CONSOLIDATED FINANCIAL SUMMARY

Seven & i Holdings Co., Ltd. for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

			Millions of yen	Thousands of U.S. dollars (Note A)
	2022	2023	2024	2024
For the fiscal year:				
Revenues from operations	¥8,749,752	¥11,811,303	¥11,471,753	$75,971,874
Operating income	387,653	506,521	534,248	3,538,066
Income before income taxes	311,854	402,761	277,007	1,834,483
Net income attributable to owners of parent	210,774	280,976	224,623	1,487,569
Capital expenditures (Note B)	439,630	431,961	473,770	3,137,549
Depreciation and amortization (Note C)	292,561	376,097	400,789	2,654,231
At fiscal year-end:				
Total assets	¥8,739,279	¥10,550,956	¥10,592,117	$70,146,470
Cash and cash equivalents	1,414,890	1,674,787	1,562,493	10,347,635
Total current assets	2,604,774	3,060,653	3,035,666	20,103,748
Total current liabilities	2,480,725	3,265,089	3,073,252	20,352,662
Long-term debt	2,613,833	3,165,712	3,112,961	20,615,635
Total net assets	3,147,732	3,648,161	3,900,624	25,831,947

			Yen	U.S. dollars (Note A)
	2022	2023	2024	2024
Per share data:				
Net income per share (basic) (Note D)	¥79.56	¥106.05	¥84.88	$0.56
Net income per share (diluted)(Note D)	79.56	106.04	84.87	0.56
Cash dividends	100.00	113.00	113.00	0.74
Financial ratios:				
Operating income ratio (Note E)	4.4%	4.3%	4.7%	4.7%
Ratio of net income attributable to owners of parent (to net sales) (Note E)	2.4%	2.4%	2.0%	2.0%
ROE	7.5%	8.7%	6.2%	6.2%
ROA	2.4%	2.7%	2.1%	2.1%

Notes (A) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥151=U.S.$1, the approximate rate of exchange prevailing on February 29, 2024.

(B) Capital expenditures include property and equipment, intangible assets, long-term leasehold deposits, and advances for store construction.

(C) Depreciation and amortization are included in cost of sales as well as selling, general and administrative expenses.

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

Net income per share (basic) and (diluted) are calculated as if the share split had occurred at the beginning of the fiscal year ended February 28, 2022.

(E) Revenues from operations are used as the denominator for the operating income ratio and the ratio of net income attributable to owners of parent (to net sales).

CONSOLIDATED BALANCE SHEETS

Seven & i Holdings Co., Ltd. at February 28, 2022, February 28, 2023 and February 29, 2024

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
ASSETS				
Current assets:				
Cash and cash equivalents (Note 5)	¥1,414,890	¥1,674,787	¥1,562,493	$10,347,635
Notes and accounts receivable:				
Trade (Note 5)	365,746	–	–	–
Trade and contract assets (Notes 5 and 27)	–	422,635	464,159	3,073,900
Financial services	91,662	93,490	100,645	666,523
Franchisees and other	224,397	305,892	326,544	2,162,543
Allowance for doubtful accounts (Note 5)	(7,829)	(10,356)	(11,491)	(76,099)
	673,976	811,662	879,859	5,826,880
Inventories	248,815	282,380	285,872	1,893,192
ATM-related temporary payments	107,883	102,755	99,351	657,953
Prepaid expenses and other current assets (Note 5)	159,207	189,069	208,089	1,378,072
Total current assets	2,604,774	3,060,653	3,035,666	20,103,748
Property and equipment, at cost (Notes 8, 9, 14 and 19)	5,481,593	7,072,747	7,257,986	48,066,132
Less: Accumulated depreciation	(2,249,245)	(2,730,997)	(2,895,485)	(19,175,397)
	3,232,347	4,341,750	4,362,500	28,890,728
Intangible assets:				
Goodwill	1,741,604	1,913,017	1,928,916	12,774,278
Software and other (Notes 9 and 14)	398,397	451,655	427,662	2,832,198
	2,140,002	2,364,673	2,356,578	15,606,476
Investments and other assets:				
Investments in securities (Notes 5, 6 and 19)	220,615	243,215	277,526	1,837,920
Long-term loans receivable	14,633	14,903	14,488	95,947
Long-term leasehold deposits (Notes 5 and 19)	330,285	321,945	278,642	1,845,311
Net defined benefit asset (Note 12)	86,217	87,088	116,852	773,854
Deferred income taxes (Note 11)	43,539	57,186	92,015	609,370
Other	69,888	62,504	60,279	399,198
Allowance for doubtful accounts (Note 5)	(3,024)	(2,965)	(2,432)	(16,105)
	762,155	783,878	837,372	5,545,509
Total assets	¥8,739,279	¥10,550,956	¥10,592,117	$70,146,470

The accompanying notes are an integral part of these financial statements.

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
LIABILITIES AND NET ASSETS				
Current liabilities:				
Short-term loans (Notes 5 and 13)	¥140,146	¥143,568	¥84,882	$562,132
Current portion of long-term debt (Notes 5, 13 and 19)	181,280	501,429	472,569	3,129,596
Current portion of long-term lease obligations (Note 14)	20,409	121,472	132,392	876,768
Notes and accounts payable:				
Trade (Notes 5 and 7)	305,921	352,369	334,121	2,212,721
Trade for franchised stores (Notes 5 and 20)	177,987	183,803	194,033	1,284,986
Other	195,322	224,613	264,602	1,752,331
	679,231	760,786	792,757	5,250,046
Contract liabilities (Note 27)	–	211,356	188,890	1,250,927
Accrued expenses	232,903	274,563	264,862	1,754,052
Income taxes payable (Note 11)	22,716	25,549	18,389	121,781
Deposits received	223,146	165,501	140,845	932,748
ATM-related temporary advances	73,901	61,772	60,880	403,178
Deposits received in banking business (Note 5)	787,879	810,139	803,763	5,322,933
Call money	–	110,000	40,000	264,900
Allowance for restructuring expenses	2,371	2,208	15,989	105,887
Allowance for bonuses to employees	13,937	14,389	13,870	91,854
Allowance for sales promotion expenses	17,649	1,104	773	5,119
Allowance for loss on future collection of gift certificates	602	–	–	–
Provision for sales returns	34	–	–	–
Other (Notes 5,11 and 15)	84,515	61,246	42,385	280,695
Total current liabilities	2,480,725	3,265,089	3,073,252	20,352,662
Long-term debt (Notes 5, 7, 13 and 19)	2,577,306	2,330,799	2,181,202	14,445,046
Long-term lease obligations (Note 14)	36,527	834,913	931,759	6,170,589
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	569	526	459	3,039
Allowance for stock payments	4,272	4,555	4,707	31,172
Net defined benefit liability (Note 12)	12,702	13,584	16,323	108,099
Deferred income taxes (Note 11)	109,825	184,242	220,658	1,461,311
Deposits received from tenants and franchised stores (Note 5)	51,422	50,322	45,025	298,178
Asset retirement obligations (Note 15)	130,456	155,137	163,328	1,081,642
Other liabilities	187,738	63,623	54,776	362,754
Total liabilities	5,591,546	6,902,794	6,691,492	44,314,516
Commitments and contingent liabilities (Note 19)				
Net assets (Note 17):				
Shareholders' equity:				
Common stock, authorized 4,500,000,000 shares, issued 2,659,325,949 shares in 2022 and 2023, and 2,633,226,549 shares in 2024	50,000	50,000	50,000	331,125
Capital surplus	408,645	408,926	351,851	2,330,139
Retained earnings	2,319,155	2,532,491	2,650,575	17,553,476
Treasury stock, at cost, 9,977,055 shares in 2022, 9,651,813 shares in 2023 and 10,312,992 shares in 2024	(10,282)	(9,873)	(16,368)	(108,397)
	2,767,517	2,981,545	3,036,059	20,106,350
Accumulated other comprehensive income:				
Unrealized gains (losses) on available-for-sale securities, net of taxes (Note 6)	37,696	34,823	46,116	305,403
Unrealized gains on hedging derivatives, net of taxes	4,270	4,799	4,823	31,940
Foreign currency translation adjustments	157,570	444,478	608,057	4,026,867
Remeasurements of defined benefit plans	13,901	8,899	21,466	142,158
Total accumulated other comprehensive income	213,438	493,001	680,464	4,506,384
Subscription rights to shares (Note 18)	56	49	60	397
Non-controlling interests	166,719	173,565	184,041	1,218,814
Total net assets	3,147,732	3,648,161	3,900,624	25,831,947
Total liabilities and net assets	¥8,739,279	¥10,550,956	¥10,592,117	$70,146,470

