilizing the Group's power (fresh food, meal kits, direct overseas imports, etc.)
Services		Last One Mile: Online convenience stores - 1,000 test stores in FY 2022 ⇒ To be expanded nationwide in FY2026	
		CRM enhancement (7 app evolution, Group linkage through 7iD)	
Stores		Facilitate closing of unprofitable stores	Greater refinement and efficiency in selecting candidate sites ⇒ Build a foundation for re-accelerating store openings
		Develop and test complex stores and next-generation stores	
Productivity	Franchise stores	AI orders: Test ⇒ Aim to expand to all stores	
		Smartphone registration	New self-checkouts, face recognition, etc.
	Head-quarters	Productivity improvement through DX Digitization of forms, RPA, chatbots, efficiency of sales promotion, etc.	

Productivity improvement target
Man-hours / day:
decline of (15)%

SG&A ratio reduction target:
decline of (0.3)%pt.



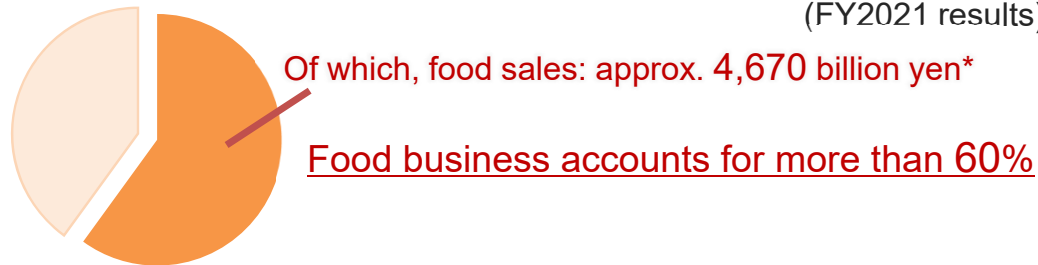
GROUP FOOD STRATEGY



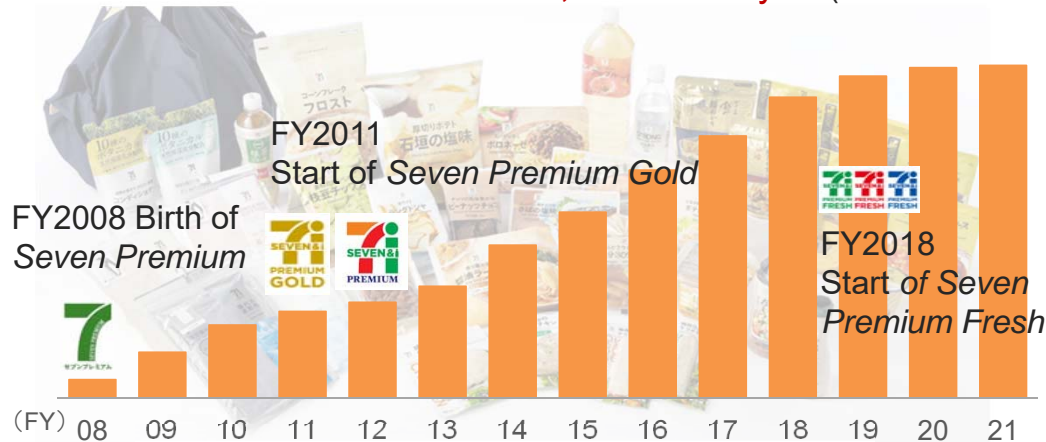
Group Food Strategy

Group synergies in food products

Consolidated Group domestic sales: approx. 7,460 billion yen
(FY2021 results)



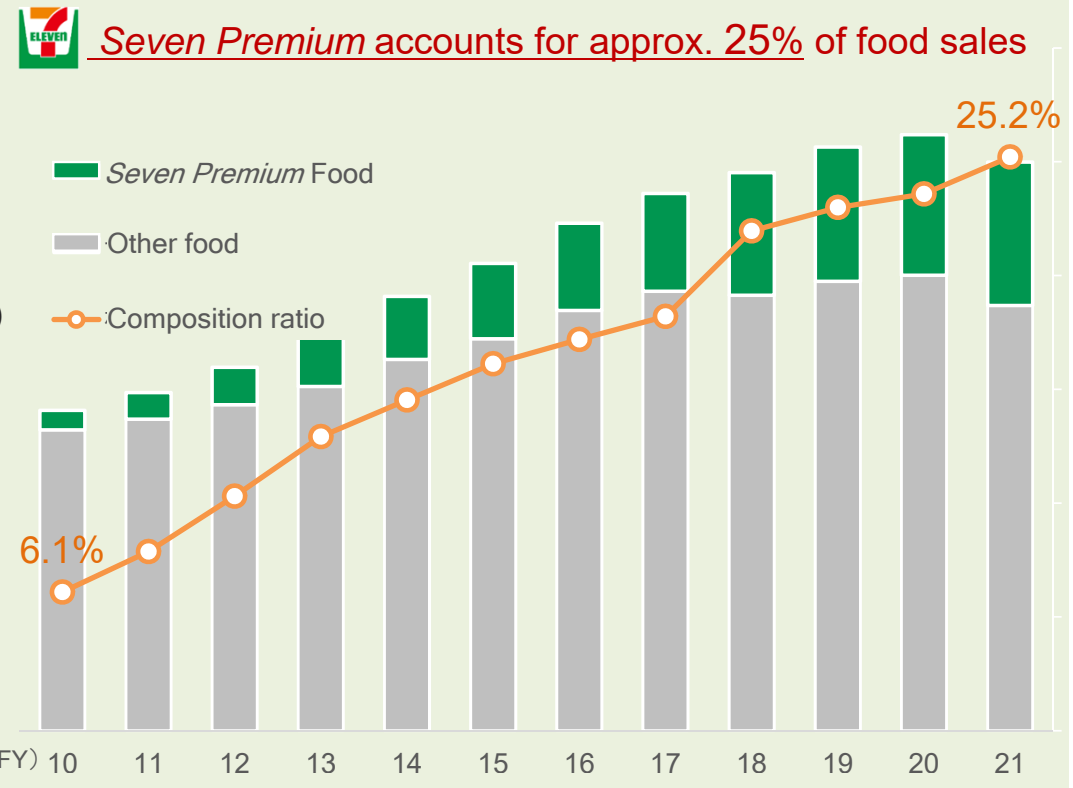
Seven Premium Product Sales: 1,460 billion yen (FY2021 results)



Brand cultivated by the entire Group
= symbol of synergistic effects

* Total sales of SEJ (food), IY (food excluding tenants), SS (food), YB, YO, SG, 7FS

Sales composition of Seven Premium at 7-Eleven



Seven Premium contributes to 7-Eleven food sales

Group Food Strategy

Taking on the challenge of further synergies in the food sector

Promotion of overseas procurement
(direct imports)



Establish joint procurement that takes advantage of economies of scale



Reinforcing Group product strength
(Team MD)



Share raw materials and recipes, develop and supply differentiated products such as meal kits using the common infrastructure
(Process center / Central kitchen)



Utilization of common infrastructure
(fresh food)



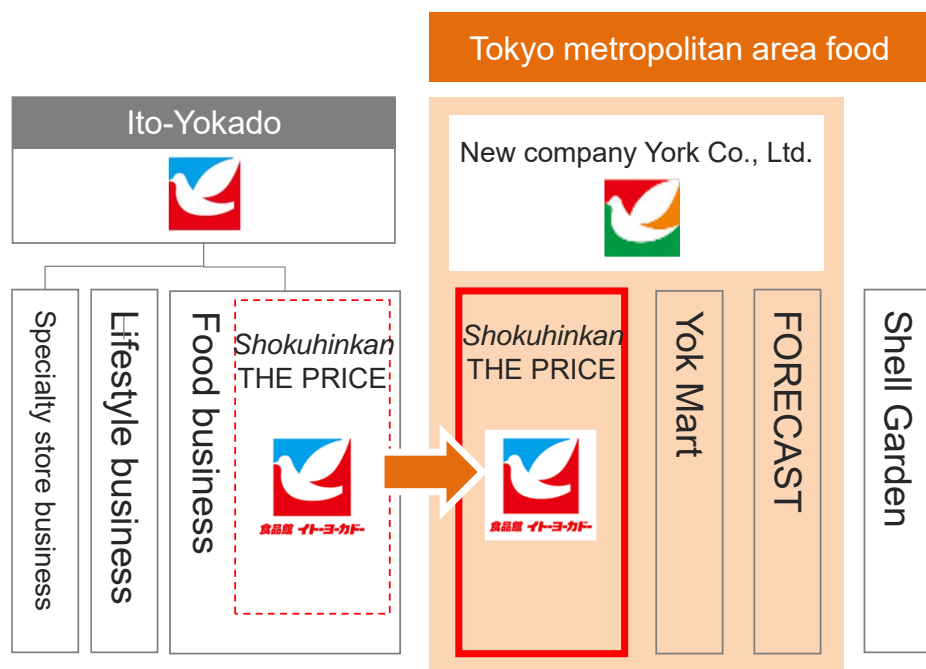
CVS also handle SM fresh foods such as special discerning vegetables






