



Seven & i Holdings Co., Ltd.

Our Board of Directors' Opinion on the Shareholder Proposal

April 18, 2023

This document is intended to explain and clarify the opinion of the Board of Directors regarding certain statements made by ValueAct Capital (“VAC” or “ValueAct”) and the shareholder proposals dated as of March 23, 2023. It is not a solicitation to have Seven & i or a third-party exercise voting rights on shareholders’ behalf with respect to the proposals to be discussed at the annual general meeting of shareholders announced on the same day.

Information other than information from Seven & i described in this document is created based on information available to the public. However, Seven & i does not guarantee the accuracy, validity or completeness of such information, and does not bear any responsibility for decisions made using said information.

This document also refers to forward-looking prospects based on Seven & i’s current plans, estimates, forecasts and predications regarding our business and industry trends. These forward-looking statements are subject to various risks and uncertainties.

Risks known or unknown, uncertainties and other factors may cause results to differ from those given in our forward-looking statements. Seven & i cannot promise that our forward-looking statements and predictions will be correct, and results may differ substantially from our forward-looking statements.

The forward-looking statements contained in this document are made by Seven & i based on information available as of April 18, 2023. We do not intend to update or amend any of our forward-looking statements to reflect future events or circumstances.

Agenda

- 1 Executive Summary
- 2 An Introduction to Seven & i Holdings
- 3 Successfully Evolving Strategy to Deliver Results
- 4 Strong Independent and Qualified Board to Oversee Strategy
- 5 Seven & i has Actively Engaged with ValueAct
- 6 ValueAct's Demands are Not in the Interest of All Shareholders
- 7 Conclusion

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Executive Summary

Delivering on Long-Term, Value-Creation Strategy

Seven & i Holdings (“7&i”, the “Company” or “we”) and Seven & i Group (the “Group”) has built a strong foundation of businesses to achieve our objectives

- ✓ 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

Strategic Approach to Portfolio Optimization

7&i has taken substantial action to grow corporate / shareholder value with expansive and sweeping changes to its business

- ✓ Continue to prioritize our resources and capital allocation to grow our Convenience Store (“CVS”) business with a food-centric focus
- ✓ Accelerated investment in CVS business to drive growth globally; including the acquisition of Speedway (2021) and Sunoco (2018), as well as the strategic investment in our Vietnam business (2023)
- ✓ Track-record of business optimization including completing the divestitures of OSHMAN’S JAPAN (2022) and Francfranc (2021), and announcing the divestitures of Sogo & Seibu (2022), Barneys Japan (2023) and the realignment of Financial Services (2023)

Raised Medium-Term Guidance and Driving Performance

The plan announced on March 9, 2023 raised FY2025 targets for EBITDA, Operating Cash Flow, and Free Cash Flow. This reflects management’s confidence that its business plan can deliver strong performance by pursuing the path it has outlined

- ✓ Achieved record high operating revenue and income at all levels during fiscal year 2022; committed to achieving ROE of 11.5% or more (raised by ~1.5%) and ROIC of 8.0% (raised by ~1.0%) or more by the end of fiscal year 2025

Refreshed Board Composed of Majority Independent Outside Directors Holding the Business Accountable

Company renewed and upgraded its Board composition in May 2022 with six new independent outside directors; our highly experienced directors actively and openly discuss group strategy to best serve the interests of our shareholders and will continue to review the optimal group structure and strategic alternatives (IPO, spin-off, etc.) through the Strategy Committee process

- ✓ Differentiated diversity at Board level relative to other Japanese companies (majority independent outside directors, five non-Japanese directors and three female directors), established a Strategy Committee (solely composed of independent outside directors), and hired outside advisors to comprehensively evaluate strategic alternatives

ValueAct Has a Short-Sighted Approach

7&i has been steadily evolving the business, achieving a significant transformation in recent years. ValueAct's proposal would effectively halt this momentum, overturning months of progress made by the Strategy Committee, broader organization and our stakeholders, risking the potential for long-term corporate / shareholder value creation

- ✓ ValueAct has not shown any concrete growth strategy, and continues to be close-minded and overly focused on a spin of 7-Eleven; we have continually stated that we (led by our Strategy Committee) have, are and will continue to evaluate these alternatives

ValueAct Proposal Based on Superficial Understanding of Business

By leveraging our competitive strength in food, our CVS business can provide the highest-quality food offerings compared to its competitors – a true differentiator in the industry. VAC's proposal would eliminate these critical product development and supply chain network synergies and damage our competitive position

- ✓ None of ValueAct's nominees have experience in significant business transformations, while our nominees have Japanese and international strategy experience and business execution experience through all business cycles

It Would Replace Strong, Seasoned Directors with Underqualified Candidates

Three of VAC's nominees have no food or retail experience and the fourth has a highly checkered history with no relevant experience in the past five years in a rapidly evolving industry. Meanwhile, 7&i's nominees have deep knowledge of the challenges and opportunities in our business as executives and directors, along with a track record of creating value and taking proactive steps to streamline our business

- ✓ Our nominees have diverse skillsets and proven track records of helping public companies drive disciplined growth, profitability and stakeholder value, along with a track record of willingness to pursue divestitures, re-organizations or transformational M&A opportunities when it maximizes corporate / shareholder value

7&i's Refreshed Board is Committed to Delivering Superior Shareholder Value and VAC's Proposal Would Impede Progress and Risk Destroying Shareholder Value

A Message from the Independent Outside Directors of Seven & i Holdings (April 6, 2023)

To our shareholders and all other stakeholders,

- Seven & i Holdings **renewed and upgraded** its Board composition following the annual meeting on May 26, 2022. Since that date, our majority independent outside directors have actively and openly discussed our Group strategy to **serve the best interests of our shareholders**
- The Group Strategy Reevaluation initiated by our Board in late 2022 was a **holistic effort to accelerate** our group growth strategy
- Our announcement on March 9, 2023, including the establishment of the Strategy Committee, is the outcome of intense discussion among the Board, and has **unanimous support among all our Board members**
- Seven & i Holdings’ Board is **committed to maximizing long-term corporate value**
- The Board will **continue to review** optimal group structure and strategic alternatives (IPO, spin-off, etc.) comprehensively and objectively through the Strategy Committee process
- The Seven & i Holdings independent outside directors are **entirely focused on serving our shareholders** and all our stakeholders to create value and continuously ensure corporate governance best practices

Kunio Ito Lead Independent Outside Director	Toshiro Yonemura Independent Outside Director	Yoshiyuki Izawa Independent Outside Director	Meyumi Yamada Independent Outside Director	Jenifer Simms Rogers Independent Outside Director	Paul Yonamine Independent Outside Director	Stephen Hayes Dacus Independent Outside Director	Elizabeth Miin Meyerdirk Independent Outside Director
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Seven & i Holdings Overview

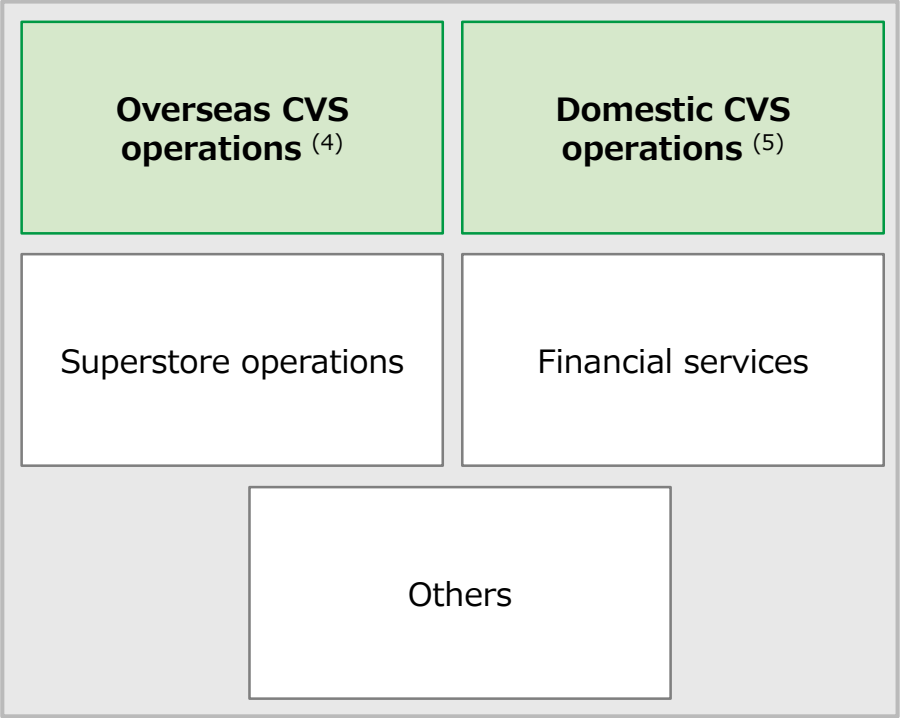
- Global retail group headquartered in Tokyo, Japan
- Established in 2005 as part of a corporate restructuring to serve as the holding company of SEVEN-ELEVEN JAPAN CO., LTD (“SEJ”), Ito-Yokado Co., Ltd. and its other business ventures
- Today, 7&i is a world-class global distribution network consisting of approx. **85,000** stores across **20** countries and regions around the world ⁽¹⁾
 - Network of c-stores, superstores, and specialty stores
- Leading retail innovation through global growth strategies centered around the 7-Eleven business and proactive utilization of technology
- The Group aims to drive growth and unlock operational efficiencies across business segments and global regions by facilitating worldwide collaboration, including exchange of licenses, human resources, SDGs, IT digital solutions and joint procurement and merchandise development

Key Company Statistics

JPY11.8Tn FY2022 Revenue from operations	JPY506.5Bn FY2022 Operating Income	JPY995.3Bn FY2022 Adj. EBITDA ⁽²⁾
Approx. 85,000 Stores Across 20 Countries / regions ⁽¹⁾	59.8MM FY2022 Customers / Day (Domestic and Overseas Stores)	167,248 FY2022 Employees