The accompanying notes are an integral part of these financial statements.
The Company conducted a 3-for-1 common share split on March 1, 2024. The number of shares of common stock and treasury stock are represented as if the share split had occurred at the beginning of the fiscal year ended February 28, 2022.

CONSOLIDATED STATEMENTS OF INCOME

Seven & i Holdings Co., Ltd. for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Revenues from operations (Note 27):				
Net sales	¥7,429,576	¥10,265,151	¥9,850,470	$65,234,900
Operating revenues (Note 21)	1,320,175	1,546,151	1,621,283	10,736,973
	8,749,752	11,811,303	11,471,753	75,971,874
Costs and expenses:				
Cost of sales	6,017,372	8,503,617	8,060,919	53,383,569
Selling, general and administrative expenses (Notes 12, 14, 18 and 21)	2,344,726	2,801,164	2,876,585	19,050,231
	8,362,099	11,304,781	10,937,505	72,433,807
Operating income	387,653	506,521	534,248	3,538,066
Other income (expenses):				
Interest and dividend income	4,313	7,317	13,719	90,854
Interest expenses and interest on bonds	(29,349)	(36,384)	(43,120)	(285,562)
Equity in earnings of affiliates	2,643	2,506	3,711	24,576
Gain on valuation of investments in securities	274	1,920	146	966
Impairment loss (Note 9)	(26,410)	(43,420)	(43,010)	(284,834)
Gain on sales of property and equipment (Note 21)	6,372	9,116	11,027	73,026
Gain on sales of property and equipment related to restructuring (Notes 21 and 23)	2,554	–	–	–
Gain on sales of investments in securities	3,222	272	2,867	18,986
Loss on disposals of property and equipment (Note 21)	(13,666)	(14,038)	(15,590)	(103,245)
Loss related to COVID-19 (Note 22)	(10,380)	–	–	–
Loss on transfer of department stores (Note 25)	–	–	(129,618)	(858,397)
Restructuring expenses (Notes 9, 21 and 23)	(4,163)	(10,298)	(28,858)	(191,112)
Loss on transfer of subsidiary	–	–	(4,866)	(32,225)
Subsidy income (Note 24)	7,648	–	–	–
Other, net (Notes 6 and 21)	(18,857)	(20,751)	(23,649)	(156,615)
	(75,798)	(103,759)	(257,241)	(1,703,582)
Income before income taxes	311,854	402,761	277,007	1,834,483
Income taxes (Note 11):				
Current	66,886	71,881	63,116	417,986
Deferred	21,727	38,710	(21,313)	(141,145)
	88,613	110,591	41,803	276,841
Net income	223,241	292,169	235,203	1,557,635
Net income attributable to non-controlling interests	12,466	11,193	10,580	70,066
Net income attributable to owners of parent	¥210,774	¥280,976	¥224,623	$1,487,569

	Yen			U.S. dollars (Note 3)
	2022	2023	2024	2024
Per share information:				
Net income per share (Basic)	¥79.56	¥106.05	¥84.88	$0.56
Net income per share (Diluted)	79.56	106.04	84.87	0.56
Cash dividends	100.00	113.00	113.00	0.74

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Seven & i Holdings Co., Ltd. for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Net income	¥223,241	¥292,169	¥235,203	$1,557,635
Other comprehensive income (Note 16):				
Unrealized gains (losses) on available-for-sale securities, net of taxes	2,073	(2,962)	11,212	74,251
Unrealized gains on hedging derivatives, net of taxes	2,689	532	19	125
Foreign currency translation adjustments	189,239	288,056	165,163	1,093,794
Remeasurements of defined benefit plans	(1,515)	(5,113)	12,845	85,066
Share of other comprehensive income (loss) of entities accounted for using equity method	156	203	(133)	(880)
Total other comprehensive income	192,642	280,717	189,107	1,252,364
Comprehensive income	¥415,883	¥572,887	¥424,311	$2,810,006
Comprehensive income attributable to:				
Owners of parent	¥402,228	¥560,539	¥412,085	$2,729,039
Non-controlling interests	13,655	12,347	12,225	80,960

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Seven & i Holdings Co., Ltd. for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

Millions of yen

	Shareholders' equity				Accumulated other comprehensive income (losses)						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subscription rights to shares	Non-controlling interests	Total
Balance at March 1, 2021	¥50,000	¥409,069	¥2,198,805	¥(10,851)	¥35,729	¥1,580	¥(30,835)	¥15,427	¥56	¥162,352	¥2,831,335
Increase (decrease) due to the adoption of IFRS in foreign subsidiaries			(2,847)		82						(2,765)
Restated balance	50,000	409,069	2,195,957	(10,851)	35,811	1,580	(30,835)	15,427	56	162,352	2,828,569
Net income attributable to owners of parent			210,774								210,774
Cash dividends			(87,576)								(87,576)
Purchase of treasury stock				(22)							(22)
Disposal of treasury stock		0		591							592
Other		(424)		(0)							(425)
Net changes of items other than shareholders' equity					1,884	2,689	188,405	(1,525)	—	4,366	195,820
Net increase (decrease) for the year	—	(424)	123,197	568	1,884	2,689	188,405	(1,525)	—	4,366	319,163
Balance at March 1, 2022	¥50,000	¥408,645	¥2,319,155	¥(10,282)	¥37,696	¥4,270	¥157,570	¥13,901	¥56	¥166,719	¥3,147,732
Cumulative effects of changes in accounting policies			22,815								22,815
Increase (decrease) due to the adoption of IFRS in foreign subsidiaries			(902)								(902)
Restated balance	50,000	408,645	2,341,068	(10,282)	37,696	4,270	157,570	13,901	56	166,719	3,169,645
Net income attributable to owners of parent			280,976								280,976
Cash dividends			(89,787)								(89,787)
Purchase of treasury stock				(16)							(16)
Disposal of treasury stock		0		425							425
Other		281	234	(0)							515
Net changes of items other than shareholders' equity					(2,872)	529	286,908	(5,002)	(7)	6,846	286,401
Net increase (decrease) for the year	—	281	191,423	409	(2,872)	529	286,908	(5,002)	(7)	6,846	478,516
Balance at March 1, 2023	¥50,000	¥408,926	¥2,532,491	¥(9,873)	¥34,823	¥4,799	¥444,478	¥8,899	¥49	¥173,565	¥3,648,161
Net income attributable to owners of parent			224,623								224,623
Cash dividends			(106,152)								(106,152)
Purchase of treasury stock				(52,393)							(52,393)
Disposal of treasury stock		0		489							489
Cancellation of treasury stock		(45,408)		45,408							—
Other		(11,666)	(387)	1							(12,052)
Net changes of items other than shareholders' equity					11,292	23	163,578	12,567	10	10,475	197,949
Net increase (decrease) for the year	—	(57,074)	118,083	(6,494)	11,292	23	163,578	12,567	10	10,475	252,462
Balance at February 29, 2024	¥50,000	¥351,851	¥2,650,575	¥(16,368)	¥46,116	¥4,823	¥608,057	¥21,466	¥60	¥184,041	¥3,900,624