Differentiation in the food sector that can only be achieved by having a variety of business formats

Group Food Strategy (Store Reorganization)




Phase 1 Store reorganization (- June 2020)



- Reorganize the stores to meet new needs
- Strengthening cooperation with food supermarkets in the Tokyo metropolitan area

FY2020		
Total sales of the 3 companies	557.2 billion yen	214 stores
 Ito-Yokado (food excluding tenants)	389.8 billion yen	115 stores
 York Mart	142.9 billion yen	78 stores
 Shell Garden	24.5 billion yen	21 stores

Responding to growing needs due to COVID-19

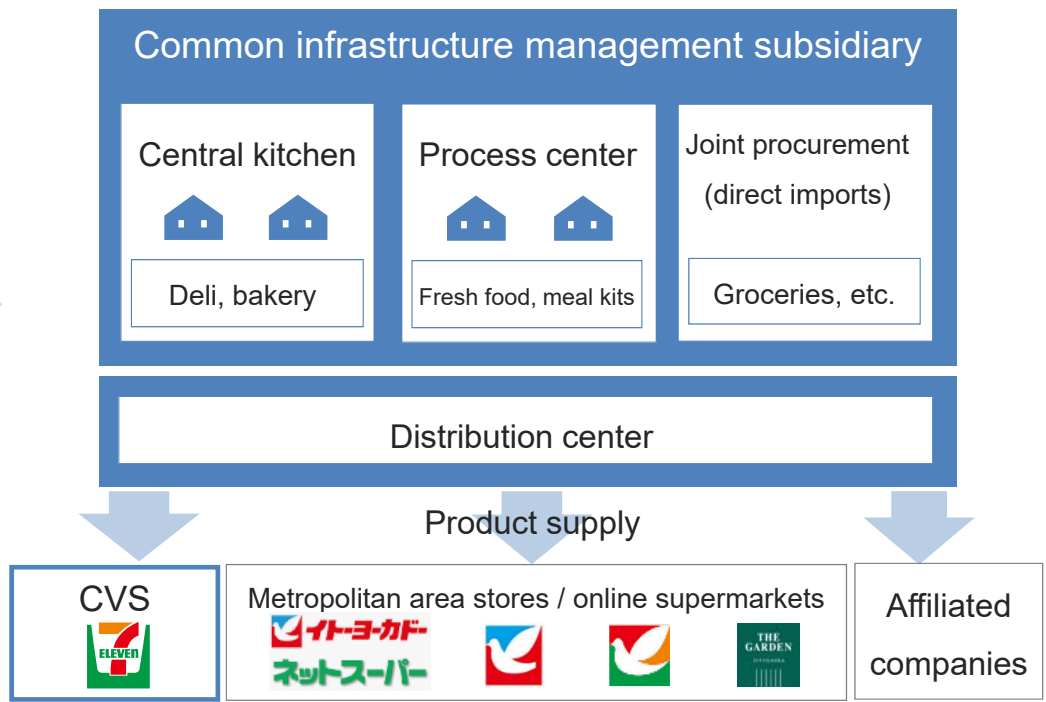
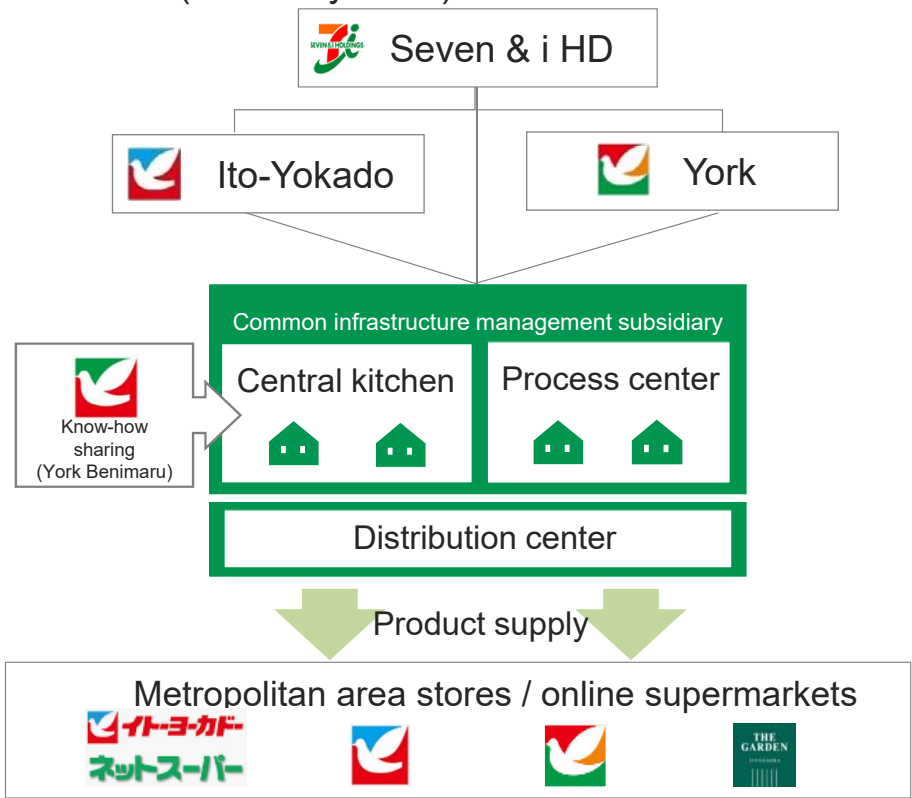
FY2021		
Total sales of the 3 companies	594.3 billion yen	215 stores
 Ito-Yokado (food excluding tenants)	389.3 billion yen	94 stores
 York	182.2 billion yen	100 stores
 Shell Garden	22.8 billion yen	21 stores

Note: Number of stores at the end of the fiscal year in Tokyo and 3 prefectures: 20 stores transferred from IY to YO during FY2021

Group Food Strategy (Building a Common Group Infrastructure)

Phase 2: Construction of a common infrastructure
(from May 2021)

Phase 3: Expansion of joint procurement functions



Two central kitchens and two process centers
scheduled to start operations from FY2026



Realizing a high-quality and efficient product supply
system by building a common infrastructure for the Group



LARGE-SCALE COMMERCIAL BASE STRATEGY



Large-Scale Commercial Base Strategy

(Business / Store Structure Reform in the Large-Scale Base Strategy)

	 Ito-Yokado	 Sogo & Seibu
Business structural reform	Unprofitable stores: Close down / scrutinize profitability	Review operations and personnel through store reform
	Personnel optimization	Personnel optimization
Store structural reform	Create stores that match the characteristics of the trade area (improvement of trade area analysis accuracy)	Create stores that match the characteristics of the trade area (improvement of trade area analysis accuracy)
	Improve productivity through AI orders, etc.	Expand customer contact points using DX
Non-store business	Online supermarkets: large-scale centers	Strengthening sales to outside customers (affluent customers)
	Expand “Tokushimaru” mobile supermarkets	Expand commercial business (BtoBtoC)

Large-Scale Commercial Base Strategy

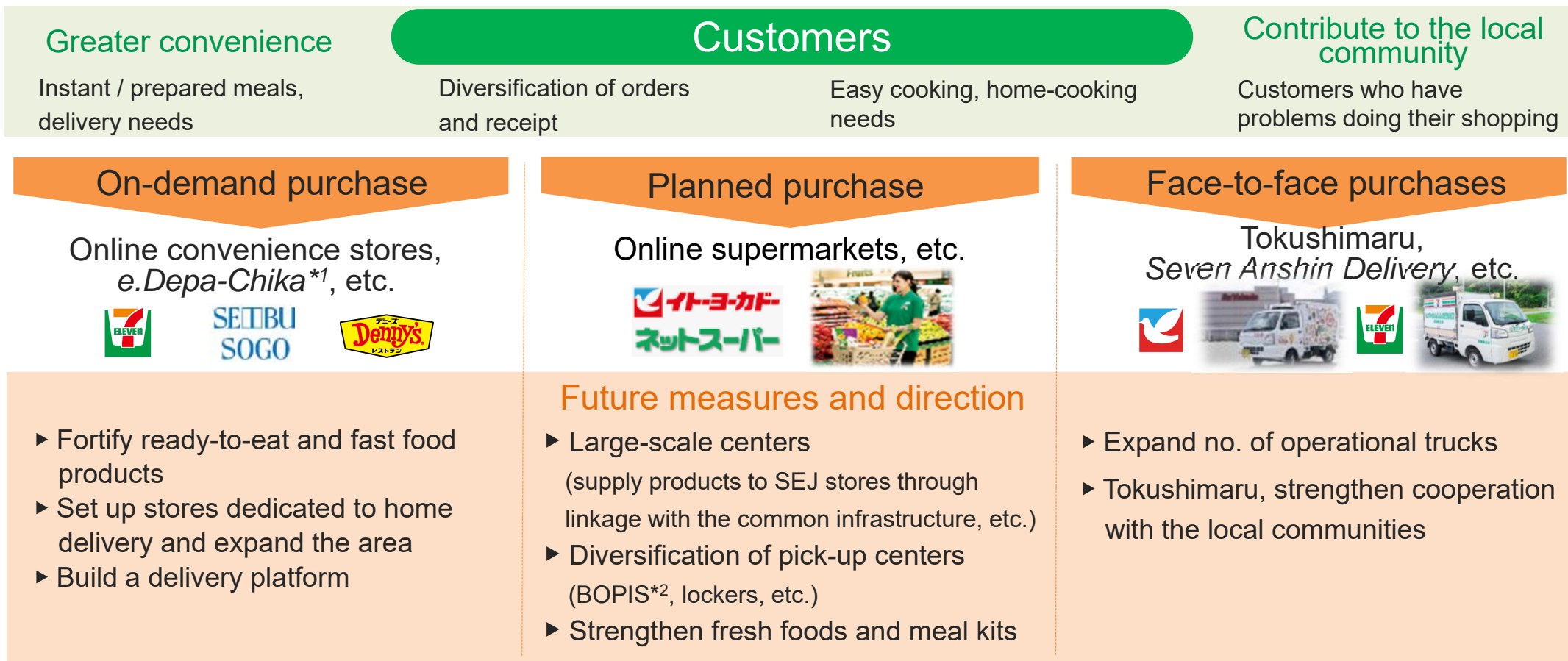
(Structural Reform / Growth Strategy Schedule)