(1) As of February 2023
(2) EBITDA calculated by operating income + D&A + goodwill amortization
(3) New segment from the fiscal year ending February 29, 2024

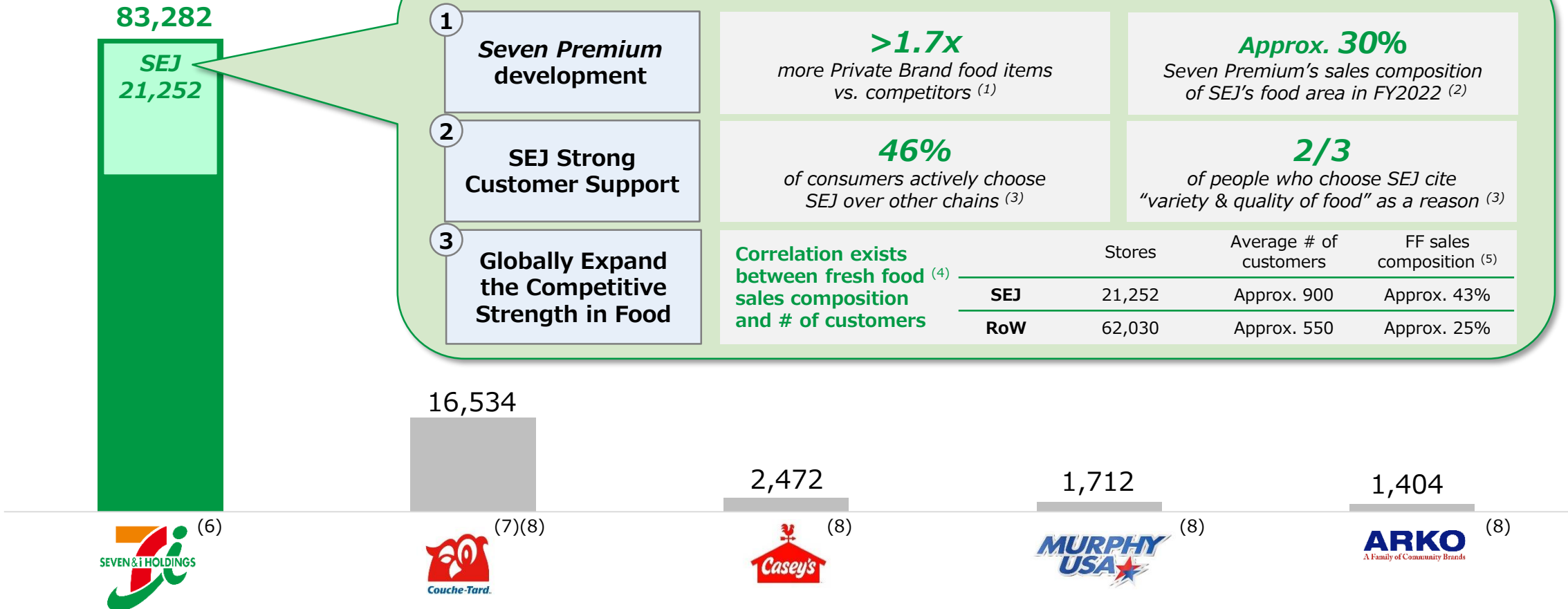
Seven & i Holdings Business Segments ⁽³⁾



(4) Mainly operated by 7-Eleven, Inc. (“SEI”)
(5) Mainly operated by SEJ

Consolidation of the Group's Resources Supports the Competitiveness of 7-Eleven as the Largest Global CVS Chain

Number of Stores Globally



(1) Based on research in June 2022 of comparable Japanese convenience stores
(2) As of the fiscal year ending February 28, 2023
(3) Based on research in September 2022 of comparable Japanese convenience stores
(4) Fresh Food ("FF") constitutes instant food and daily food
(5) As of the fiscal year ending February 28, 2022
(6) 7-Eleven stores operated directly by subsidiaries and by companies in each country granted a defined license, as of February 28, 2023
(7) Includes the 2,193 TotalEnergies stores acquired on March 16, 2023
(8) As of December 2022

Agenda

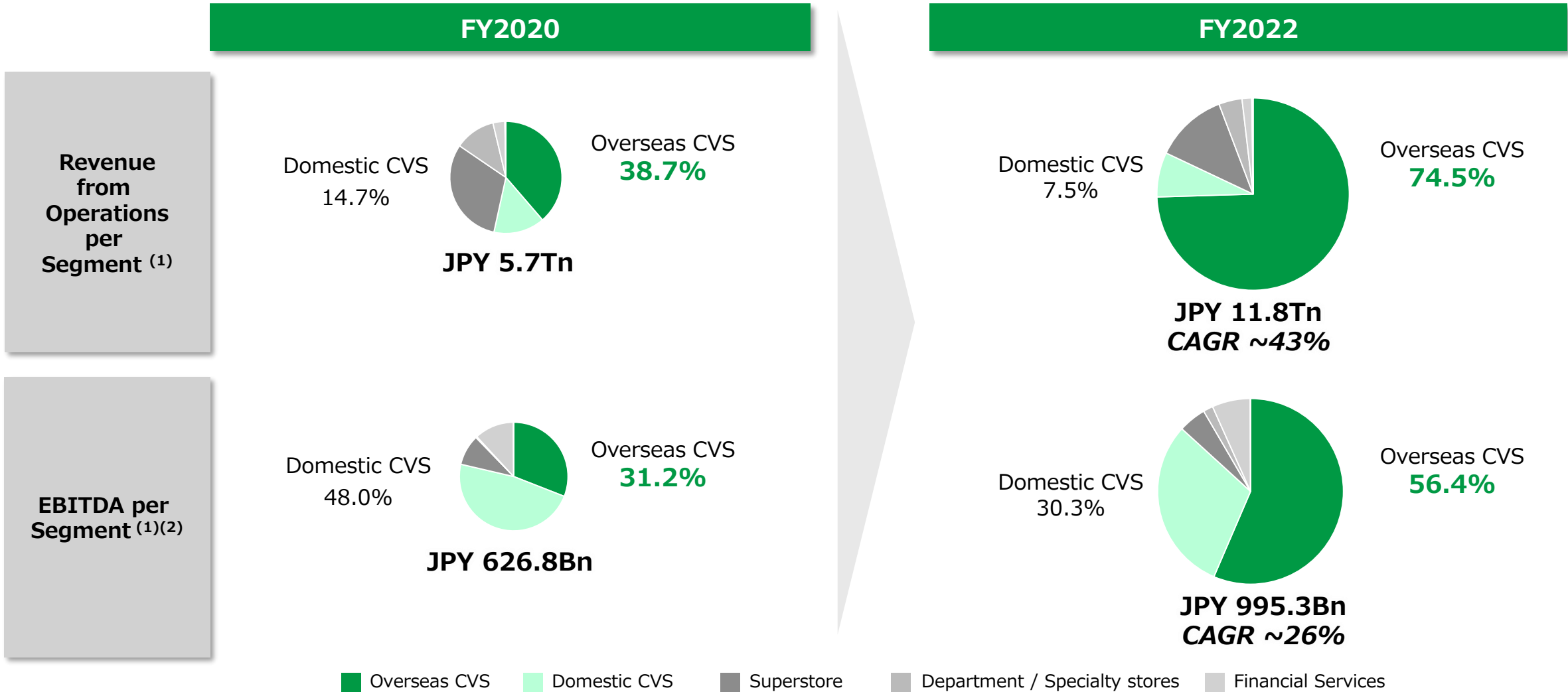
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We Initiated a Radical Portfolio Change...

To Become a World-Class Retail Group



<div> </div> <p>April 2017</p> <p>Announcement of the acquisition of a part of Sunoco</p> <div>Investment</div>	<div> </div> <p>August 2020</p> <p>Announcement of the acquisition of Speedway</p> <div>Investment</div>	<div> </div> <p>July 2021</p> <p>Announcement of the partial sale of Francfranc</p> <div>Optimization</div>	<div> </div> <p>January 2022</p> <p>Launch of 7-Eleven International LLC</p> <div>Investment</div>	<div> </div> <p>February 2022</p> <p>Announcement of the sale of OSHMAN'S JAPAN</p> <div>Optimization</div>	<div> </div> <p>November 2022</p> <p>Announcement of the sale of Sogo & Seibu</p> <div>Optimization</div>	<div> </div> <p>February 2023</p> <p>Decided to invest additionally in Vietnam Business</p> <div>Investment</div>	<div> </div> <p>April 2023</p> <p>Realignment of Financial Services Business</p> <p>Announcement of the sale of Barneys Japan</p> <div>Optimization</div>
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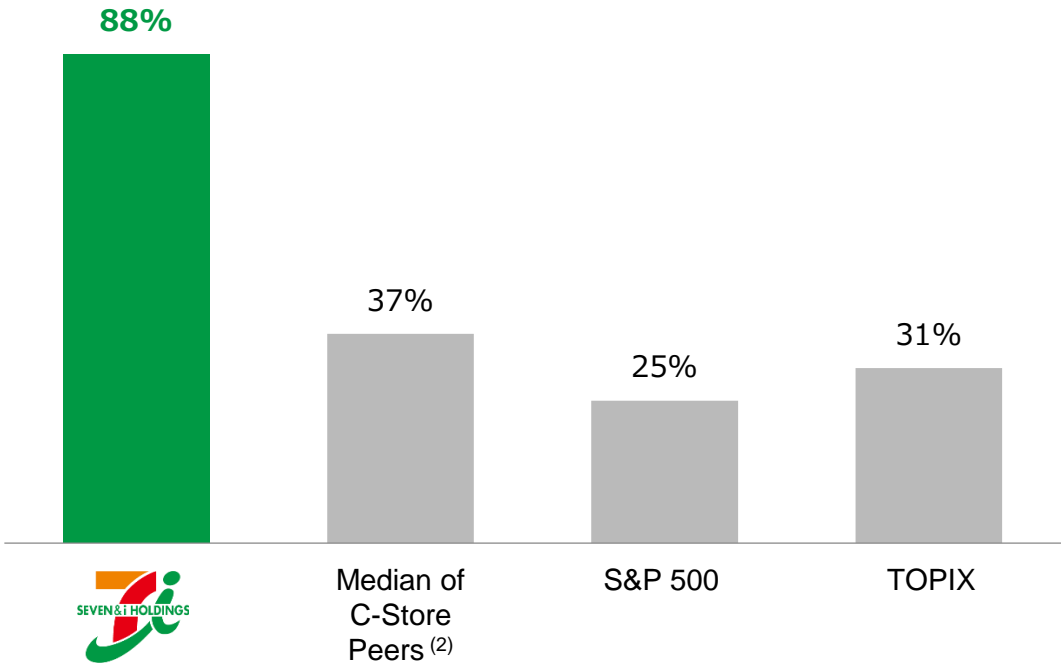