Thousands of U.S. dollars (Note 3)

	Shareholders' equity				Accumulated other comprehensive income (loss)						
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Subscription rights to shares	Non-controlling interests	Total
Balance at March 1, 2023	$331,125	$2,708,119	$16,771,463	$(65,384)	$230,615	$31,781	$2,943,562	$58,933	$324	$1,149,437	$24,160,006
Net income attributable to owners of parent			1,487,569								1,487,569
Cash dividends			(702,993)								(702,933)
Purchase of treasury stock				(346,973)							(346,973)
Disposal of treasury stock		0		3,238							3,238
Cancellation of treasury stock		(300,715)		300,715							—
Other		(77,258)	(2,562)	6							(79,814)
Net changes of items other than shareholders' equity					74,781	152	1,083,298	83,225	66	69,370	1,310,920
Net increase (decrease) for the year	—	(377,973)	782,006	(43,006)	74,781	152	1,083,298	83,225	66	69,370	1,671,933
Balance at February 29, 2024	$331,125	$2,330,139	$17,553,476	$(108,397)	$305,403	$31,940	$4,026,867	$142,158	$397	$1,218,814	$25,831,947

The accompanying notes are an integral part of these financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Seven & i Holdings Co., Ltd. for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Cash flows from operating activities:				
Income before income taxes	¥311,854	¥402,761	¥277,007	$1,834,483
Depreciation and amortization	292,561	376,097	400,789	2,654,231
Impairment loss	27,775	48,950	57,079	378,006
Amortization of goodwill	71,276	112,700	119,912	794,119
(Decrease) increase in allowance for bonuses to employees	(956)	515	472	3,125
Increase in net defined benefit asset	(8,514)	(8,993)	(8,195)	(54,271)
Interest and dividend income	(4,313)	(7,317)	(13,719)	(90,854)
Interest expenses and interest on bonds	29,349	36,384	43,120	285,562
Equity in earnings of affiliates	(2,643)	(2,506)	(3,711)	(24,576)
Insurance income	(1,389)	(174)	–	–
Gain on sales of property and equipment	(8,927)	(9,116)	(11,027)	(73,026)
Subsidy income	(7,648)	–	–	–
Loss on disposals of property and equipment	13,667	14,110	15,590	103,245
Loss on transfer of department stores	–	–	129,618	858,397
Loss on transfer of subsidiary	–	–	4,866	32,225
Gain on sales of investments in securities	(3,211)	(272)	(2,867)	(18,986)
Increase in notes and accounts receivable, trade	(9,227)	(44,022)	(50,033)	(331,344)
Decrease (increase) in trade accounts receivable, financial services	3,348	(1,824)	(7,155)	(47,384)
Increase in inventories	(26,209)	(12,111)	(5,984)	(39,629)
Increase in notes and accounts payable, trade	3,015	25,183	5,587	37,000
Decrease in deposits received	(13,396)	(57,643)	(23,689)	(156,880)
Net decrease in bonds in banking business	–	–	(40,000)	(264,900)
Net increase (decrease) in deposits received in banking business	46,456	22,260	(6,376)	(42,225)
Net (increase) decrease in call loan in banking business	–	(23,000)	23,000	152,317
Net increase (decrease) in call money in banking business	–	110,000	(70,000)	(463,576)
Net decrease (increase) in ATM-related temporary accounts	52,386	(6,997)	2,626	17,390
Other	12,713	62,193	(67,073)	(444,192)
Subtotal	777,967	1,037,177	769,836	5,098,251
Interest and dividends received	4,505	5,967	12,646	83,748
Interest paid	(20,781)	(35,807)	(41,920)	(277,615)
Proceeds from settlement of interest rate swaps	5,993	–	–	–
Insurance income received	1,389	174	1,090	7,218
Proceeds from subsidies income	7,647	0	–	–
Income taxes paid	(67,411)	(96,856)	(87,527)	(579,649)
Income taxes refund	27,165	17,820	18,889	125,092
Net cash provided by operating activities	736,476	928,476	673,015	4,457,052

	2022	2023	Millions of yen 2024	Thousands of U.S. dollars (Note 3) 2024
Cash flows from investing activities:				
Acquisition of property and equipment (Note 10)	(337,505)	(305,217)	(337,439)	(2,234,695)
Proceeds from sales of property and equipment	147,745	20,221	24,317	161,039
Acquisition of intangible assets	(86,926)	(105,672)	(120,202)	(796,039)
Payment for purchase of investments in securities	(25,519)	(50,305)	(44,240)	(292,980)
Proceeds from sales of investments in securities	106,380	30,317	29,973	198,496
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation (Note 10)	(2,295,563)	(459)	(776)	(5,139)
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation (Note 10)	–	938	36,036	238,649
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	–	–	(2,687)	(17,794)
Payment for long-term leasehold deposits	(12,357)	(13,125)	(17,026)	(112,754)
Refund of long-term leasehold deposits	24,536	20,588	18,046	119,509
Proceeds from deposits from tenants	4,002	2,577	2,093	13,860
Refund of deposits from tenants	(2,841)	(2,535)	(1,872)	(12,397)
Payment for acquisition of business (Note 10)	(11,661)	(224)	(2,187)	(14,483)
Payment for time deposits	(3,996)	(2,594)	(7,302)	(48,357)
Proceeds from withdrawal of time deposits	4,083	2,176	5,522	36,569
Other	(15,943)	(9,914)	(14,064)	(93,139)
Net cash used in investing activities	(2,505,566)	(413,229)	(431,809)	(2,859,662)
Cash flows from financing activities:				
Net (decrease) increase in short-term loans	(479,923)	3,718	12,821	84,907
Proceeds from long-term debts	832,298	163,652	52,700	349,006
Repayment of long-term debts	(261,954)	(262,650)	(150,246)	(995,006)
Proceeds from commercial paper	81,872	–	–	–
Payment for redemption of commercial paper	(81,872)	–	–	–
Proceeds from issuance of bonds	1,192,710	–	220,000	1,456,953
Payment for redemption of bonds	(231,768)	(60,000)	(325,837)	(2,157,860)
Proceeds from share issuance to non-controlling shareholders	337	2,368	2,988	19,788
Purchase of treasury stock	(22)	(16)	(52,393)	(346,973)
Dividends paid	(87,490)	(89,762)	(106,092)	(702,596)
Dividends paid to non-controlling interests	(7,348)	(7,803)	(7,533)	(49,887)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,821)	(975)	(2,062)	(13,655)
Other	(17,941)	(18,904)	(21,409)	(141,781)
Net cash provided by (used in) financing activities	937,077	(270,373)	(377,065)	(2,497,119)
Effect of exchange rate changes on cash and cash equivalents	63,065	15,023	23,566	156,066
Net (decrease) increase in cash and cash equivalents	(768,946)	259,897	(112,293)	(743,662)
Cash and cash equivalents at beginning of year	2,183,837	1,414,890	1,674,787	11,091,304
Cash and cash equivalents at end of year	¥1,414,890	¥1,674,787	¥1,562,493	$10,347,635

The accompanying notes are an integral part of these financial statements.

Notes to Consolidated Financial Statements
Seven & i Holdings Co., Ltd.

1. BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS
The accompanying consolidated financial statements of Seven & i Holdings Co., Ltd. and its consolidated subsidiaries (the "Group") have been prepared in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards ("IFRS"), and are compiled from the consolidated financial statements prepared by Seven & i Holdings Co., Ltd. (the "Company") as required by the Financial Instruments and Exchange Act of Japan.