		From FY2017 Priority measures	From FY2021		FY2022	FY2023	FY2024	FY2025	FY2026	
 Ito-Yokado	Structural reform	Unprofitable stores	30 stores closed	182⇒	Decision to close 5 stores					
		Shokuhinkan, THE PRICE	20 stores transferred	132 stores	Profitability scrutiny of 18 stores					
		Personnel optimization	-800 (compared to FY2019)			-900 (compared to FY2021)				
	Growth strategy	Create buildings that match the trade area	69 stores			20 stores	Approx. 20 stores／year (planned)			
			Improve trade area analysis accuracy			Explore market needs				
		Non-store expansion	Online supermarkets, mobile supermarkets "Tokushimaru", etc.							
 Sogo & Seibu	Structural reform	Unprofitable stores	13 stores closed	23⇒10 stores						
			2 local stores reduced (FY2021)							
	Growth strategy	Personnel optimization	-1,500 (compared to FY2019)			Optimization and relocation of growth fields in line with store reforms				
		Create buildings that match the trade area	2 suburban stores converted to SC			6 major stores				
			Improve trade area analysis accuracy			Explore market needs				
	Non-store expansion	Foreign business (affluent customers), commercial business (BtoBtoC), etc.								



DX / FINANCIAL STRATEGY

Last Mile Measures (Ideal Image)

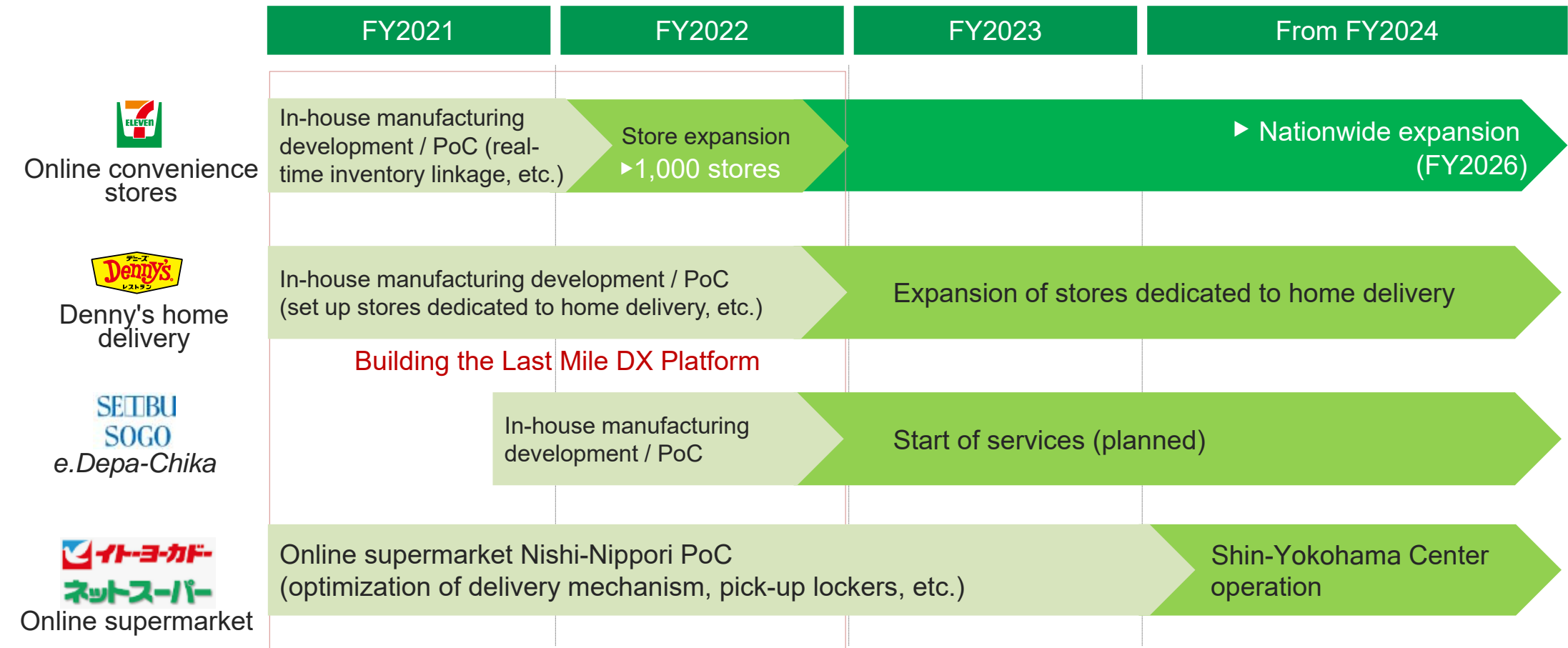


The sales scale of the entire Group will reach approx. 600 billion yen by FY2026.

^{*1} e.*Depa-Chika* : online department store with food section

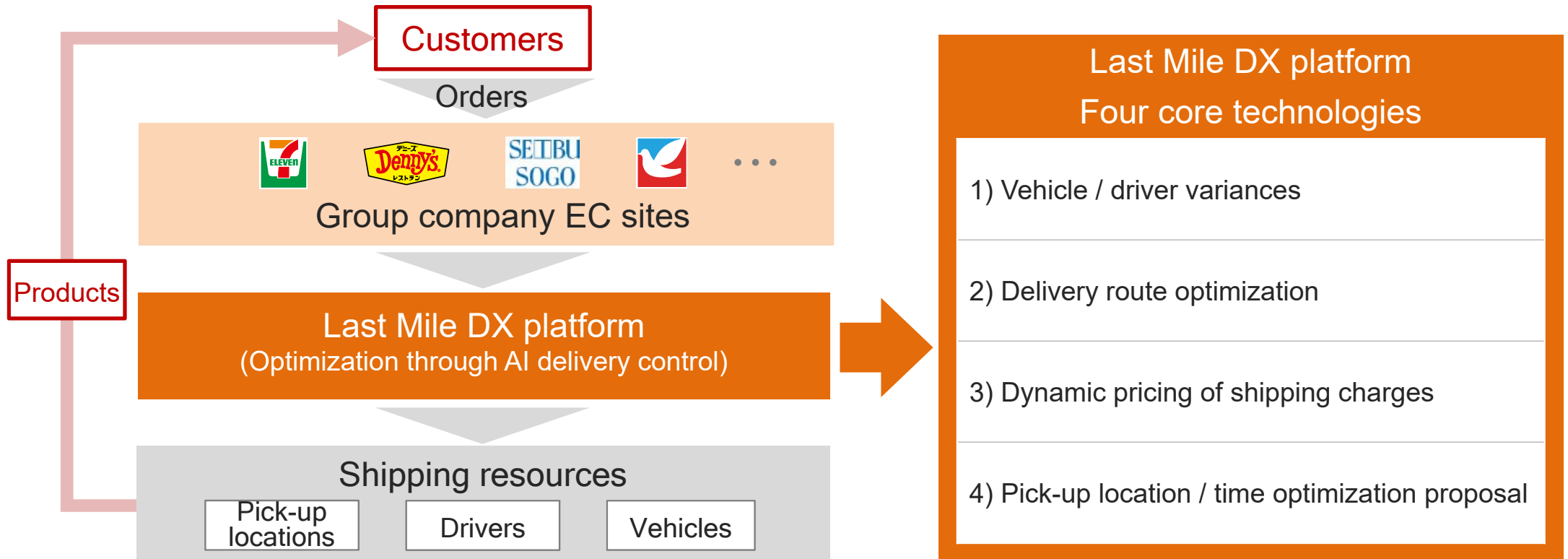
^{*2}BOPIS : Buy Online Pick-up In Store