Total Shareholder Return Comparison

Total Shareholder Return Has Exceeded Key Peers Across Recent & Relevant Milestones

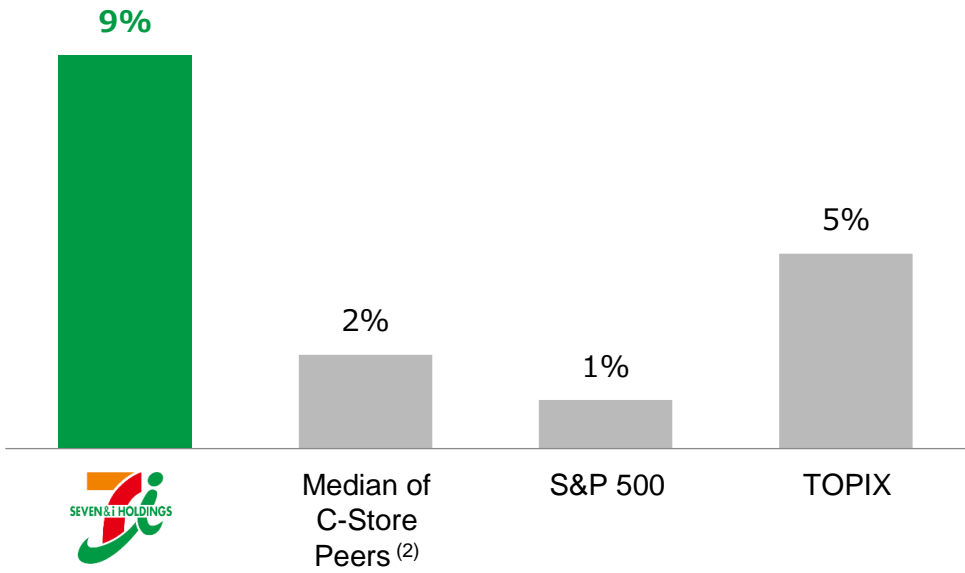
Total Stockholder Return – Since Announcement of Speedway Acquisition

August 1, 2020 – Current ⁽¹⁾



Total Stockholder Return – Since Board Refresh and Appointing Six New Independent Outside Directors

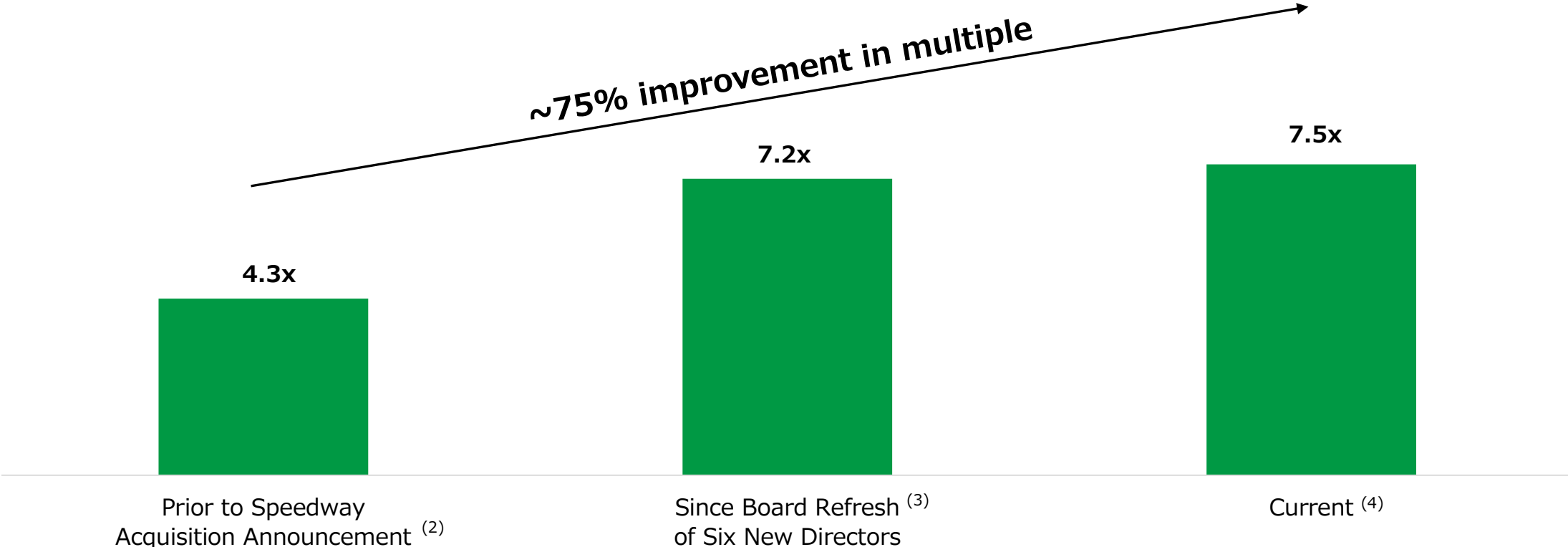
May 26, 2022 – Current ⁽¹⁾



(1) Capital IQ as of April 7, 2023
 (2) C-Store peers include Alimentation Couche-Tard, Arko, Casey’s and Murphy USA

Expansion of Valuation Multiple Since Speedway Acquisition

Aggregate Value / NTM EBITDA Expansion Over Time ⁽¹⁾

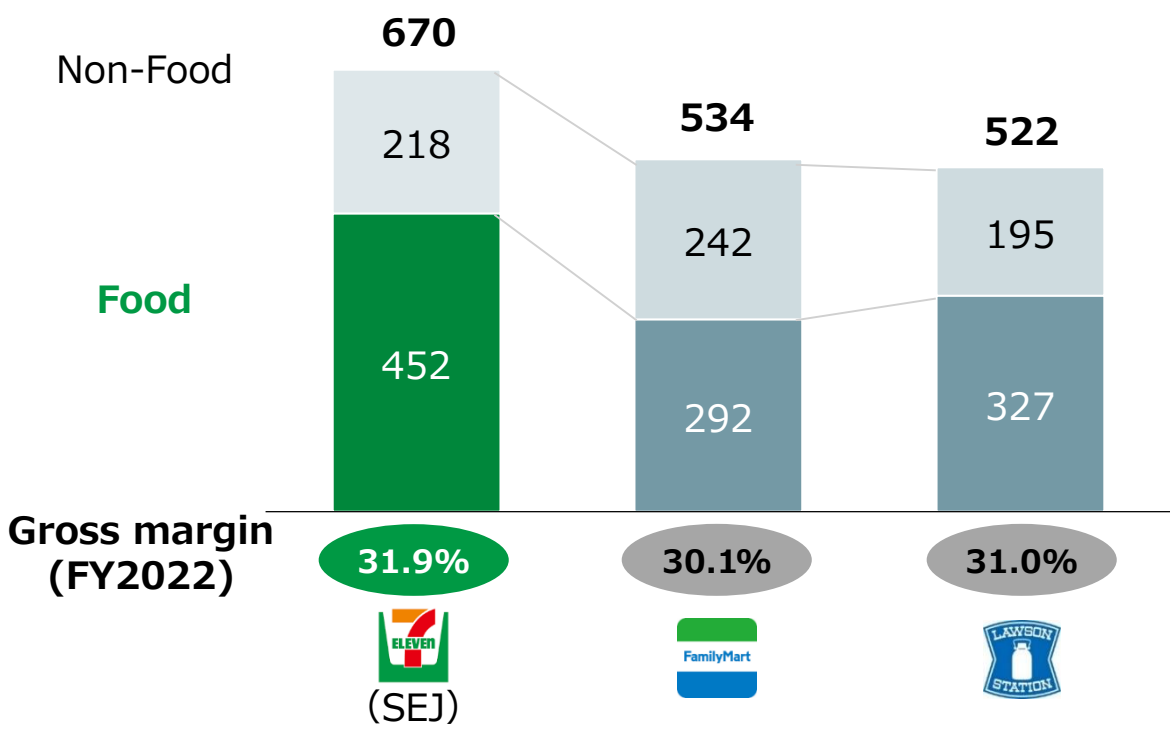


(1) Per Capital IQ; Aggregate Value inclusive of total lease liabilities
 (2) Reflects ending multiple the trading day prior to announcement on August 1, 2020 (as of July 31, 2020)
 (3) Reflects ending multiple the trading day of approval during 2022 AGM (as of May 26, 2022)
 (4) Capital IQ as of April 7, 2023

We Will Leverage Our Historical Strength in Food and Optimally Allocate Management Resources to Become a Global Retail Group with Food at its Core