The accompanying consolidated financial statements also include the accounts of the Company's foreign consolidated subsidiaries. The accounts of the Company's foreign consolidated subsidiaries are prepared in accordance with either IFRS or U.S. generally accepted accounting principles ("U.S. GAAP"), with adjustments for the specific four items as applicable.

The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Act of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

As permitted under the Financial Instruments and Exchange Act of Japan, amounts of less than one million yen have been truncated. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and in U.S. dollars) do not necessarily agree with the sums of the individual amounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Basis of consolidation
The accompanying consolidated financial statements include the accounts of the Company and 160 consolidated subsidiaries as of February 29, 2024 (165 as of February 28, 2023 and 173 as of February 28, 2022) which mainly include SEVEN-ELEVEN JAPAN CO., LTD., 7-Eleven, Inc., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Seven Bank, Ltd., and Seven Financial Service Co. Ltd.

Consolidated subsidiaries increased by 7
(Establishment)
Ito-Yokado Online Supermarket Co., Ltd., AR BidCo Pty Ltd and two other companies
(Acquisition of shares)
Three companies

Consolidated subsidiaries decreased by 12
Following the transfer of shares of Sogo & Seibu Co., Ltd. on September 1, 2023, six companies including its subsidiaries were excluded from the scope of consolidation and one company was changed from a consolidated subsidiary to an equity-method affiliate. York Co., Ltd. was dissolved as a result of its merger with Ito-Yokado Co., Ltd. on September 1, 2023. In addition, one company was absorbed and merged, one company had its shares transferred, and two companies were liquidated.

The fiscal year-end of some consolidated subsidiaries is December 31. The financial statements of such subsidiaries as of and for the fiscal year ended December 31 are used in preparing the consolidated financial statements. All material transactions that occur during the period from the closing date to February 29, 2024 are adjusted for the consolidation process.

The closing date of Seven Bank, Ltd., etc. is March 31. Pro forma financial statements as of the end of February are prepared in a manner that is substantially identical to the preparation of the official financial statements in order to facilitate its consolidation.

All material intercompany transactions and account balances have been eliminated.

20 affiliates as of February 29, 2024 (24 affiliates as of February 28, 2023 and 24 affiliates as of February 28, 2022), which include Tenmaya Store Co., Ltd., DAIICHI CO., LTD. and PIA Corporation, are accounted for using the equity method.

During the current fiscal year, one company was changed from a consolidated subsidiary to an equity-method affiliate due to the transfer of Sogo & Seibu Co. Ltd. shares on September 1, 2023. In addition, one company was acquired, and as a result, two companies became equity-method affiliates in total. Six companies were excluded from equity-method affiliate status for reasons such as transfer of shares.

When an affiliate has a deficit net worth, the Company's share of such loss is reduced from its loan receivable from that affiliate. The affiliates which have different closing dates are included in the consolidated financial statements based on their respective fiscal year-end.

(2) Inventories
Inventories are stated mainly at cost determined by the following method. Cost is determined principally by the retail method with book value written down to the net realizable value for domestic consolidated subsidiaries and by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined mainly by the weighted-average cost method) for foreign consolidated subsidiaries. Some domestic consolidated subsidiaries applied the FIFO method.

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(3) Securities
Held-to-maturity debt securities are carried at amortized cost.

Other available-for-sale securities are classified into two categories, where:

(a) Securities other than equity securities that do not have a market value and (b) Equity securities that do not have a market value.

(a) Securities other than equity securities that do not have a market value are valued at a market price based on a market value, etc. as at the consolidated closing date. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of securities sold is determined using the moving-average method.

(b) Equity securities that do not have a market value are mainly valued at cost, determined using the moving-average method.

(4) Derivatives
Derivative financial instruments are valued at fair value.

(5) Property and equipment (excluding lease assets)
Property and equipment are depreciated using the straight-line method.

(6) Intangible assets (excluding lease assets)
Intangible assets are amortized using the straight-line method.

Internal use software is amortized using the straight-line method over an estimated useful life, generally five years.

Goodwill is amortized mainly over a period of 20 years on a straight-line basis, or recognized as income or expenses immediately if immaterial. Negative goodwill is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(7) Lease assets
For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, useful life is determined based on the duration of the lease period and straight-line depreciation method is applied with an assumed residual value at nil.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(8) Right-of-use assets
Some foreign consolidated subsidiaries have adopted IFRS 16 Leases and application of Accounting Standards Update ("ASU") 2016-02, Leases (Topic842). Therefore, lessees are in principle required to recognize all leases as assets and liabilities on their consolidated balance sheets. Right-of-use assets recorded in assets as result of the application of IFRS 16 Leases are depreciated using the straight-line method.
Moreover, as a result of the application of ASU 2016-02, Leases (Topic842), the amount equivalent to depreciation of right-of-use assets for operating lease is recorded not as "Depreciation and amortization" but as "Land and building rent", because it is not depreciable assets.

(9) Income taxes
The income taxes of the Company and its domestic consolidated subsidiaries consist of corporate income taxes, inhabitant taxes and enterprise taxes.

The Company and some of its wholly-owned domestic subsidiaries have applied the Group Tax Sharing System from the fiscal year ended February 29, 2024. Accounting treatment and disclosure of income tax, local income tax, and tax effect accounting are in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (Practical Issues Task Force (“PITF”) No. 42, August 12, 2021).

Deferred tax accounting is applied.

The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for reporting purposes and the amounts used for income tax purposes.

(10) Accounting for deferred assets

(a) Business commencement expenses

Business commencement expenses are amortized using the straight-line method over five years.

(b) Bond issuance cost

Bond issuance cost are amortized using the straight-line method over the redemption period.

(11) Allowances

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(b) Allowance for restructuring expenses

Allowance for restructuring expenses is provided. The estimated amount is recorded for expenses or losses associated with business restructuring.

(c) Allowance for sales promotion expenses

Points granted to customers under the loyalty program, which is designed to promote sales, are divided into two types: points granted based on the amount of purchases and points granted based on events other than purchases.

Of these, allowance for sales promotion expenses is provided for the use of points granted to customers for events other than purchases at the amount expected to be used in the future as at the balance sheet date.

(d) Allowance for loss on future collection of gift certificates

Previously, allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries was provided for future collection of gift certificates for income to be recognized after certain periods. The amount was calculated using the historical results of collection. However, effective from the fiscal year ended February 28, 2023, the allowance is no longer recognized due to the adoption of the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (“ASBJ”) Statement No. 29, March 31, 2020) and relevant ASBJ regulations.

(e) Provision for sales returns

Previously, provision for sales returns was provided at the amount estimated for future losses due to sales returns as at the balance sheet date. The amount was calculated using the historical results of sales returns. However, effective from the fiscal year ended February 28, 2023, the allowance is no longer recognized due to the adoption of the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and relevant ASBJ regulations.

(f) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated based on the estimation of payment.

(g) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid in accordance with internal rules.

The Company and some of its consolidated subsidiaries abolished the retirement benefits policy for Directors and Audit & Supervisory Board Members, for which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(h) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers of the Company and some consolidated subsidiaries. The amount is based on the expected stock benefit payable as at the balance sheet date.

(12) Accounting method for retirement benefits

(a) Allocation method of estimated total retirement benefits

Benefit formula basis

(b) Amortization method of the actuarial difference and the prior service cost

Actuarial differences are amortized on a straight-line basis over the period of ten years from the year following the year in which they arise, which is within the average remaining years of service of the eligible employees.

Prior service costs are amortized on a straight-line basis over the periods of five years or ten years, which are within the average remaining years of service of the eligible employees.

(13) Revenue recognition

The Group recognizes revenue based on the following five-step approach.