Last Mile Measures (Expansion Schedule)



Last Mile Measures (Optimization of Delivery)

■ Ideal image of the Last One Mile DX Platform



AI delivery control reduces delivery distances by approx. 40%
and the number of vehicles by approx. 45%*

* Tested AI-based mixed loading function, route optimization function, and vehicle optimization function in the Shinagawa area (December 2020)

DX / Financial Strategy (Expansion of Customer Contact)

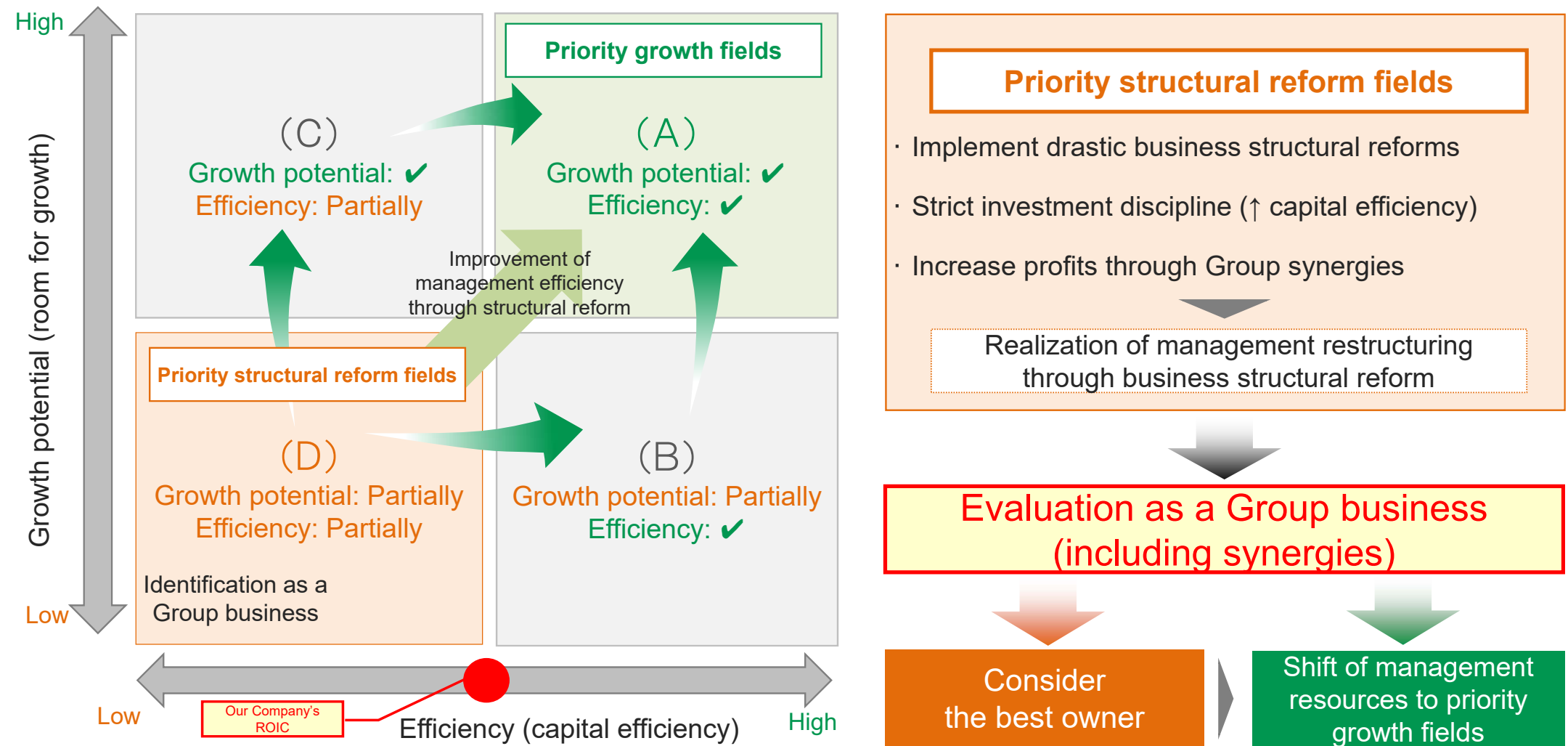
- Improve LTV by further expanding and deepening customer contact through “7iD”





BUSINESS PORTFOLIO

Thoughts about the Business Portfolio





SUSTAINABLE MANAGEMENT

Sustainable Management (Achievement of the SDGs based on the 5 Material Issues)

Material issue 1 Provide a social infrastructure in the age of an aging and declining population	  	<p>(Main efforts)</p> <ul style="list-style-type: none"> Online convenience stores, online supermarkets, <i>Seven Anshin</i> (reliable) <i>Delivery</i> service, Tokushimaru business Administrative services (issuance of various certificates)
Material issue 2 Providing safety and reliability through products and stores	     	<ul style="list-style-type: none"> Reduction of food additives Easy-to-understand nutrition labeling Vegetable factory efforts
Material issue 3 Non-wasteful usage of products, ingredients, and energy	     	<ul style="list-style-type: none"> Reduction of food waste and aim for long-term freshness Donations to food banks and social cooperatives Development of environment-friendly container materials
Material issue 4 Supporting the active role of women, youth, and seniors across the group and in society	    	<ul style="list-style-type: none"> Seven Nanairo Nursery School Introduction of staggered commuting system Holding child-rearing support events
Material issue 5 Building an ethical society and improving resource sustainability together with customers and business partners	        	<ul style="list-style-type: none"> PET bottle collection machines Business partner CSR audits "Seven Forest" Forest Conservation Project Whistleblowing system (employees, business partners) PET bottle recycling business
<Promotion of partnerships> Promoting global partnerships		<p>In November 2020, held the "Global ESG Forum" with 7-Eleven licensees in 16 countries and regions around the world. Confirmed the social issues that should be prioritized.</p>

Investment to Achieve Environmental Declaration Goals

■ Environmental Declaration (announced in May 2019)



Announced ideal image for 2050 based on four themes

- Reduction of CO2 emissions
- Plastic countermeasures
- Food loss/waste and food recycling measures
- Sustainable procurement



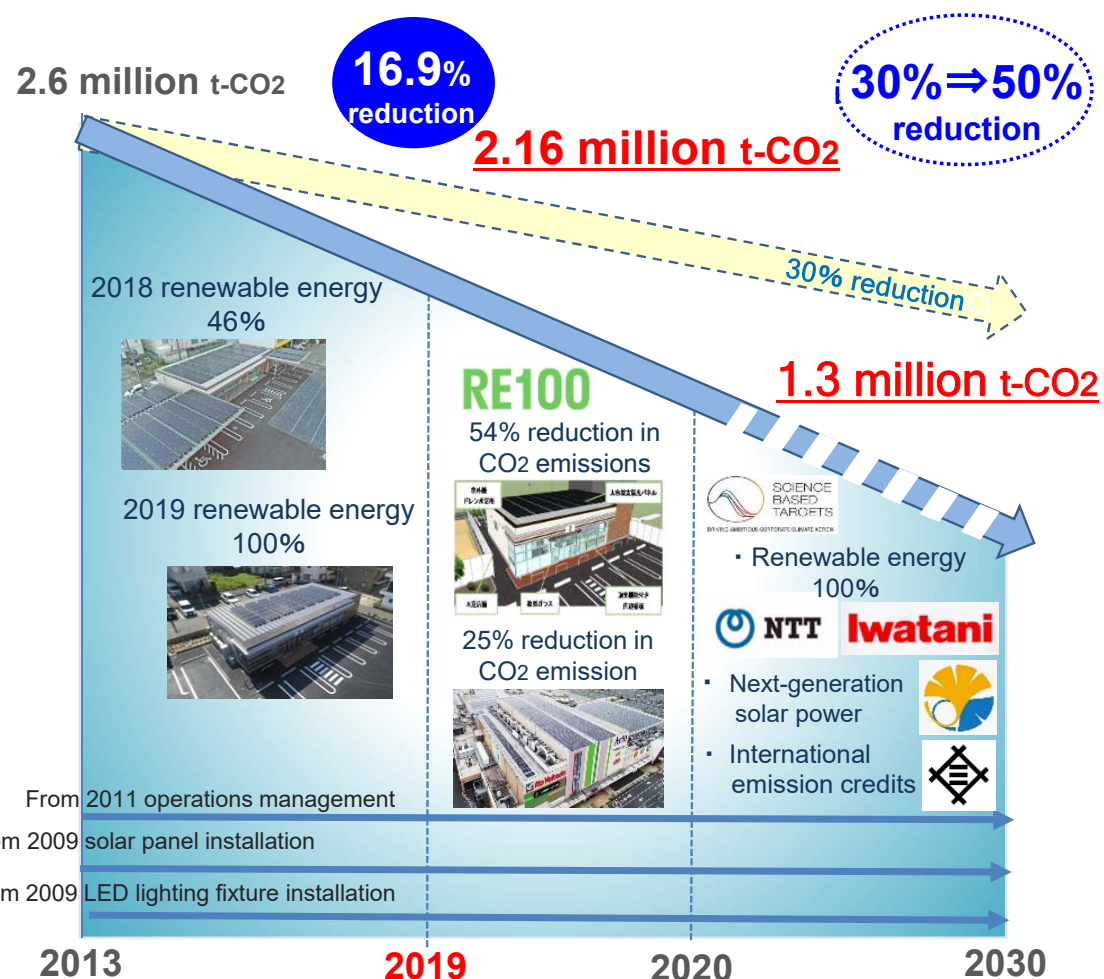
We will continue to contribute to the creation of a sustainable society by allocating more than 5% of total investment (excluding strategic investment) to environmental investment.