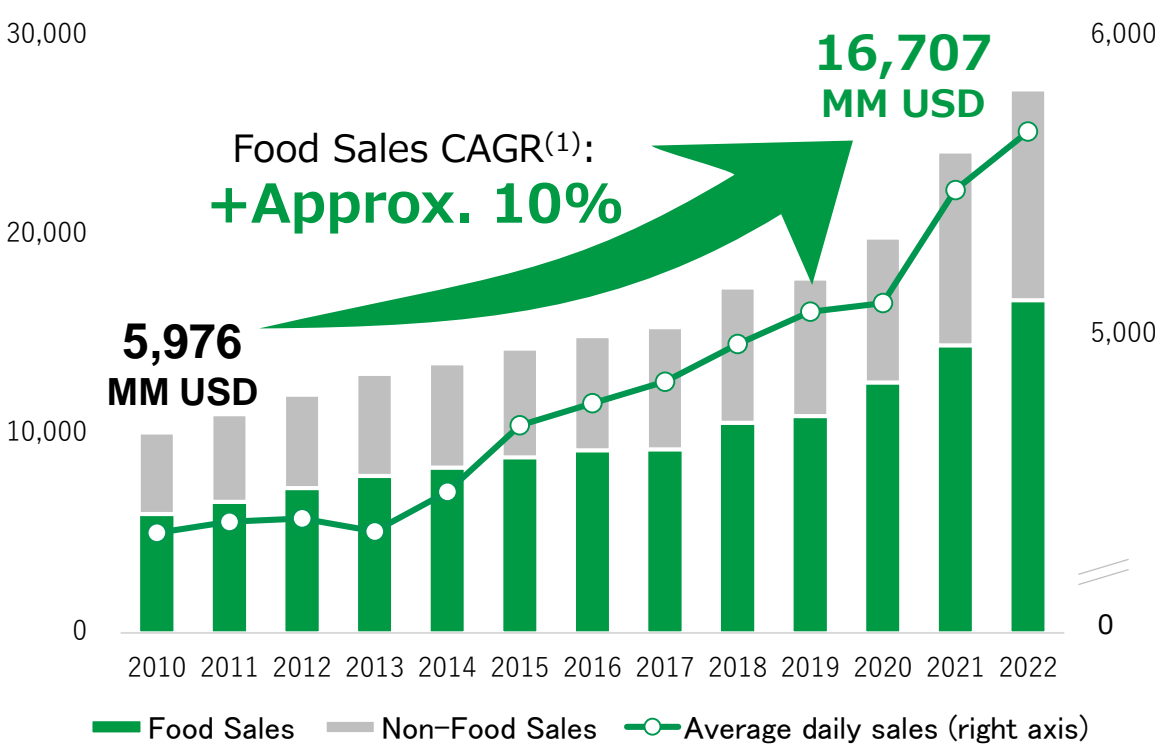
SEJ's competitive strength is highlighted through food...

Daily sales by segment
(thousands, JPY, FY2022)



...which also drives SEI growth

SEI sales by segment and average daily sales
(MM USD)



(1) Compound Annual Growth Rate of SEI's food sales from 2010 to 2022

Analysts Support the Strategy Outlined in Our Revised Medium-Term Management Plan

Analysts Have Complimented Management's Optimization Efforts...

Jefferies

April 6, 2023

"7&i announced the sale of Barneys Japan (select apparel retailer) to LAOX for undisclosed amount, **which we view as positive as it reflects 7&i's continuous efforts in optimizing business portfolio.**"

MIZUHO

April 6, 2023

"Some shareholders believe that the company's restructuring measures have been found lacking, but **we think management has been making steady progress with such initiatives** since 2021 as it focuses resources on convenience stores in the US and Japan."

...Setting the Tone for Solid Near-Term Guidance...

J.P.Morgan

April 6, 2023

"...guidance gives the impression of **steady progress on measures and management's confidence.** Management expects profit growth in the superstore business, with a normalization of business conditions for Chengdu Ito-Yokado but some weakness for Ito-Yokado and York-Benimaru."

MorganStanley MUFG

March 10, 2023

"Consolidated financial KPIs for F2/26 have been updated. The target for **EPS CAGR has been raised from 15%+ originally** to 18%+, and the **EBITDA target from ¥1trn+ to ¥1.1trn+, with thriving CVS business in Japan and overseas forming the backdrop.**"

...Leading to Expectations of Enhanced Shareholder Return

NOMURA

April 6, 2023

"We still think **Seven & i Holdings has plenty of valuation appeal** as it pushes ahead with initiatives in Japan and North America."

CREDIT SUISSE

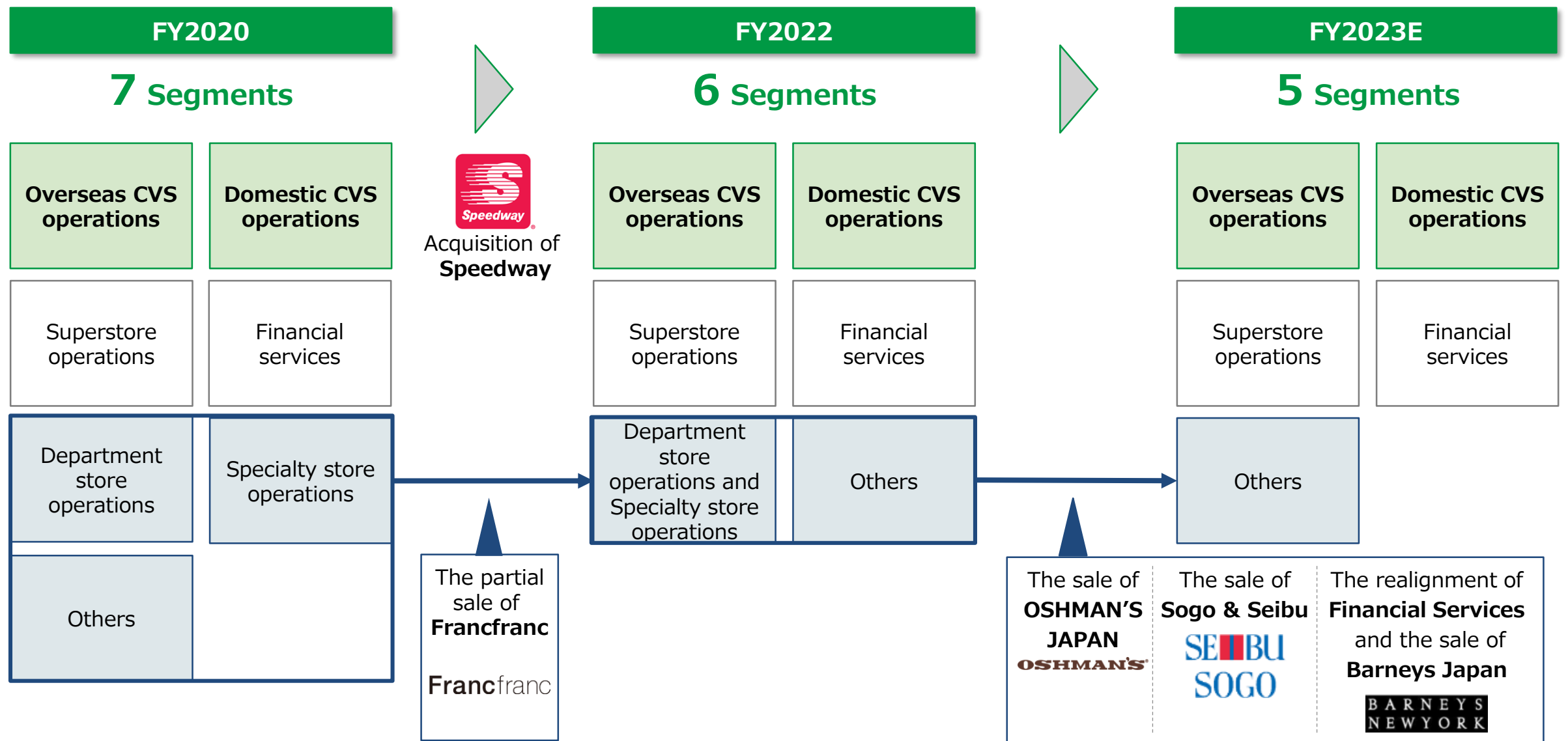
March 13, 2023

"**The company has made a full-fledged review** of its investment discipline as part of its financial strategy and has also **stepped up efforts to balance growth and shareholder returns** through a review of its capital allocation."

Execution Toward to the Revised Management Plan is Still in the Early Innings

7&i Is Successfully Evolving Our Business

i Simplifying Business Structure	<ul style="list-style-type: none"> ✓ Our strategic focus has been to transform ourselves into a global retail group through CVS business' growth strategy; accelerating strategic investment in CVS business and business portfolio optimization ✓ Selectively narrowed our business segments from 7 to 5 within 3 years based on our business strategy
ii Optimizing Business Structure Selectively	<ul style="list-style-type: none"> ✓ Executed growth investments in CVS business including the acquisition of Speedway and Sunoco, as well as the strategic investment in our Vietnam business ✓ Track-record of business portfolio optimization including completing the divestiture of OSHMAN'S JAPAN and Francfranc, announcing the divestiture of Sogo & Seibu and Barneys Japan, and the re-organization of Financial Services
iii Commitment to Continually Evaluate and Strengthen Governance	<ul style="list-style-type: none"> ✓ Implemented "Group Strategy Reevaluation"; Board unanimously supports strategy and establishment of the Strategy Committee ✓ Strategy Committee composed solely of independent outside directors continue to objectively and comprehensively review the optimal group structure and assess and recommend strategic alternatives (IPO, spin-off, etc.)
iv Improved Financial Performance	<ul style="list-style-type: none"> ✓ Updated the Medium-Term Management Plan targets following strong financial performance and the Group Strategy Reevaluation ✓ FY2022 consolidated results achieved record highs from operations and income at each level
v Improving Shareholder Return	<ul style="list-style-type: none"> ✓ Plan to achieve a total shareholder return ratio of over 50% (cumulative total return to shareholders from FY2023 to FY2025) ✓ Continued stable improvement of dividends per share