Step 1: Identifying the contract
Step 2: Identifying the performance obligations
Step 3: Determining the transaction price
Step 4: Allocating the transaction price to the performance obligations
Step 5: Recognizing revenue as the performance obligation is satisfied

(a) Revenue recognition criteria for each operating segment

(I) Domestic convenience store operations

Domestic convenience store operations operate a convenience store business comprising directly managed corporate stores and franchised stores mainly under SEVEN-ELEVEN JAPAN CO., LTD.

The Group sells processed foods, fast foods, daily delivered foods, and non-food merchandise to customers visiting the directly managed corporate stores. For these merchandise sales, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation is satisfied at that time of the delivery of the merchandise.

The Group assumes contractual obligations to franchised convenience stores, such as licensing of the use of the business expertise and trademarks, lending of equipment, purchase cooperation, advertising, management consulting, credit support for merchandise purchases, preparation for business commencement, as well as provision of services including training and accounting/bookkeeping services. These activities are determined to be a single performance obligation since they are closely connected with each other and cannot be separately performed as distinct services. This performance obligation is satisfied over time or as the service is provided. In addition, revenue is recognized over the contract period as gross profit on sales is generated, since the transaction prices are loyalties based on the gross profit on sales of the stores.

Sales promotion expenses and other consideration paid to customers are deducted from the transaction prices.

(II) Overseas convenience store operations

Overseas convenience store operations operate a convenience store business comprising directly managed corporate stores and franchised stores mainly under 7-Eleven, Inc.

The Group sells processed foods, fast foods, daily delivered foods, and non-food merchandise to customers visiting the directly managed corporate stores. For these merchandise sales, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation is satisfied at the time of delivery of the merchandise.

The Group sells gasoline to customers visiting the stores and dealers. For these merchandise sales, revenue is recognized at the time of delivery of the merchandise to the customer by determining that the performance obligation is satisfied at that time of the delivery of the merchandise.

The Group assumes contractual obligations to franchised convenience stores, such as licensing of the use of the trademarks, provision of training, preparation for business commencement, advertising, management instructions, and permitting the use of the land, buildings and equipment. These activities are determined to be a single performance obligation since they are closely connected with each other and cannot be separately performed as distinct services. This performance obligation is satisfied over time or as the service is provided. In addition, revenue is recognized over the contract period as gross profit on sales is generated, since the transaction prices are loyalties based on the gross profit on sales of the stores.

The revenue is measured at the amount of the consideration promised under the contract with the customer less discounts or others.

Subsidiaries in North America that adopt U.S. GAAP have applied ASU No. 2014-09 “Revenue from Contracts with Customers (Topic 606)”.

(III) Superstore operations

Superstore operations of the Group, whose main components are Ito-Yokado Co., Ltd. and York-Benimaru Co., Ltd., comprise general merchandise store (GMS) operations and food supermarket operations, and operate a retail business that provides a comprehensive range of daily life necessities such as food and other daily necessities. Superstore operations operate merchandise sales at the Company or provision of services to tenants. As for merchandise sales at the

Company, revenue is recognized at the delivery of the merchandise to the customer by determining that the performance obligation is satisfied at the time of the delivery of the merchandise. As for the provision of services to tenants, revenue is recognized as the service is provided by determining that the performance obligation is satisfied over the contract period.

As for merchandise sales at the Company, revenue is measured at the amount of the consideration promised under the contract with the customer less discounts or others. The provision of services to tenants includes some transactions where mainly the transaction price is a variable consideration based on net sales to the tenant.

(IV) Financial services

Financial services operate a banking business, credit card business, electronic money business, and leasing business. Commission fee income received for the provision of various services are recognized as revenue at the point when each transaction occurs.

(b) Granting options for customers to obtain additional goods or services

Based on the loyalty program, which is designed to promote sales, the Group grants points in accordance with the amount of purchase by members and provide goods or services equivalent to the points used. The Group identifies the points granted as performance obligations, and the transaction price is allocated based on the stand-alone selling price calculated considering the estimated future forfeitures, etc. The revenue is recognized according to the use of points.

(c) Determination of a principal or an agent

If the Group has control of the merchandise or service before it is transferred to a customer, the transaction is deemed to be a transaction by a principal, and the revenue is recognized at the total amount. If the Group does not have such control or if the Group’s performance obligation is to arrange the provision of the merchandise or service, the transaction is deemed to be a transaction by an agent, and the revenue is recognized on the net amount (an amount equivalent to the commission fee).

In the Group, revenue related to commission fees for the sales on wholesaler owned goods and merchandise sales by tenants is recognized on the net amount by subtracting payments to suppliers from the total amount.

Of “Notes and accounts receivable, trade and contract assets”, the amounts of receivable and contract assets arising from contracts with customers are stated in Note 27. “REVENUE RECOGNITION, (3) (a) Balances of receivables, contract assets, and contract liabilities arising from contracts with customers”.

(14) Hedge accounting

Forward foreign exchange contracts are utilized as hedging instruments and the related hedged items are foreign currency-denominated monetary assets and liabilities. Interest rate swap contracts are utilized as hedging instruments and the related hedged items are loans. Interest rate and currency swap contracts are utilized as hedging instruments and the related hedged items are foreign currency-denominated loans. The Group has policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing costs as well as optimizing future cash flow.

The Group does not hold or issue derivative instruments for trading or speculative purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of derivative financial instruments is deferred until the related gains and losses on the hedged items are recognized. The forward foreign exchange contracts are accounted for by the designated accounting treatment when they meet certain criteria for the treatment. Certain interest rate swap contracts that meet specific hedging criteria are not measured at market value but the differences between the paid and received amount under the swap contracts are recognized and included in interest income or expense as incurred. The Company applies integral accounting treatment (specific accounting treatment, designated accounting treatment) to interest rate and currency swap contracts that meet the requirements of integral accounting treatment.

The hedge effectiveness is assessed by comparing the fluctuation quarterly except when they meet specific hedging criteria for specific accounting treatment and integral accounting treatment.

(15) Per share information

Owners’ equity (excluding non-controlling interests and subscription rights to shares) per share as of February 28, 2022, February 28, 2023 and February 29, 2024 is ¥1,125.16, ¥1,311.31 and ¥1,416.94 ($9.38), respectively. Net income per share for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 is ¥79.56, ¥106.05 and ¥84.88 ($0.56), respectively. Diluted net income per share for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 is ¥79.56, ¥106.04 and ¥84.87 ($0.56), respectively. The Company conducted a 3-for-1 common share split on March 1, 2024. The owners’ equity (excluding non-controlling interests and subscription rights to shares) per share, net income per share, and diluted net income per share are calculated as if the share split had occurred at the beginning of the fiscal year ended February 28, 2022.

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and relevant revised ASBJ regulations from the beginning of the fiscal year ended February 28, 2023.

Net income per share of common stock is computed based on the weighted-average number of shares of common stock outstanding and diluted net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year after incorporating the dilutive potential of shares of common stock to be issued upon the exercise of stock options.

Basis for calculation of net income per share for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Net income attributable to owners of parent	¥210,774	¥280,976	¥224,623	$1,487,569
Less components not pertaining to common shareholders	–	–	–	–
Net income pertaining to common shareholders	210,774	280,976	224,623	1,487,569
Weighted-average number of shares of common stock outstanding (shares)*	2,649,197,745	2,649,567,603	2,646,511,134	–

* The Company conducted the 3-for-1 common share split on March 1, 2024. The weighted-average number of shares of common stock outstanding is calculated as if the share split had occurred at the beginning of the fiscal year ended February 28, 2022.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared as applicable to the respective fiscal year.

(16) Treasury stock

Treasury stock shown in the accompanying consolidated balance sheets includes the portion of the Company's interests in its treasury stock held by affiliates accounted for using the equity method according to Japanese GAAP on the presentation of treasury stock.