Investment in the environment from FY2022 to 2026 = approx. 125 billion yen

(Expansion of solar panels, introduction of energy-saving equipment, addition of PET bottle collection machines, etc.)

Ideal Image for 2030 (Decarbonized Society)

CO2 emissions: compared to FY2013



Strengthen on-site renewable energy

- Stores with solar panels:
8,683 stores (92 MW) → 11,000 stores (160 MW)
- Large solar panels to be installed in car parks and factories

Utilization of off-site renewable energy

- Expansion of off-site PPA (two contracts with NTT)
- Promotion of renewable energy procurement

Promotion of investment and utilization of new technologies

- Expansion of hydrogen energy for store operations
- R&D of next-generation solar cells and storage batteries

Ideal Image for 2030 (Circular Economy)

■ Composition ratio of environment-friendly materials for private brand containers

- Recycled material
- Biomass material
- Paper material, etc.

20%

Environmentally-friendly materials **26,000 t**

50%

72,000 t

Strengthening collection at stores



Strengthening collection of plastics at stores

- PET bottle collection machines
(330 million bottles collected in FY 2021)
Currently 1,000 machines installed
⇒ More than 1,000 machines will be installed annually
- Challenge to collect plastics other than PET bottles
(e.g. promote the collection of plastic trays)

Securing recycled plastics

- Invest in a used PET bottle recycling factory
Secure recycled PET for using PB packages
- Invest in the chemical recycling business

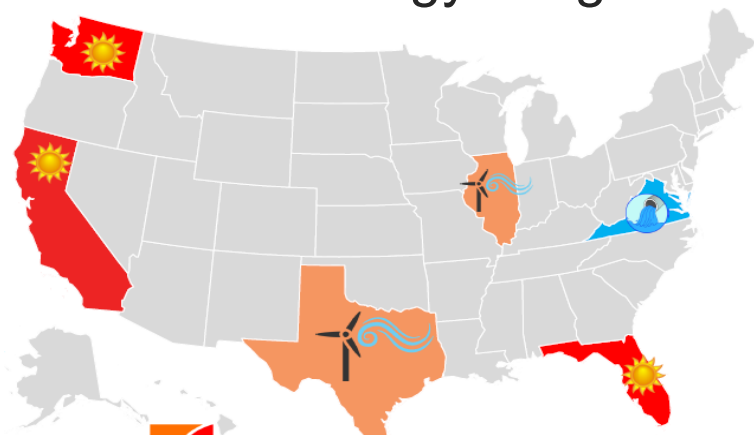
Utilization of recycled and environmentally-friendly materials for PB

- Use in *Seven Premium* containers and packages
(currently about 200 items ⇒ 1,000 items)

SEI's Initiatives for a Sustainable Society



■ Renewable energy usage area



Number of stores using renewable energy

	Solar power	approx. 350 stores
	Wind power	approx. 870 stores
	Hydropower	approx. 150 stores
	Total	approx. 1,370 stores

Development towards 2030

Renewable energy use in other regions

Expand RE100 stores to 5,000 stores

*as of December 2020

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Ideal Image for 2030 (Responsibility as a Global Company)

[Task Force on Climate-Related Financial Disclosures]



Published the response to the TCFD recommendations. Further improve the accuracy of scenarios and countermeasures.

[International certification of CO2 emission reduction targets]



Completed registration for certification. Aim for certification of CO2 reduction targets consistent with the Paris Agreement.

[7-Eleven International Summit]



Concluded partnerships agreement with 7-Eleven licensees in 16 countries and regions to achieve SDGs.

[Supply chain management]

CSR audits for PB factories overseas

413 factories* audited in FY2021
(on-site audit of 117 items)

*All factories in China and Southeast Asia

CSR audits for PB factories in Japan

271 factories audited in FY2021
(on-site audit of 117 items)

All factories in Japan carried out document self-check

- Strengthen human rights protection, legal compliance, occupational safety, environmental protection, etc. in the supply chain
- Implementation of due diligence of human rights
⇒ Formulation of “7&i human rights policy”

For Sustainable Growth

Further strengthening of corporate governance

Constant review of corporate governance structure

(Board of Directors, advisory board, evaluation, compensation system, enhancement / maintenance of disclosure, etc.)

Deepening Group governance

(Strengthening dialogue and cooperation between holding companies and operating companies, optimal resource allocation, etc.)

Human resource measures linked to business strategy

Creating an organization where both the company and employees can grow (motivation to work)

(upskilling of each employee and support for autonomous learning, etc.)

Creating a workplace where everyone can work comfortably

(work style reform / productivity improvement, promotion of diversity & inclusion, etc.)

Towards sustainable growth by improving corporate value
(financial and non-financial) over the medium to long term



The background image is a collage of financial data visualizations. It includes a bar chart with 15 bars, a line chart with a fluctuating line, a candlestick chart, and a line chart labeled 'Product F' showing data from January to October. A hand is visible in the bottom right corner, holding a silver pen and pointing at a line chart. The overall theme is financial analysis and quantitative targets.

FINANCIAL POLICY / QUANTITATIVE TARGETS

Basic Financial Policy

In order to continuously improve corporate value, increase **returns (profit) that exceed the cost of capital** and increase **the ability to generate cash flow (CF)**.



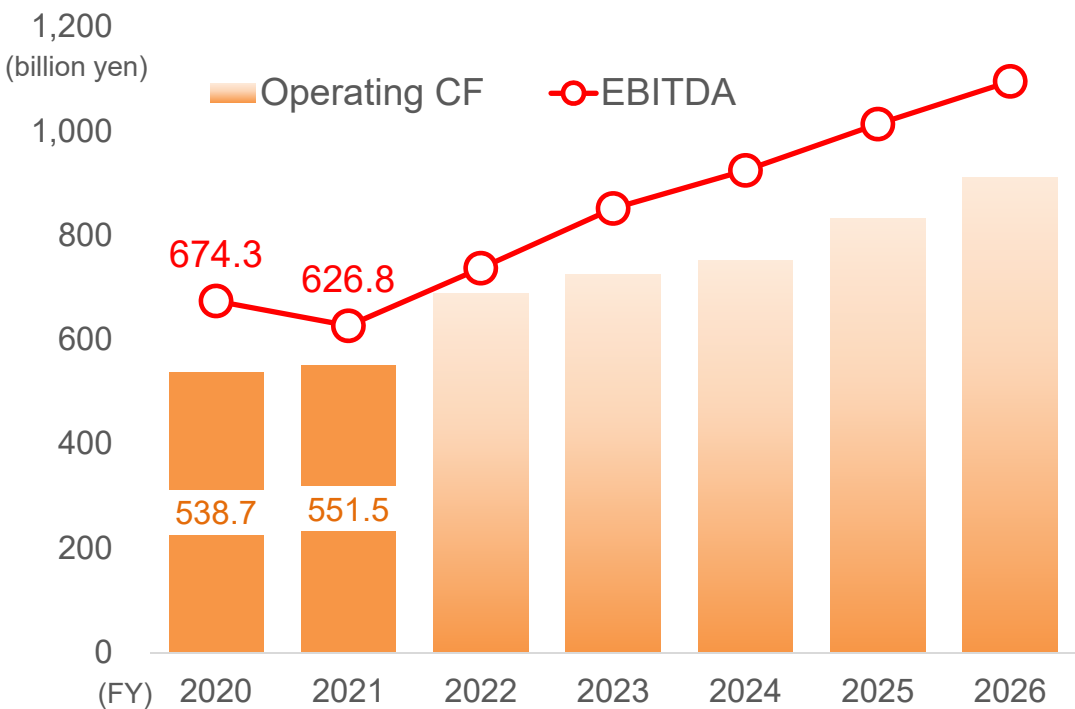
《Main consolidated KPIs》



Quantitative Expansion of Finance (EBITDA / Operating CF)

EBITDA / Operating CF plan (consolidated)