Select Investments

Example



April 2017

Rationale

- Crucial opportunity to acquire high quality stores to increase the exposure in North America, while major gasoline company withdrawing from retail business
- Increases logistics efficiency in SEI existing store-opening areas by strengthening the store network in the existing store areas



August 2020

- Iconic brand and a strong strategic fit
- Significantly diversified our presence in North America, particularly in the Midwest and on the East Coast, and was a significant opportunity to optimize relationships with vendors and business partners

Launch of 7-Eleven International



January 2022

- Synergistic global alliance developed to accelerate the growth of global CVS outside of Japan and North America
- Enables efficient support of stores in existing countries, expansion into countries with whitespace and strategic investments in licenses

Additional Investment in Vietnam Business



February 2023

- Opportunity to pursue accelerated profit growth through strategic investment in licensed business
- Ample headroom for implementation of operational efficiencies to drive margin and improve average daily sales

(1) Including not completed transactions

Select Divestments ⁽¹⁾

Example

Francfranc

July 2021

Rationale

- JGIA agreed to invest in a limited partnership which would advance Francfranc's digital transformation and strengthen its e-commerce channel
- Agreed to the partial sale after concluding the partnership would enhance the corporate value of both Francfranc and the Group

OSHMAN'S

February 2022

- As outlined in the Medium-Term Management Plan, executed bold reforms in the focus restructuring areas and considered how best to promote the brand
- Sale enables the Group to continue the path towards capital recovery and invest in growth areas

SEIBU
SOGO

November 2022

- Challenging department store operating environment
- Through the sale, specifically pursued maximization of Sogo & Seibu's corporate value through realization of the potential value of its real estate assets



April 2023

- Part of the Business Structure Transformation to focus on the growth strategy of the CVS business and achieve an optimal allocation of management resources
- Through the sale of the apparel business which is low profitability to Laox Holdings, generating synergy and promoting the growth of this business

We Performed a Comprehensive Review...

Description

- Our newly transformed board performed an extensive discussion on group’s various strategic alternatives through our Group Strategy Reevaluation process

Members

Newly Transformed Board Comprised of Majority Independent Outside

Executives



Ryuichi Isaka Katsuhiro Goto Junro Ito Fumihiko Nagamatsu Joseph Michael DePinto Yoshimichi Maruyama

Independent Outside Directors



Kunio Ito Toshiro Yonemura Yoshiyuki Izawa Meyumi Yamada Jenifer Simms Rogers Paul Yonamine Stephen Hayes Dacus Elizabeth Miin Meyerdirk

Purpose

- Identify Group’s top strategic priorities
- Revisit Group’s business potential and profitability
- Review various strategic alternatives through multifaceted assessment

...And Are Committed to Continuous Evaluation

- This year, the Board established a Strategy Committee comprised solely of independent outside directors who will continually monitor the group's overall strategy and performance

Strategy Committee Comprised Solely of Independent Outside Directors



Chair

Director Stephen Hayes Dacus



Director Kunio Ito



Director Toshiro Yonemura



Director Yoshiyuki Izawa



Director Meyumi Yamada



Director Jenifer Simms Rogers



Director Paul Yonamine



Director Elizabeth Miin Meyerdirk

- Monitor the progress of the Group’s important strategies
- Continue to comprehensively and objectively review the optimal group structure and any potential strategic alternatives (IPO, spin-off, etc.)

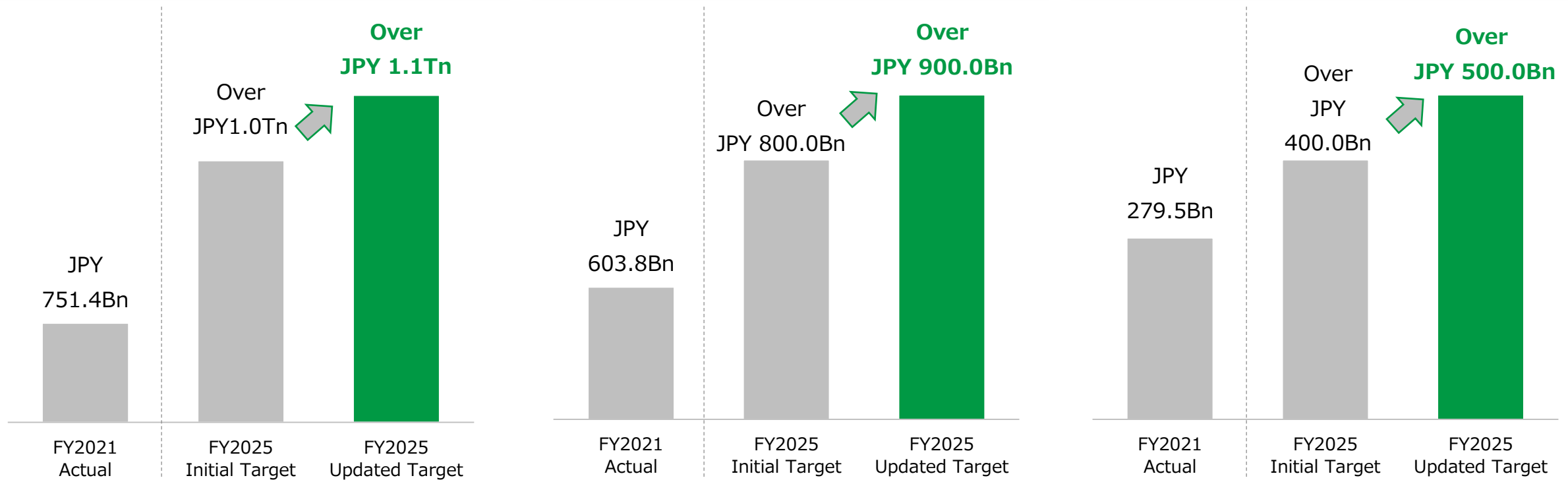
Updates to the Medium-Term Management Plan Following Strong Financial Performance and the Group Strategy Reevaluation

Aim to Improve Profitability and Increase Cash Flow

EBITDA⁽²⁾

Operating Cash Flow (Excl. Financial) ⁽³⁾

Free Cash Flow (Excl. Financial) ⁽⁴⁾



(1) Excluding considerations for strategic investments such as M&A

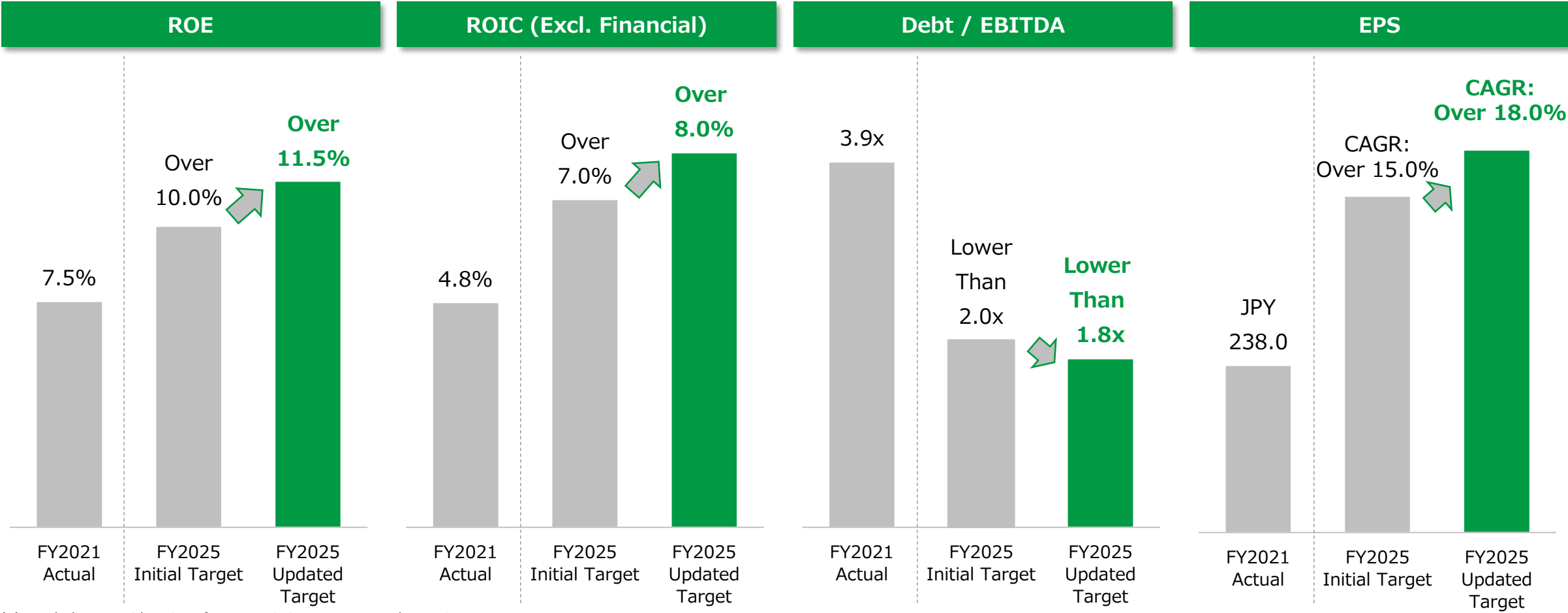
(2) EBITDA calculated by operating income + D&A + goodwill amortization

(3) Management accounting figures based on NOPAT excluding financial services

(4) Management accounting figures excluding financial services. Cash outflow from M&A considered as strategic investments and excluded from investing cash flow

Updates to the Medium-Term Management Plan Following Strong Financial Performance
 and the Group Strategy Reevaluation