(17) Accounting for excise tax

The excise tax levied in the United States and Canada is included in the revenues from operations.

(18) Foreign currency translation

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect as at the respective balance sheet dates. Translation gains or losses are included in the accompanying consolidated statements of income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying consolidated balance sheets under "Non-controlling interests" and "Foreign currency translation adjustments".

(19) Cash and cash equivalents

Cash and cash equivalents in the accompanying consolidated balance sheets and consolidated statements of cash flows are comprised of cash on hand, demand deposits, and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash, and are subject to minimum risk of price fluctuation.

(20) Accounting for franchised stores in domestic and overseas convenience store operations

SEVEN-ELEVEN JAPAN CO., LTD. and 7-Eleven, Inc. recognize franchise commission from their franchised stores as "Operating revenues".

(21) Accounting standards issued but not yet applied

(Accounting Standard for Current Income Taxes, etc.)

- Accounting Standard for Current Income Taxes (ASBJ Statement No. 27, October 28, 2022)

- Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25, October 28, 2022)
- Guidance on Accounting Standard for Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022)

(a) Overview
The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28), etc. were published in February 16, 2018 and the transfer from the Practical Guidelines for Tax Effect Accounting by the Japanese Institute of Certified Public Accountants ("JICPA") to the ASBJ was completed. In the deliberation process, the following two issues were decided to be deliberated after the publication of ASBJ Statement No. 28, etc., which have been deliberated and published.

- Classification of tax expenses (taxes on other comprehensive income)
- Tax effects relating to sale of subsidiaries' shares, etc. (shares of subsidiaries or affiliates) when the group taxation regime is applied

(b) Scheduled date of application
The above standards and guidance are scheduled to be applied from the beginning of the fiscal year ending February 28, 2026.

(c) Effects of application of the standards
The effects of the application on the consolidated financial statements have not yet been determined.

(22) Reclassification
Certain prior year amounts have been reclassified to conform to the current year's presentation.

(23) Application of Accounting Standard for Disclosure of Accounting Estimates
The "Accounting Standard for Disclosure of Accounting Estimates" (ASBJ Statement No. 31, March 31, 2020) has been applied for the consolidated financial statements effective from the fiscal year ended February 28, 2022, and the note regarding significant accounting estimates is included in the consolidated financial statements.

(24) Supplementary information
(Performance-Based Stock Compensation Plan for Directors)
The Company and certain consolidated subsidiaries have introduced a Performance-Based Stock Compensation Plan (hereinafter the "Plan") for the directors of these companies (excluding nonexecutive Directors and Directors residing overseas, the same applies hereinafter) using the Directors' Compensation BIP (Board Incentive Plan) Trust (hereinafter "BIP Trust"), mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders.
The accounting treatment for the said trust agreement is in accordance with "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015).

(a) Outline of the transaction
The plan is a performance-based stock compensation plan whereby the Company and certain consolidated subsidiaries contribute an appropriate amount of money to the BIP Trust, which is used as funds to acquire Company's shares. The Company's shares are delivered to directors in accordance with Share Delivery Rules for directors stipulated by these companies. Directors shall receive delivery of the Company's shares, etc., in principle, upon their retirement.

(b) Company's shares remaining in the BIP Trust
The Company's shares remaining in the BIP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). The carrying amount and the number of Company's shares remaining in the BIP Trust are ¥3,187 million and 834 thousand shares as of February 28, 2022, and ¥2,876 million and 753 thousand shares as of February 28, 2023, and ¥4,357 million ($28,854 thousand) and 991 thousand shares as of February 29, 2024, respectively.

The Company implemented the share split with an effective date of March 1, 2024 whereby each share of common stock was split into three shares. The above description presents the number of shares before the split.

(Performance-Based Stock Compensation Plan for Executive Officers)
The Company and certain consolidated subsidiaries have introduced a Performance-Based Stock

Compensation Plan (hereinafter the "Plan") for the executive officers of these companies (excluding those residing overseas, the same applies hereinafter) using the Stock Grant Employee Stock Ownership Plan (ESOP) Trust (hereinafter "ESOP Trust"), mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders. The Company and certain consolidated subsidiaries adopted "Practical Solution on Transactions of Delivering the Company's Own Stock to Employees etc. through Trusts" (PITF No. 30, March 26, 2015) to account for the said trust agreement.

(a) Outline of the transaction
The plan is a performance-based stock compensation plan whereby the Company and certain consolidated subsidiaries contribute an appropriate amount of money to the ESOP Trust, which is used as funds to acquire Company's shares. The Company's shares are delivered to executive officers in accordance with Share Delivery Rules for executive officers stipulated by these companies. Executive officers shall receive delivery of the Company's shares, etc., in principle, upon their retirement.

(b) Company's shares remaining in the ESOP Trust
The Company's shares remaining in the ESOP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). The carrying amount and the number of Company's shares remaining in the Trust are ¥2,436 million and 635 thousand shares as of February 28, 2022, ¥2,322 million and 605 thousand shares as of February 28, 2023, and ¥2,366 million ($15,668 thousand) and 585 thousand shares as of February 29, 2024, respectively.

The Company implemented the share split with an effective date of March 1, 2024 whereby each share of common stock was split into three shares. The above description presents the number of shares before the split.

(Purchase of treasury stock)
The Company resolved, at the meeting of the Board of Directors held on November 30, 2023, to purchase its treasury stock under Article 156 which is applicable in accordance with Article 165, paragraph 3 of the Companies Act.

1. Reasons for the purchase of treasury stock
The Group has established the fundamental policy of profit distribution to ensure a profit allocation that corresponds to profit improvement. Furthermore, in the medium-term management plan, the Group aims to achieve a total return ratio of 50% or more to shareholders (cumulative). Under these policies, taking into consideration the maintenance of financial soundness and investment flexibility for the growth of our group in the future, we have decided to implement the purchase of treasury stock. The Company plans to fully retire all of the treasury stock acquired through this purchase. The 8,699,800 shares of treasury stock purchased during the fiscal year ended February 29, 2024 have been retired within the same fiscal year.

2. Contents of the acquisition

(1) Class of shares to be purchased:	Common stock of the Company
(2) Total number of shares to be purchased:	25,000,000 shares (maximum) (The percentage compared to the total number of shares outstanding (excluding treasury stock): 2.83%)
(3) Aggregate amount of purchase cost:	110,000,000,000 yen (maximum)
(4) Method of repurchase:	Purchase on the Tokyo Stock Exchange
(5) Period of purchase:	From December 1, 2023 to May 31, 2024

*After the effective date of the share split (on March 1, 2024), the total number of shares that can be acquired will be 75,000,000 shares.

(Reference) The status of treasury stock as of February 29, 2024

Total number of shares outstanding (excluding treasury stock):	875,903,256 shares
Number of treasury stock:	1,838,927 shares

*The shares held by the BIP and ESOP Trust are excluded in the above number of treasury stock.

(25) Changes in accounting policies
(Application of the Implementation Guidance on Accounting Standard for Fair Value Measurement)
The Company has applied the Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021, hereinafter the "Implementation Guidance on Accounting Standard for Fair Value Measurement") from the beginning of the fiscal year ended February

29, 2024, and it has applied the new accounting policy prescribed by the Implementation Guidance on Accounting Standard for Fair Value Measurement, prospectively in accordance with the transitional treatment prescribed in paragraph 27-2 of the Implementation Guidance on Accounting Standard for Fair Value Measurement. There is no impact on the consolidated financial statements of the fiscal year ended February 29, 2024.

However, in Note 5. “FINANCIAL INSTRUMENTS”, the disclosure for the past fiscal years regarding the information on investment trusts under the note of the fair value of financial instruments by level is not provided in accordance with the transitional treatment provided for in paragraph 27-3 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement.