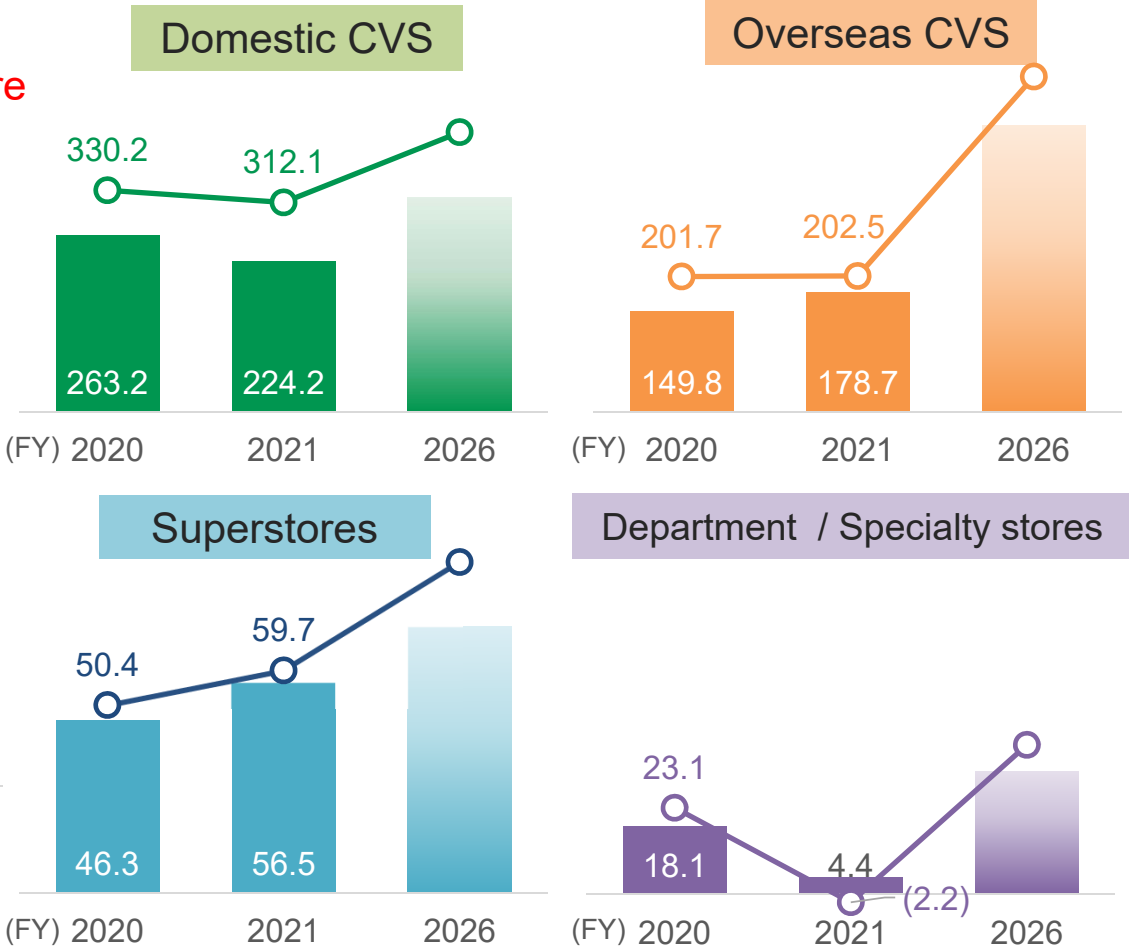
【Until 2025】 EBITDA **1 trillion yen or more**
 Operating CF **800 billion yen or more**



* Exchange rate: 1 \$ = 107 yen (FY2022), 1 \$ = 105 yen (FY2023-26) / 1 yuan = ¥ 16 (FY2022-26)
 * Operating CF: Management accounting figures based on NOPAT

Planning by segment (Bars: Operating CF / Lines: EBITDA)

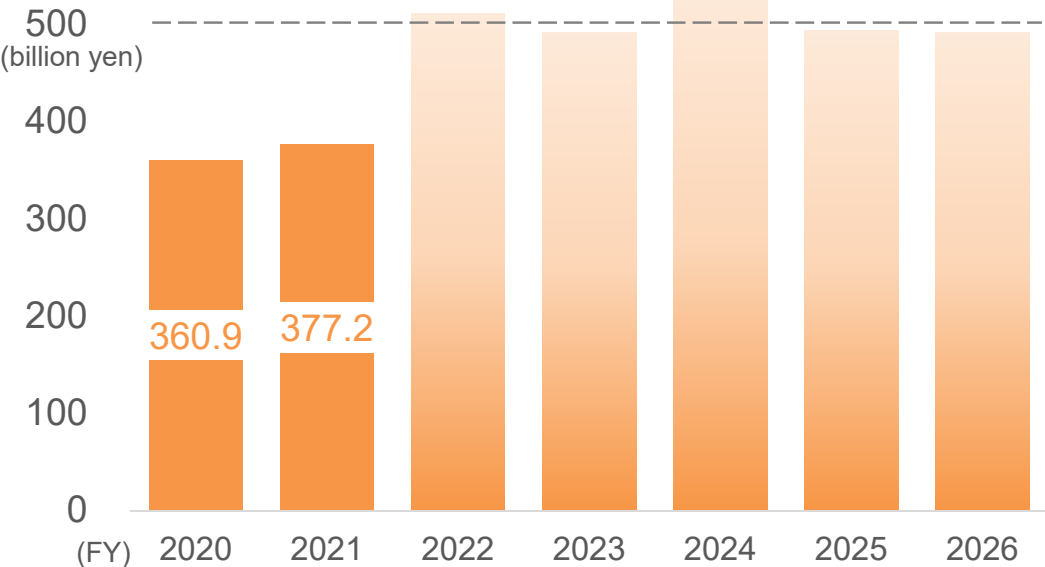
Unit: billion yen



Resource Allocation for Growth (Capital Expenditures / Free CF)

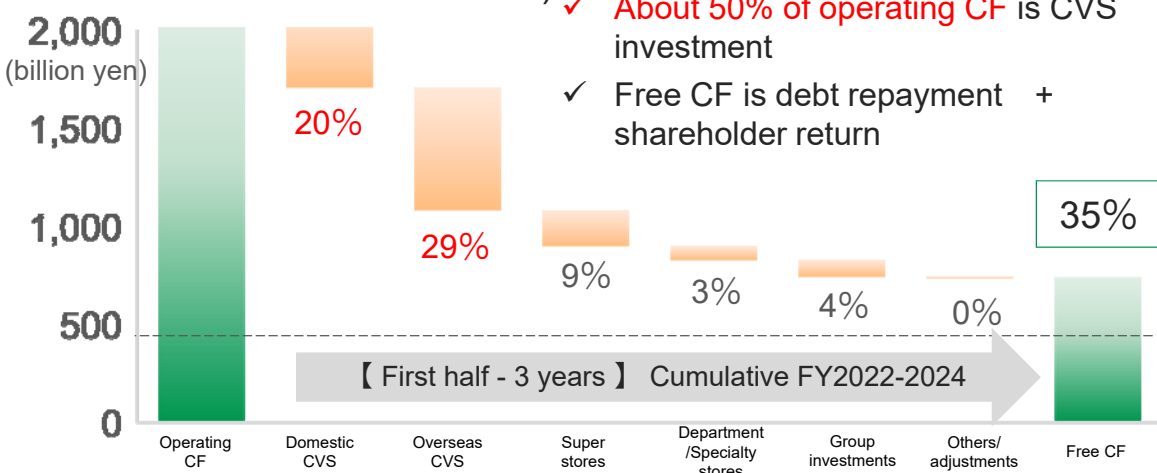
Capital expenditures plan (consolidated)

- ✓ Continue proactive investment in US-Japan CVS business
- ✓ Investment based on Group strategy
- ✓ Environmental investment to be about 125 billion yen in 5 years (about 5% of the total)

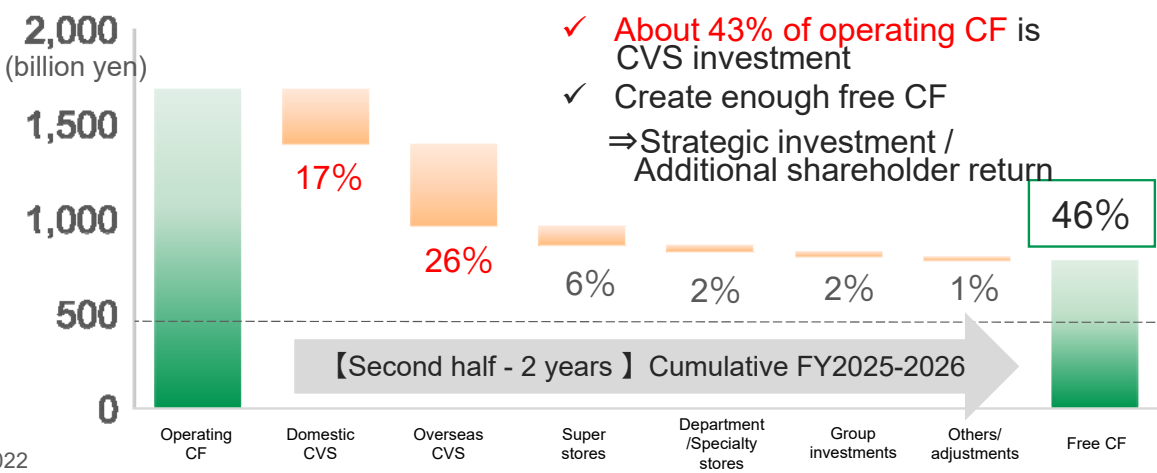


* Excluding investment in the acquisition of Speedway in FY2022

Resource allocation from operating CF (excluding financial services business)