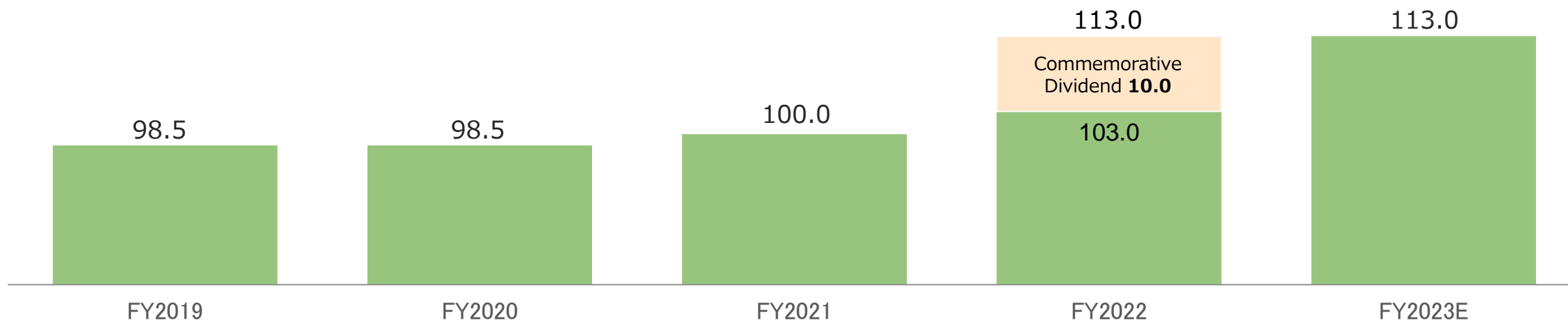
Aim to Strengthen Both Capital Efficiency and B/S, and EPS Growth



(1) Excluding considerations for strategic investments such as M&A

**Basic Shareholder
Return Policy**

Achieve a total shareholder return ratio of over 50%
(cumulative total return to shareholders from FY2023 to FY2025)

Dividends Per Share Trend (yen)

**Increase Operating Cash Flow and Focus on Investments in the Growth Driver of CVS Operations
as well as Ensuring Financial Soundness**

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A Governance Structure Transformation (April 7, 2022)

- Announced that the Board will be composed of majority independent outside directors and we will further enhance the Skill Matrix by strengthening Board diversity, including the number of female and non-Japanese directors, in order to effectively monitor our diverse business

B Group Strategy Reevaluation (Fall 2022 – March 9, 2023)

- Announced that the Board of Directors has identified the Group's top strategic priorities based on Board meetings and several discussion sessions:
 - ✓ Further accelerate the shift from general retail business
 - ✓ Focus on the growth strategy of the CVS operations, and achieve an optimal allocation of management resources to become a global retail group with our competitive strength in food at its core

C Establishment of the Strategy Committee (March 9, 2023)

- Established the Strategy Committee composed solely of independent outside directors to monitor the progress of the Group's important strategies and continue to objectively and comprehensively review the optimal group portfolio structure and strategic alternatives (IPO, spin-off, etc.)

The Board has Transformed to be Composed of Majority Independent Outside Directors, and Enhanced the Skill Matrix by Strengthening Board Diversity in Order to Effectively Monitor Our Diverse Business – this Transformation has Created a Board that is Among the Most Independent in All of Corporate Japan

Board Evolution Over Time

FY2021

FY2022

of
Independent
Outside
Directors

5
(Over **33%**)

8
(**Majority**)

of Non-
Japanese
Directors

1
(Proportion: **~8%**)

5
(Proportion: **~35%**)

of Female
Directors

1
(Proportion: **~8%**)

3
(Proportion: **~21%**)

General Japanese Companies

c. **21%**

More than 5 Independent Outside Directors ⁽¹⁾

c. **12%**

Majority Independent Outside Directors ⁽¹⁾

5% Portion of Non-Japanese Directors ⁽²⁾

15% Portion of Female Directors ⁽²⁾

(1) Reflects listed companies on Prime Market of the Tokyo Stock Exchange as of August 1, 2022

(2) Reflects Nikkei 225 Companies as of June, 2022

	Yoshiyuki Izawa	Meyumi Yamada	Jenifer Simms Rogers	Paul Yonamine	Stephen Hayes Dacus	Elizabeth Miin Meyerdirk
						
	Director since 2022	Director since 2022	Director since 2022	Director since 2022	Director since 2022	Director since 2022
7&i Committee Membership	Nomination Committee, Strategy Committee	Nomination Committee, Strategy Committee	Compensation Committee, Strategy Committee	Strategy Committee	Strategy Committee (Chair), Nomination Committee	Strategy Committee
Key Recent Experience (Tenure)	<ul style="list-style-type: none"> Outside Director of Nitori Holdings (since 2022) Former Chairman and CEO, Representative Director of BlackRock Japan (2015 – 2022) Former Representative Director, Executive Vice President of Mitsui & Co (2008 – 2009) 	<ul style="list-style-type: none"> Outside Director of SOMPO Holdings (since 2021) Outside Director of SEINO HOLDINGS (since 2017) Representative Director experience including as Co-Founder of istyle (since 1999) 	<ul style="list-style-type: none"> Outside Director of Nissan (since 2019) Outside Director of Kawasaki Heavy Industries (since 2018) Outside Director of Mitsui & Co (since 2015) 	<ul style="list-style-type: none"> Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial (since 2023) Outside Director of Sumitomo Mitsui Banking (since 2019) Former President of IBM Japan (2015 – 2017) 	<ul style="list-style-type: none"> Chair of Daiso California LLC (since 2021) Former Chairman and Representative Director Sushiro Global Holdings (2016 – 2017) Former CEO of Walmart Japan Holdings (now Seiyu Holdings Co.) (2011 – 2015) 	<ul style="list-style-type: none"> Chairwoman & CEO of Hey Favor (since 2020) Former Senior Director & Head of Strategy & Business Development, Head of Ads Marketplace at Uber Eats, Uber Technologies (2019 – 2020) Former Vice President of viagogo Entertainment (2012 – 2015)
Key Skillsets	<ul style="list-style-type: none"> ✓ High-level knowledge and experience regarding finance and capital markets ✓ CEO experience including CEO of BlackRock Japan 	<ul style="list-style-type: none"> ✓ High-level knowledge and experience in e-commerce, digital transformation and marketing ✓ CEO experience including as Co-Founder of istyle 	<ul style="list-style-type: none"> ✓ Extensive experience as an outside director of Japanese companies ✓ Expertise in international business, risk management, and legal affairs 	<ul style="list-style-type: none"> ✓ High-level knowledge and experience regarding global business ✓ CEO experience including as President of IBM Japan 	<ul style="list-style-type: none"> ✓ Extensive knowledge and experience regarding global retail business ✓ CEO experience including CEO of Walmart Japan 	<ul style="list-style-type: none"> ✓ High-level knowledge and experience in retail, digital and marketing ✓ CEO experience and co-founder of Uber Eats, a division of Uber Technologies

Current Board Composition – FY2022 ⁽¹⁾

 <p>Ryuichi Isaka</p> <p>President & Representative Director Director since 2009</p> <ul style="list-style-type: none"> Chair, CEO and President of Seven & i Holdings Director of 7-Eleven, Inc. Former COO and President of Seven-Eleven Japan Co. <p>Skills: ✓ Retail ✓ International business ✓ Marketing ✓ Organizational management ✓ Sustainability </p>	 <p>Katsuhiro Goto</p> <p>Vice President & Representative Director Director since 2005</p> <ul style="list-style-type: none"> Chief Administrative Officer of Seven & i Holdings Director of Seven-Eleven Japan Co. and Seven Bank <p>Skills: ✓ Retail ✓ Financial business ✓ Marketing ✓ Organizational management ✓ DX / IT / Security </p>	 <p>Junro Ito</p> <p>Sr. Managing Executive Officer & Representative Director Director since 2009</p> <ul style="list-style-type: none"> Chief Sustainability Officer, General Manager of ESG Development Division and Supervising Officer of Superstore operation at Seven & i Holdings Outside Public Boards: Ain Holdings Inc. <p>Skills: ✓ Retail ✓ Risk management / Crisis response / Legal ✓ Organizational management ✓ Sustainability </p>	 <p>Fumihiko Nagamatsu</p> <p>Director & Sr. Managing Executive Officer Director since 2018</p> <ul style="list-style-type: none"> Head of Domestic CVS operations (Japan) at Seven & i Holdings Representative Director and President of Seven-Eleven Japan Co. Director of 7-Eleven, Inc. <p>Skills: ✓ Retail ✓ Marketing ✓ Organizational management </p>	 <p>Joseph Michael DePinto</p> <p>Director & Sr. Managing Executive Officer Director since 2015</p> <ul style="list-style-type: none"> Head of Overseas CVS operations (North America) at Seven & i Holdings Director, President and CEO of 7-Eleven, Inc. Outside Public Boards: Brinker International, Inc., DHC Acquisition Corp. <p>Skills: ✓ Retail ✓ International business ✓ Marketing ✓ Organizational management ✓ DX / IT / Security </p>
 <p>Yoshimichi Maruyama</p> <p>Director & Managing Executive Officer Director since 2020</p> <ul style="list-style-type: none"> CFO and General Manager of Corporate Finance & Accounting Division of Seven & i Holdings Representative Director and President of Seven & i Financial Center Co. Director of 7-Eleven, Inc. <p>Skills: ✓ Financial business ✓ Finance ✓ Risk management / Crisis response / Legal </p>	 <p>Kunio Ito</p> <p>Lead Independent Outside Director Director since 2014</p> <ul style="list-style-type: none"> Adjunct Professor, Hitotsubashi University Specially Appointed Professor, Chuo University Outside Public Boards: Kobayashi Pharmaceutical Co., Toray Industries, Inc. <p>Skills: ✓ Sustainability ✓ Marketing ✓ DX / IT / Security ✓ Finance ✓ Accounting ✓ Risk management / Crisis response / Legal ✓ Organizational management </p>	 <p>Toshiro Yonemura</p> <p>Independent Outside Director Director since 2014</p> <ul style="list-style-type: none"> Former Superintendent General of the Tokyo Metropolitan Police Dept. and Deputy Chief Cabinet Secretary for Crisis Mgmt. Former Chief Security Officer at Tokyo Olympic and Paralympic Games Outside Public Boards: Kansaidengyosha Co., Ltd. <p>Skills: ✓ Risk management / Crisis response / Legal ✓ DX / IT / Security ✓ Organizational management </p>	 <p>Yoshiyuki Izawa</p> <p>Independent Outside Director Director since 2022</p> <ul style="list-style-type: none"> Former Chairman & CEO, Representative Director of BlackRock Japan Co. Former EVP at Japan Post Holdings Outside Public Boards: Nitori Holdings Co., Sanoh Industrial Co., Ltd <p>Skills: ✓ International organizational management ✓ Finance ✓ Business administration ✓ Capital markets </p>	 <p>Meyumi Yamada</p> <p>Independent Outside Director Director since 2022</p> <ul style="list-style-type: none"> Co-Founder of istyle Inc. Outside Public Boards: istyle Inc., Seino Holdings Co., Somo Holdings, Inc. <p>Skills: ✓ E-commerce ✓ Marketing ✓ Retail ✓ Digital transformation ✓ Organizational management ✓ Sustainability </p>
 <p>Jenifer Simms Rogers</p> <p>Independent Outside Director Director since 2022</p> <ul style="list-style-type: none"> General Counsel Asia of Asurion Former President of American Chamber of Commerce in Japan Outside Public Boards: Mitsui & Co., Kawasaki Heavy Industries, Nissan Motor Co. <p>Skills: ✓ Global legal ✓ Risk management ✓ Finance ✓ International business ✓ Sustainability </p>	 <p>Paul Yonamine</p> <p>Independent Outside Director Director since 2022</p> <ul style="list-style-type: none"> Chairman Emeritus & Director (Non Executive Director) of Central Pacific Financial Corp. and Central Pacific Bank Former President and CEO of IBM Japan Outside Public Boards: Sumitomo Mitsui Banking Corp., circlace Inc. <p>Skills: ✓ Digital transformation ✓ Organizational management ✓ Accounting ✓ International business ✓ Finance </p>	 <p>Stephen Hayes Dacus</p> <p>Independent Outside Director Director since 2022</p> <ul style="list-style-type: none"> Chair of the Board and Former CEO of Hana Group SAS Chair of Daiso California, Former CEO of Walmart Japan Holdings (now Seiyu Holdings Co.) Former Chairman and Representative Director of Sushiro Global Holdings <p>Skills: ✓ Retail ✓ International business ✓ Marketing ✓ Organizational management ✓ Finance ✓ International business </p>	 <p>Elizabeth Miin Meyerdirk</p> <p>Independent Outside Director Director since 2022</p> <ul style="list-style-type: none"> Hey Favor, Inc. Chairwoman & CEO Former Senior Director & Head of Strategy & Business Development, Head of Ads Marketplace at Uber Eats, Uber Technologies Former VP at viagogo Entertainment, Inc. <p>Skills: ✓ Retail ✓ Digital transformation ✓ Marketing ✓ Finance ✓ International business </p>	<p>Legend:</p> <ul style="list-style-type: none"> New Outside Director (added since 2022) Reappointed Outside Director Compensation Committee Nomination Committee Strategy Committee Committee Chair Independent Outside Director <p><i>Note: Additional management committees not included; our Audit & Supervisory Board is a separate body which sits outside of the full Board of Directors</i></p>