3. U.S. DOLLAR AMOUNTS

The accounts of the consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of the reader, have been translated into U.S. dollars at the rate of ¥151=US$1, the approximate rate of exchange prevailing as of February 29, 2024. The inclusion of such amounts is not intended to imply that Japanese yen have been or could be readily converted, realized, or settled in U.S. dollars at this rate or at any other rate.

4. SIGNIFICANT ACCOUNTING ESTIMATES

Fiscal year ended February 28, 2022:

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the consolidated financial statements. Among the amounts which include accounting estimates recorded in the consolidated financial statements for the current fiscal year, the following items have risks of having a material effect on the consolidated financial statements for the following fiscal year:

1. The valuation of intangible assets (trademark rights) and the amortization period of goodwill arising from the acquisition of Speedway shares

(1) Major assets and liabilities for the current fiscal year

As discussed in Note 25 “BUSINESS COMBINATIONS", the Company has recorded the following provisionally calculated amounts in the consolidated balance sheets as the allocation of the acquisition costs has not been completed:

Goodwill	¥1,357,134 million
Intangible assets (trademark rights)	¥22,126 million

As discussed in Note 25 "BUSINESS COMBINATIONS", the amortization period of goodwill is estimated to be 20 years.

(2) Information on the content of significant accounting estimates for identified items

(a)Calculation method

The consideration transferred in a business combination is allocated principally based on the fair value of the identifiable assets acquired and the liabilities assumed at the acquisition date within one year from the acquisition date, and the excess of the consideration transferred over the net amount recognized for the identifiable assets acquired and the liabilities assumed is accounted for as goodwill.

In allocating the cost of acquiring Speedway shares, among the identifiable assets, intangible assets (trademark rights) were measured using the income approach based on management's business plans, royalty rates and other key assumptions. In addition, the amortization period of goodwill is determined based on the period over which synergies from the acquisition of Speedway shares and others based on the business plan and market environment forecasts.

(b)Key assumptions

The Company has determined that the key assumptions in determining the fair value of intangible assets (trademark rights) are the management's business plans, royalty rates, etc. In addition, the Company has determined that the key assumptions in estimating the amortization period for goodwill are the period in which synergies are expected to be realized from the acquisition of Speedway shares.

(c)Effect on the consolidated financial statements for the following fiscal year

Although the fair value calculation and amortization period are based on the management’s best estimates, they may be affected by future changes in uncertain economic conditions. If it becomes necessary to revise the assumptions, this may have a significant impact on the consolidated financial statements for the following fiscal year.

2. The recognition of impairment losses on long-lived assets

(1) Amounts recorded in the consolidated financial statements for the current fiscal year

Our Group operates retail stores in a variety of formats, including department stores, GMS, and food supermarkets. Of these, Ito-Yokado Co., Ltd., which is included in the Superstore operations segment, operates a superstore business, and Sogo & Seibu Co., Ltd. which is included in the Department and specialty store operations segment, operates a department store business. Due to the nature of the business, the book value of fixed assets per store tends to be relatively large. Amounts recorded in the consolidated balance sheets and consolidated statements of income for the current fiscal year at Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. are as follows:

	Millions of yen		
Company Name	Property and equipment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	¥328,554	¥12,682	¥4,431
Sogo & Seibu Co., Ltd.	202,598	71,812	1,242

(2) Information on the content of significant accounting estimates for identified items

(a) Calculation method

At Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. the smallest group of assets that generates independent cash flow is mainly each store. Although each company has been implementing business structural reforms and continuously working to improve their profitability through various measures to attract customers and improve gross profit margin, there were indications of impairment for several stores as shortened business hours and temporary closure aimed at preventing the spread of COVID-19 infections had a significant impact on their operating performance.

Whenever there is an indication of impairment for long-lived assets of a store of each company, it is necessary to determine whether an impairment loss should be recognized by comparing the total undiscounted future cash flows to be generated from the store’s long-lived assets with their carrying amount. If it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount and the resulting reduction is recognized as an impairment loss.

In addition, the business environment surrounding Sogo & Seibu Co., Ltd. has been severely impacted by changes in customer values and behaviors as a result of the COVID-19 pandemic and its operating performance has been continuously negative. Due to the circumstances, there was an indication of impairment for larger groups of assets that include the corporate assets for Sogo & Seibu Co., Ltd. Accordingly, the Company assessed whether an impairment loss should be recognized on the larger groups of assets that include corporate assets in addition to its assessment on each store. Because the estimated total undiscounted future cash flows exceeded the carrying amount of long-lived assets, including corporate assets, it was determined that the recognition of an impairment loss was not necessary.

(b) Key Assumptions

The undiscounted future cash flows used to determine whether an impairment loss is required to be recognized include significant assumptions such as sales growth rates, gross margin ratios and cost reduction measures which involved uncertainty. In addition, some stores used real estate appraisal values calculated by real estate appraisers as their net realizable value, which required expert judgment.

(c) Effect on the consolidated financial statements for the following fiscal year

The estimates and assumptions discussed above may be affected by future changes in uncertain economic conditions. Any changes in the assumptions may have a material effect on the consolidated financial statements for the following fiscal year.

In addition, valuations from real estate appraisers based on real estate appraisal standards and other factors may be affected by future trends in the real estate market. If the net sales value declines as a result, this may have a material effect to the consolidated financial statements for the following fiscal year.

Fiscal year ended February 28, 2023:

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the consolidated financial statements. Among the amounts which include accounting estimates recorded in the consolidated financial statements for the current fiscal year, the following items have risks of having a material effect on the consolidated financial statements for the following fiscal year:

The recognition of impairment losses on long-lived assets

(1) Amounts recorded in the consolidated financial statements for the current fiscal year

The Group operates retail stores in a variety of formats, including department stores, GMS, and food supermarkets. Of these, Ito-Yokado Co., Ltd., which is included in the Superstore operations segment, operates a superstore business, and Sogo & Seibu Co., Ltd. which is included in the Department and specialty store operations segment, operates a department store business. Due to the nature of the business, the book value of fixed assets per store tends to be relatively large.

Amounts recorded in the consolidated balance sheets and consolidated statements of income at Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. are as follows:

As of and for the fiscal year ended February 28, 2023:

	Millions of yen		
Company Name	Property and equipment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	¥318,474	¥22,316	¥10,559
Sogo & Seibu Co., Ltd.	196,339	71,241	11,047

(2) Information on the content of significant accounting estimates for identified items

(a) Calculation method

At Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. the smallest group of identifiable assets that generates independent cash flow is mainly each store. Ito-Yokado has been closing unprofitable stores, optimizing workforce, and productivity improvement initiatives such as IT utilization. However, there were indications of impairment for multiple stores for the current fiscal year, due to a significant impact from changes in the external environment such as soaring raw material prices and energy costs. Although Sogo & Seibu recorded operating income for the current fiscal year, there were indications of impairment for several stores for the current fiscal year, due to a significant impact from changes in the external environment, such as soaring product purchase prices and energy costs. The Company has resolved to enter into an agreement to transfer all of the issued shares of Sogo and Seibu held by the Company to a third party.

Whenever there is an indication of impairment for long-lived assets of a store of each company, it is necessary to determine whether an impairment loss should be recognized by comparing the total undiscounted future cash flows to be generated from the store's long-lived assets with their carrying amount. If it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount and the resulting reduction is recognized as an impairment loss.

(b) Key assumptions

The undiscounted future cash flows used to determine whether an impairment loss is required to be recognized include significant assumptions such as sales growth rates, gross margin ratios and expected changes in costs which involved uncertainty. In addition, some stores used real estate appraisal values calculated by real estate appraisers as their net realizable value, which required expert judgment.