- ✓ About 50% of operating CF is CVS investment
- ✓ Free CF is debt repayment + shareholder return

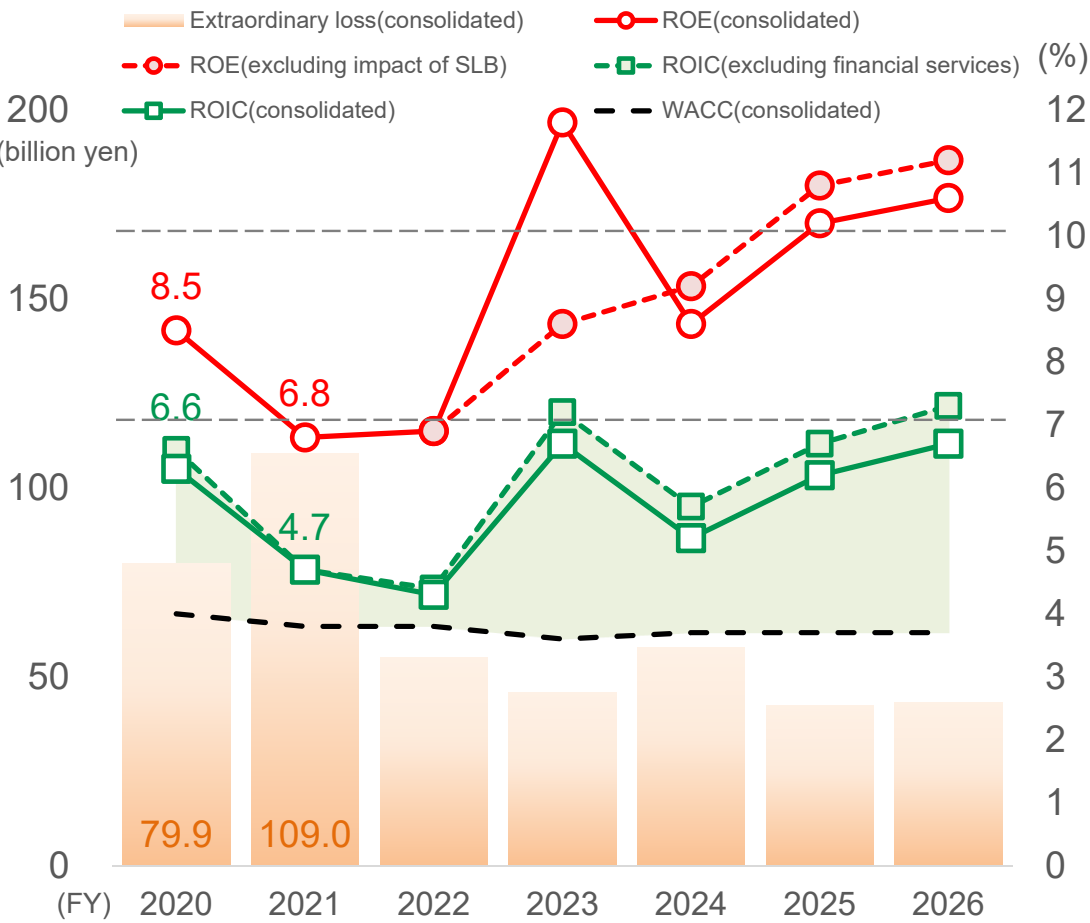


- ✓ About 43% of operating CF is CVS investment
- ✓ Create enough free CF
- ⇒ Strategic investment / Additional shareholder return

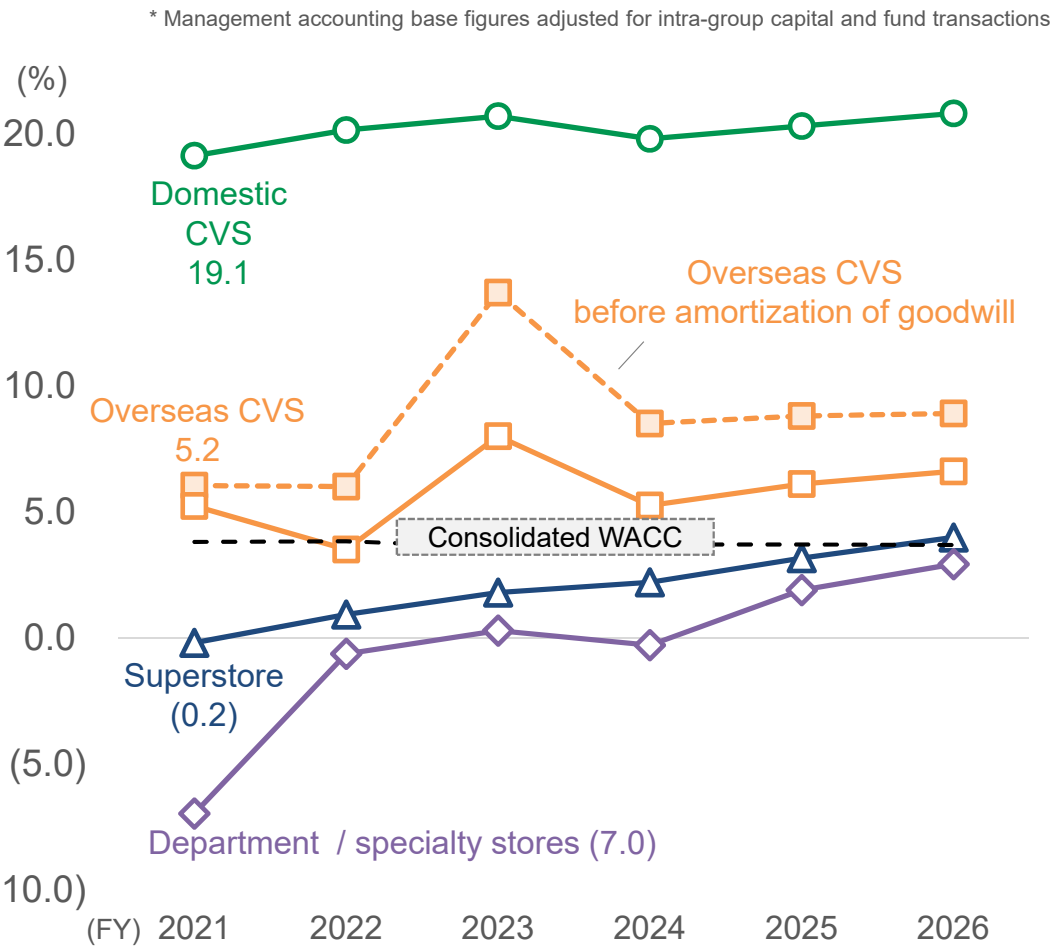
Improvement of Financial Quality

(Investment Efficiency and Cchanges in Extraordinary Losses)