(1) Note: Does not include the two new directors expected to be nominated at the 2023 AGM or incumbent director stepping down

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The Board's Discussion, Including Our Independent Outside Directors, Covered The Group's Various Strategic Alternatives Comprehensively, Including Options Which Our Shareholders Encouraged Us to Consider

Our Intensive Reevaluation Process Has Been Performed Through a Multifaceted Assessment of Options

Key Questions









- What are our Group's top strategic priorities?
- Revisit mid- to long-term business potential and profitability
- What is our optimal Group business structure?
- What are the strategic alternatives to achieve such structure and how should that be assessed?

Outcomes / Continuous Transformation Initiatives

- Focus on growth strategy of CVS operations
- Become a global retail Group with our competitive strength in food at its core
- Implement profit improvement initiatives and continue to monitor progress
- Assessment of key criteria:
 - Fit to the Group's strategic rationale
 - Impact on the Group's competitiveness
 - Practical constraints and feasibility / timeframe
 - Potential economic impact
- Established the Strategy Committee composed solely of independent outside directors
 - Monitor the progress of the Group's strategic priorities
 - Continue to objectively and comprehensively review the optimal Group structure and strategic alternatives

Background	Purpose	Planned Actions
<ul style="list-style-type: none"> The Board established the Strategy Committee on March 9, 2023, composed solely of independent outside directors The committee retained external advisors to support its objective analysis and consideration 	<ul style="list-style-type: none"> The committee's mandate is focused on increasing the Group's medium- and long-term corporate value and providing advice to the Board of Directors Includes 6 new independent outside directors appointed in 2022 	<ul style="list-style-type: none"> The committee will thoroughly monitor the progress of the Group's various business strategies (including domestic and overseas CVS growth strategy, Superstore transformation, etc.), as well as objectively and comprehensively review the optimal group portfolio structure and any potential strategic alternatives (including IPO, spin-off, etc.)

Strategy Committee Composition (All Eight Independent Outside Directors)

 Director Chair Stephen Hayes Dacus	 Director Kunio Ito	 Director Toshiro Yonemura	 Director Yoshiyuki Izawa
 Director Meyumi Yamada	 Director Jenifer Simms Rogers	 Director Paul Yonamine	 Director Elizabeth Miin Meyerdirk

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- 1 Executive Summary
- 2 An Introduction to Seven & i Holdings
- 3 Successfully Evolving Strategy to Deliver Results
- 4 Strong Independent and Qualified Board to Oversee Strategy
- 5 Seven & i has Actively Engaged with ValueAct
- 6 ValueAct's Demands are Not in the Interest of All Shareholders
- 7 Conclusion

Seven & i Has Attempted to Constructively Engage with ValueAct for Years

- ValueAct first contacted Seven & i in November 2020. Over the course of the next year, members of Seven & i's Board and management team **held extensive discussions** with ValueAct regarding the Company's strategic path, including Board representation and strategic alternatives
 - Following ValueAct's first contact in November 2020, **the Company engaged with ValueAct on over 30 occasions** to actively listen to and consider their perspectives
 - During September – October 2021, the Board and management met multiple times on separate occasions to discuss various strategic matters, including ValueAct's perspectives on Sogo & Seibu, Ito-Yokado and group synergies, a potential spin-off and synergy analyses
 - The Company **invited ValueAct to present its perspectives to the full Board** in December 2021
- In January 2022, ValueAct released a presentation arguing for governance interventions and strategic alternatives
 - The Board **agreed that change was needed** in order to enhance value; in April 2022, Seven & i **transformed its Board to appoint six new independent outside directors** and announced a strategic review of its Sogo & Seibu department
- Following the announcement, Seven & i continued to **welcome further engagement** with ValueAct and met with the fund, together with its independent outside directors, on several occasions to discuss various topics, including potential strategic alternatives and succession planning
 - At the same time, **the Board and management continued to transform the Company and execute its strategy**, achieving record high operating revenue and income at all levels during fiscal year 2022 and announcing the sale of Sogo & Seibu

Seven & i Has Attempted to Constructively Engage with ValueAct for Years (Cont'd)

- When ValueAct sent a letter to the Board in October 2022 calling for a review of certain strategic alternatives, the Company responded by disclosing that the Board was conducting a comprehensive strategic review to enhance corporate value and would continue holistic communication with all stakeholders including VAC
 - The Board's commitment to enhancing value continued with the announcement of January 2023 that it would **consider strategic alternatives** and **additional business structure reform**, communicating the outcome of discussions by March 10, 2023
- In March 2023, the Company established the **Strategy Committee composed solely of independent outside directors** to review the optimal group portfolio structure and strategic alternatives (IPO, spin-off, etc.) and additionally **raised medium-term guidance**
- ValueAct then nominated four directors with **limited** retail or food experience and pushed for a **hasty** spin-off of 7-Eleven or sales of the Company
- The Board has continuously demonstrated its willingness to engage with ValueAct constructively and incorporate **mutually agreeable** governance and strategy solutions. **However, the Board will not prioritize a short-sighted, near-term strategy over a thorough, independent review process which considers long-term benefits for all shareholders**

Despite the Recently Transformed Board, Continuous Engagement Regarding Strategic Updates, and Sweeping Business Changes to Enhance Value, ValueAct Continues to Be Narrowly Focused on the Short-Term

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ValueAct's Statements Distort the Facts

7&i has Been Clearly Communicating Our Strategic Focus and Initiatives to All Our Stakeholders Including Shareholders with a Transparent Process		
ValueAct's Misleading Narratives		The Facts
<i>"Shareholders have been asking for an objective review of the Company's conglomerate structure for years due to its poor corporate value creation and operating performance"</i>	→	<i>7&i's Board, including the independent outside directors, conducted a thorough assessment through the Group Strategy Reevaluation process. Moreover, our FY2022 financial results achieved record highs and there is little rationale to support claims of poor performance</i>
<i>"Seven & i announced on March 9, 2023 the continuation of its status quo conglomerate structure, creating confusion and disappointment in the market"</i>	→	<i>We have made clear that we will continue to assess strategic alternatives and have NEVER presented any intention towards a "status quo" strategy</i>
<i>"Mixed messages and no transparency into review process or rationale"</i>	→	<i>Our review process was transparent and introduced clear areas of strategic focus and priority initiatives</i>
<i>"Process led by the whole Board (which includes management), rather than led by an independent committee of Independent Outside Directors"</i>	→	<i>Our independent outside directors issued a statement in which they unanimously confirmed their substantial involvement in the process and their support of the March 9, 2023 announcement</i>
Our Group Strategy Reevaluation Process was an Objective Review Conducted by Our Board, Especially Including Our Independent Outside Directors; the Eight Independent Outside Directors Issued a Statement Highlighting Their Involvement and Supporting the Holistic Effort to Accelerate Our Group Growth Strategy		

Our Robust Board Selection and Reappointment Process










- The Board and the Nominating Committee discuss on an ongoing basis the optimal Board composition to advance the Group's existing business foundation to a stage of increased growth
- Accordingly, the Board unanimously agreed to select directors in accordance with the updated "Ideal Group Image for 2030" (revised as a result of the Group Strategy Reevaluation announced March 9, 2023)
 - ✓ New vision: "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**"
- We are in the process of changing our corporate governance to establish an optimal system which can achieve the Group's growth strategy goals
 - ✓ The skillsets we require and factors we place importance on include:
 - (1) **Experience leading a listed company or other relevant organization in a chief executive role**
 - (2) **Experience and knowledge to realize the Group's growth strategy** in terms of
 - (i) **food**, (ii) **digital transformation**, and (iii) **global management**;
 - (3) **Experience and expertise in business transformation**

Our Robust Board Selection and Refreshment Process (Cont'd)

- We are in the process of changing our corporate governance to establish an optimal system which can achieve the Group's growth strategy goals
- ✓ Based on this policy, Kunio Ito, who has contributed as the lead independent outside director over the years, will finish his term as of the 2023 Annual General Meeting
 - Mr. Ito has contributed significantly to the governance transformation as the Chairman of the Nominating Committee and the Compensation Committee
 - Under the new Board since the Annual General Meeting in 2022, he has led the transformation of the Company's governance organization as the lead independent outside director
- ✓ As a replacement to Kunio Ito and Tetsuro Higashi, we will invite Shinji Wada and Fuminao Hachiuma to deliver new insights
 - The Nominating Committee had **meetings with several candidates, including those proposed by our shareholders, for the Board positions** and has decided to recommend the aforementioned candidates to achieve the Group's optimal governance system

Skillset Comparison: 7&i's Slate Critical to Furthering Strategy while ValueAct's Lacks Additive Skillsets



	7&i Nominees					ValueAct Nominees			
									
	Ryuichi Isaka	Katsuhiro Goto	Toshiro Yonemura	Shinji Wada	Fuminao Hachiuma	Katsuya Natori	Dene Rogers	Ronald Gill	Brittni Levinson
Retail Business Expertise	✓	✓	✓	✓	✓	✓	✓		
Food Business Expertise	✓	✓	✓		✓				
Global Listed Company C-Suite Executive	✓	✓			✓	✓	✓	✓	
Global Management Experience	✓				✓		✓	✓	
Business Transformation Experience	✓	✓		✓	✓				
DX / Security Expertise		✓	✓	✓		✓		✓	

Individual Evaluation: ValueAct is Trying to Replace Strong, Seasoned Directors with Underqualified Candidates

Our nominees have a deep knowledge of challenges & opportunities in our business as executives & directors, plus a track record of creating value

Ryuichi Isaka
President, Chair, CEO and Representative Director of 7&i
Director of 7-Eleven, Inc.; Former COO and President of Seven-Eleven Japan Co.

- ✓ Rich experience as retail industry executive and in operations
- ✓ Proven track record of creating value with shareholder support, achieving CEO Ranking No.2 in retail sector in Japan ⁽¹⁾
- ✓ Robust understanding of 7&i Group with over 40 years of experience

Katsuhiro Goto
Vice President, CAO and Representative Director of 7&i
Director of Seven-Eleven Japan Co. and Seven Bank

- ✓ Thorough understanding of 7&i Group's subsidiaries, including system planning, governance and omni-channel integration
- ✓ Skilled in various technical fields, including information management and security

Toshiro Yonemura
Former Superintendent General of the Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management
Former Chief Security Officer at Tokyo Olympic and Paralympic Games

- ✓ Granular knowledge of various areas including security, crisis response, legal system, organizational efficiency and operations
- ✓ Broad range of high-level knowledge and experience regarding organizational management, risk management, and audit formulated from various outside directorships

Shinji Wada
Chairman, Director and Executive Officer of NIPPON GAS CO., LTD.

- ✓ Proven track record of leading the business transformation and profit structure of NIPPON GAS leveraging extensive DX expertise and experience, winning several awards related to DX
- ✓ Four times achievement of CEO Ranking No.1 in energy sector in Japan ⁽¹⁾
- ✓ High-level knowledge and experience regarding organizational management, sales, digital transformation and corporate governance

Fuminao Hachiuma
Former Representative Director, President and CEO of J-Oil Mills, INC

- ✓ Longtime executive experience, including as CEO, in leading food companies (Ajinomoto and J-OIL MILLS)
- ✓ Experienced in business transformation and overseas business expansion
- ✓ High-level knowledge and experience regarding food business, international business, organizational management, marketing and business transformation

Katsuya Natori

- ✓ No food experience (executive, director, or otherwise)
- ✓ Only ~2 years of cumulative experience at retail companies over 20 years ago
- ✓ Qualified lawyer by trade and experienced as an outside director, but lacking in direct business expertise

Nomination Committee's Opinion:
He already serves on the Boards of 4 companies, and his skillsets, such as legal specialty, overlap with those of the other directors that are expected to continue on the board

Dene Rogers

- ✓ Retail executive at companies that have not necessarily realized sustainable growth in terms of financial performance (Kmart USA, Sears Canada, RadioShack)
- ✓ Existing director on two Boards, plus Principal at Presidio & Company and COO and Co-Founder at Brandstak, leaving him overboarded if he joins ours

Nomination Committee's Opinion:
Despite his retail experience, the companies he has been involved with have not necessarily performed well over the long-term in terms of financial results and outcomes, and his ability to perform on our Board is doubtful

Ronald Gill

- ✓ Existing director on three Boards, plus Operating Partner at Lead Edge Capital, leaving him overboarded if he joins ours
- ✓ Although substantial experience in the finance area, not enough experience in business management
- ✓ No experience at retail or food companies (executive, director, or otherwise)

Nomination Committee's Opinion:
Although he has experience in finance, his experience does not match the specialized skills and knowledge our Board requires

Brittni Levinson

- ✓ Sustainability and investor knowledge, but no executive experience
- ✓ Some insight into risk management, narrowly focused on climate transition and human capital issues
- ✓ No experience at retail or food companies (executive, director, or otherwise)

Nomination Committee's Opinion:
No experience in business execution or management, and her additive contribution to our Board is expected to be limited

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Conclusion

Delivering on Long-Term, Value-Creation Strategy

7&i and the Group has built a strong foundation of businesses to achieve our objectives

- ✓ 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

Strategic Approach to Portfolio Optimization

7&i has taken substantial action to grow corporate / shareholder value with expansive and sweeping changes to its business

- ✓ Continue to prioritize our resources and capital allocation to grow our CVS business with a food-centric focus
- ✓ Accelerated investment in CVS business to drive growth globally; including the acquisition of Speedway (2021) and Sunoco (2018), as well as the strategic investment in our Vietnam business (2023)
- ✓ Track-record of business optimization including completing the divestitures of OSHMAN'S JAPAN (2022) and Francfranc (2021), and announcing the divestitures of Sogo & Seibu (2022), Barneys Japan (2023) and the realignment of Financial Services (2023)

Raised Medium-Term Guidance and Driving Performance

The plan announced on March 9, 2023 raised FY2025 targets for EBITDA, Operating Cash Flow, and Free Cash Flow. This reflects management's confidence that its business plan can deliver strong performance by pursuing the path it has outlined

- ✓ Achieved record high operating revenue and income at all levels during fiscal year 2022; committed to achieving ROE of 11.5% or more (raised by ~1.5%) and ROIC of 8.0% (raised by ~1.0%) or more by the end of fiscal year 2025

Refreshed Board Composed of Majority Independent Outside Directors Holding the Business Accountable

Company renewed and upgraded its Board composition in May 2022 with six new independent outside directors; our highly experienced directors actively and openly discuss group strategy to best serve the interests of our shareholders and will continue to review the optimal group structure and strategic alternatives (IPO, spin-off, etc.) through the Strategy Committee process

- ✓ Differentiated diversity at Board level relative to other Japanese companies (majority independent outside directors, five non-Japanese directors and three female directors), established a Strategy Committee (solely composed of independent outside directors), and hired outside advisors to comprehensively evaluate strategic alternatives

Conclusion (Cont'd)

ValueAct Has a Short-Sighted Approach

7&i has been steadily evolving the business, achieving a significant transformation in recent years. ValueAct's proposal would effectively halt this momentum, overturning months of progress made by the Strategy Committee, broader organization and our stakeholders, risking the potential for long-term corporate / shareholder value creation

- ✓ ValueAct has not shown any concrete growth strategy and overly focused on a spin of 7-Eleven and continues to be close-minded; we have continually stated that we (led by our Strategy Committee) have, are and will continue to evaluate these alternatives

ValueAct Proposal Based on Superficial Understanding of Business

By leveraging our competitive strength in food, our CVS business can provide the highest-quality food offerings compared to its competitors – a true differentiator in the industry. VAC's proposal would eliminate these critical product development and supply chain network synergies and damage our competitive position

- ✓ None of ValueAct's nominees have experience in significant business transformations, while our nominees have Japanese and international strategy experience and business execution experience through all business cycles

It Would Replace Strong, Seasoned Directors with Underqualified Candidates

Three of VAC's nominees have no food or retail experience and the fourth has a highly checkered history with no relevant experience in the past five years in a rapidly evolving industry. Meanwhile, 7&i's nominees have deep knowledge of the challenges and opportunities in our business as executives and directors, along with a track record of creating value and taking proactive steps to streamline our business

- ✓ Our nominees have diverse skillsets and proven track records of helping public companies drive disciplined growth, profitability and stakeholder value, along with a track record of willingness to pursue divestitures, re-organizations or transformational M&A opportunities when it maximizes corporate / shareholder value

7&i's Refreshed Board Is Committed to Delivering Superior Shareholder Value and VAC's Proposal Would Impede Progress and Risk Destroying Shareholder Value