ROE/ROIC/Extraordinary loss plan



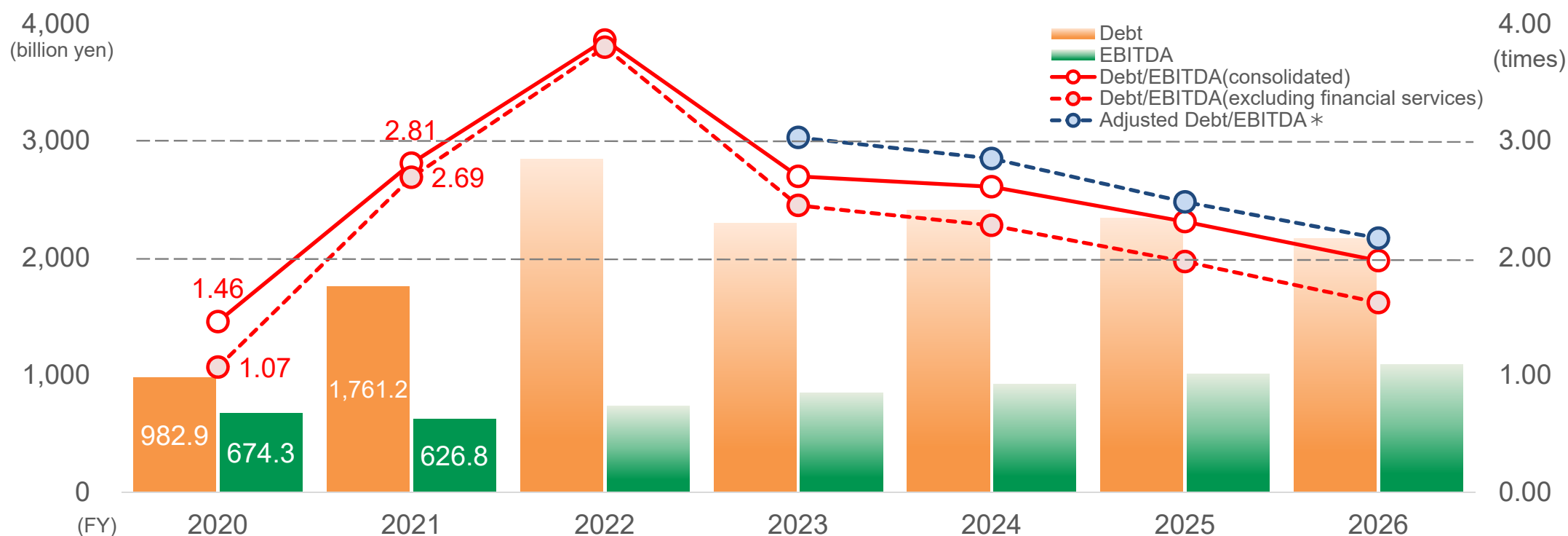
ROIC by segment



Improvement of Financial Soundness (Debt / EBITDA Ratio)

■ Debt / EBITDA ratio plan (consolidated)

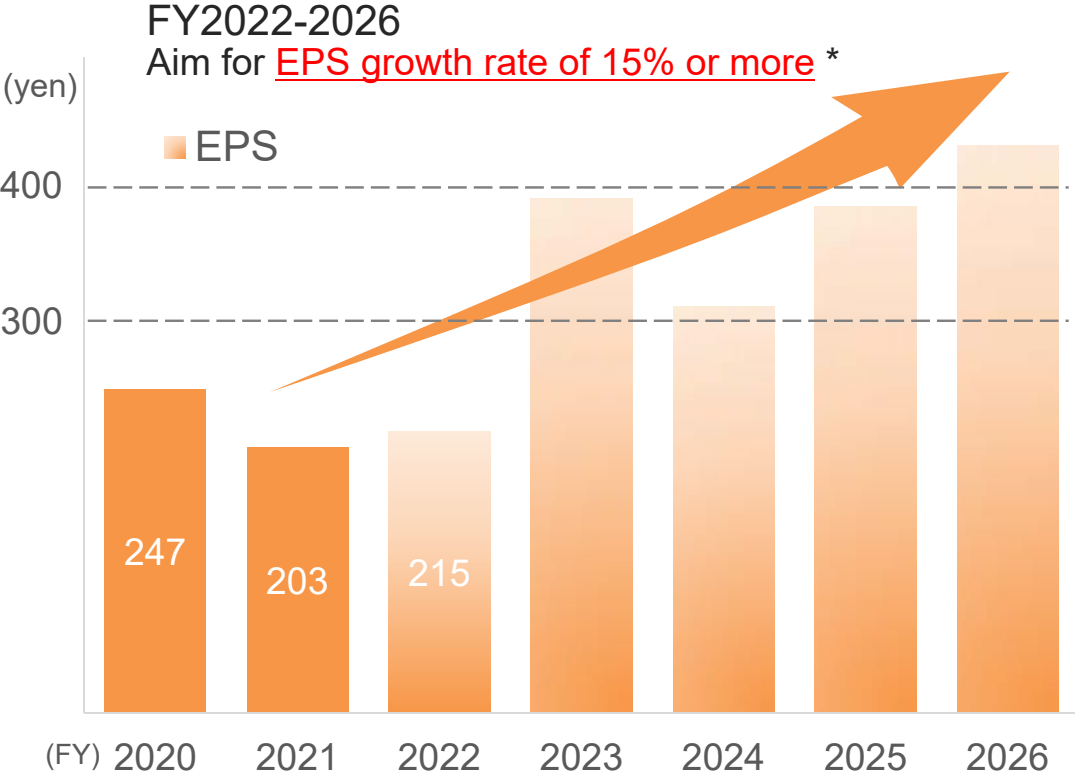
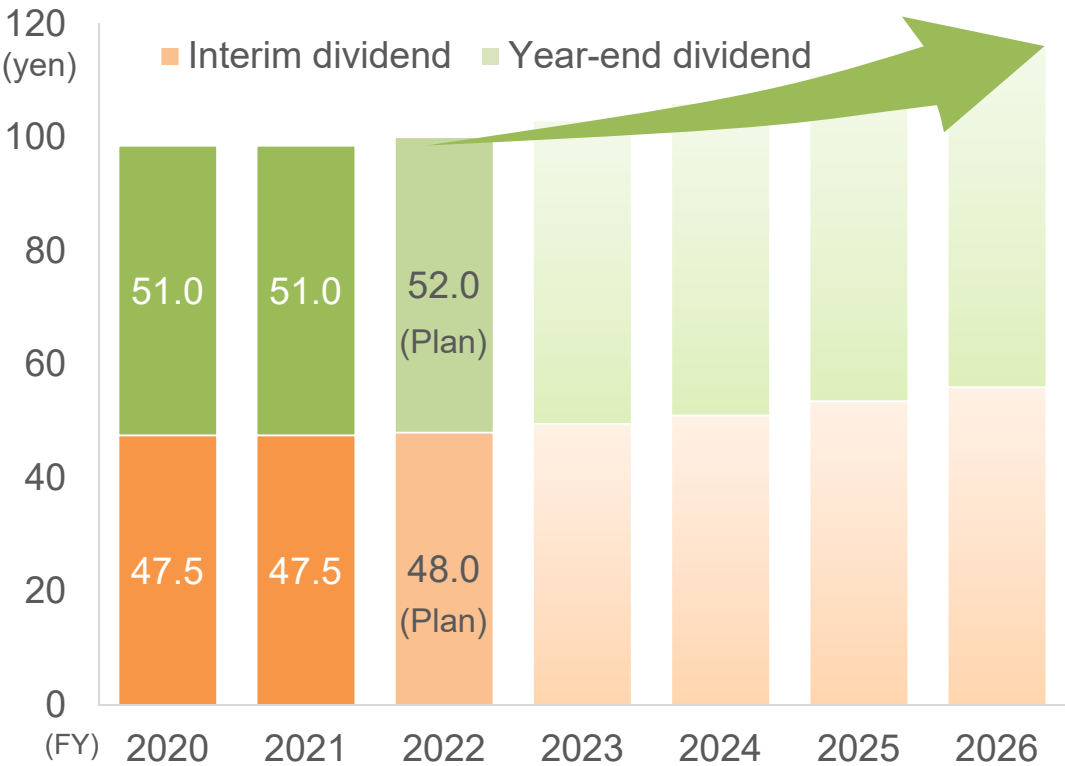
- ✓ For the time being, priority is given to reducing debt
- ✓ FY2025 target: less than 2.0 times (consolidated) / less than 2.2 times (consolidated after adjustment)



* Adjusted Debt / EBITDA ... Excluding financial services business, Net Debt / EBITDAR management accounting figures
(Net Debt: Debt + on-balance lease – cash and deposit and other adjustment)

Shareholder Return

Based on the **stable and continuous improvement of dividends per share**, **implement flexible shareholder returns** taking into account the level of free CF and stock prices.



* Estimated by CAGR (Compound Annual Growth Rate) for FY2021.

* FY2023 figures include SLB impact on Speedway.

Consolidated Financial Numerical Targets

	FY2021 results	FY2026 targets
EBITDA	626.8 billion yen	1 trillion yen or more
Operating CF (excluding financial services) *1	456.7 billion yen	800 billion yen or more
Free CF level (excluding financial services) *2	132 billion yen	400 billion yen or more
ROE	6.8 %	10 % or more
ROIC (excluding financial services) *3	4.7 %	7 % or more
Debt/EBITDA ratio	2.8 times	Less than 2.0 times
Adjusted Debt/EBITDA ratio	-	Less than 2.2 times
EPS growth rate (CAGR)	-	15 % or more

* 1 Management accounting figures based on NOPAT excluding the financial services business.

* 2 Management accounting base figures excluding financial services business. M&A is calculated by excluding it from investment CF as a strategic investment.

* 3 ROIC: Calculated as {net income + interest expense x (1-effective tax rate)} / {equity capital + debt (average at the beginning and end of the period)}.

With livings - Seven & i Group



The information disclosed by the Company may contain forward-looking statements. These statements are based on management's judgment in accordance with materials available to the Company at the time of disclosure, with future projections based on certain assumptions. The forward-looking statements therefore incorporate various risks, estimates, and uncertainties, and as such, actual results and performance may differ from the future outlook included in disclosed information due to various factors, such as changes in business operations and the financial situation going forward.