(c) Effect on the consolidated financial statements for the following fiscal year

The estimates and assumptions discussed above may be affected by future changes in uncertain economic conditions. Any changes in the assumptions may have a material effect on the consolidated financial statements for the following fiscal year.

In addition, valuations from real estate appraisers based on real estate appraisal standards and other factors may be affected by future trends in the real estate market. If the net realizable value declines as a result, this may have a material effect to the consolidated financial statements for the following fiscal year.

Fiscal year ended February 29, 2024:

Accounting estimates are based on reasonable amounts based on information available at the time of preparation of the consolidated financial statements. Among the amounts which include accounting estimates recorded in the consolidated financial statements for the current fiscal year, the following items have risks of having a material effect on the consolidated financial statements for the following fiscal year:

The recognition of impairment losses on long-lived assets
(1) Amounts recorded in the consolidated financial statements for the current fiscal year
The Group operates retail stores in a variety of formats, including GMS and food supermarkets. Of these, Ito-Yokado Co., Ltd., which is included in the Superstore operations segment, operates a superstore business.
Amounts recorded in the consolidated balance sheets and consolidated statements of income at Ito-Yokado Co., Ltd. are as follows:

As of and for the fiscal year ended February 29, 2024:

	Millions of yen			Thousands of U.S. dollars (Note 3)		
Company Name	Property and equip-ment	Intangible assets	Impairment loss	Property and equip-ment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	¥339,304	¥25,865	¥19,692	$2,247,046	$171,291	$130,410

(2) Information on the content of significant accounting estimates for identified items
(a) Calculation method
At Ito-Yokado Co., Ltd. the smallest group of identifiable assets that generates independent cash flow is mainly each store. Ito-Yokado has been promoting its restructuring. However, there were indications of impairment for multiple stores for the current fiscal year, due to a significant impact of soaring costs related to strategic investment infrastructures, etc.
Whenever there is an indication of impairment for long-lived assets of a store, it is necessary to determine whether an impairment loss should be recognized by comparing the total undiscounted future cash flows to be generated from the store’s long-lived assets with their carrying amount. If it is determined that an impairment loss should be recognized, the carrying amount is reduced to the recoverable amount and the resulting reduction is recognized as an impairment loss.

(b) Key assumptions
The undiscounted future cash flows used to determine whether an impairment loss is required to be recognized include significant assumptions such as sales growth rates, gross margin ratios and expected changes in costs which involved uncertainty.

(c) Effect on the consolidated financial statements for the following fiscal year
The estimates and assumptions discussed above may be affected by future changes in uncertain economic conditions. Any changes in the assumptions may have a material effect on the consolidated financial statements for the following fiscal year.

5. FINANCIAL INSTRUMENTS

(Application of Accounting Standard for Fair Value Measurement, etc.)
The Company has applied the “Accounting Standard for Fair Value Measurement” (ASBJ Statement No. 30, July 4, 2019) and relevant ASBJ regulations from the beginning of the fiscal year ended February 28, 2023, and it has applied the new accounting policy provided for by the Accounting Standard for Fair Value Measurement, etc. prospectively in accordance with the transitional treatment provided for in paragraph 19 of the Accounting Standard for Fair Value Measurement, and paragraph 44-2 of the “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10, July 4, 2019). There is no impact on the consolidated financial statements of the fiscal year ended February 28, 2023.
In addition, the Company has disclosed the fair value of financial instruments by level in this note. In accordance with the transitional treatment provided for in paragraph 7-4 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, July 4, 2019), the disclosures for the past fiscal years are omitted.

1. Qualitative information on financial instruments

(1) Policies relating to financial instruments
For the management of surplus funds, the Group's basic policy is to give priority to safety, liquidity, and

efficiency, investing only in instruments such as deposits at banks. The Group mainly raises funds through bank loans and bond issuance.

Also, the Group uses derivative instruments to mitigate the risk of currency exchange rates fluctuations for receivables and payables denominated in foreign currencies and the risk of fluctuations in the interest rates of interest-bearing debt as well as to optimize cash flows for future payments of principal and interest. The Group does not hold or issue derivative instruments for trading or speculative purposes.

(2) Details of financial instruments, associated risk, and risk management systems

The Group's risk management policy is incorporated in the "Fundamental Risk Management Policy", which designates the divisions that are responsible for each type of risk and overall risk management. Further, in relation to financial instruments the Group recognizes and manages risk as follows.

Notes and accounts receivable, trade are exposed to individual customer's credit risk. The Group regularly monitors due dates and outstanding balances, as well as customer creditworthiness, to identify any concerns and mitigate losses associated with their collectability.

Long-term leasehold deposits, mainly arising from store rental agreements, are also exposed to individual lessor's credit risk. As with notes and accounts receivable, trade, the Group monitors lessor creditworthiness to identify any concerns and mitigate losses associated with their collectability.

Marketable securities mainly consist of negotiable certificates of deposit used for the management of surplus funds. Investments in securities mainly consist of shares of companies with which the Group has operational relationships and Japanese government bonds held by Seven Bank, Ltd., which is a subsidiary of the Company. These investments are exposed to market risk. The Group regularly reconsiders the holding status of these securities by monitoring market prices and the issuers' financial position, in light of the Group's business partnerships.

Among notes and accounts payable, trade, debts denominated in foreign currencies are exposed to the risk of currency exchange rate fluctuations. In order to mitigate the risk, the Group enters into forward foreign exchange contracts that cover a portion of the settlement amount. With regards to the forward foreign exchange contracts, the Group regularly monitors their valuation.

Among loans, short-term loans are used mainly to raise funds for business operation, while long-term loans and bonds are used mainly for capital investments and M&A. These debts are managed comprehensively based on the asset-liability management ("ALM") model.

Long-term loans denominated in foreign currencies are exposed to the risk of currency exchange rate fluctuations, which is mitigated by interest rate and currency swap contracts.

Variable-rate bonds and long-term loans are exposed to the risk of fluctuations in interest rates, but for some of them, the Group seeks to avoid or mitigate this risk through interest rate swap contracts and interest rate and currency swap contracts.

In relation to the derivative instruments (i.e. forward foreign exchange contracts, interest rate swap contracts and interest rate and currency swap contracts) discussed above, the Group mitigates credit risk by restricting counterparties to financial institutions that have high creditworthiness.

Trade payables, loans and bonds are exposed to liquidity risk, which is the risk of failing to settle as scheduled. The Group manages the risk through adequately maintaining fund management plans, as well as by the Company conducting entity-wide cash management.

(3) Supplementary information on fair values

The fair value measurement of financial instruments includes variable factors and, accordingly, if different assumptions are adopted, estimated fair values may change. The contract amounts of the derivatives discussed in Note 7. "DERIVATIVE TRANSACTIONS", below are not an indicator of the market risk associated with derivative transactions.

2. Fair values of financial instruments

	Millions of yen		
	2022		
	Book value	Fair value	Difference
Cash and cash equivalents	¥1,414,890	¥1,414,890	¥–
Notes and accounts receivable, trade	365,746		
Allowance for doubtful accounts[(a)]	(3,326)		
	362,420	365,980	3,560
Investments in securities	166,383	171,647	5,264
Long-term leasehold deposits[(b)]	248,261		
Allowance for doubtful accounts[(c)]	(126)		
	248,134	254,282	6,147
Total assets	¥2,191,828	¥2,206,800	¥14,972
Notes and accounts payable, trade	¥305,921	¥305,921	¥–
Notes and accounts payable, trade for franchised stores	177,987	177,987	–
Short-term loans	140,146	140,146	–
Deposits received in banking business	787,879	787,940	61
Bonds[(d)]	1,642,906	1,602,699	(40,207)
Long-term loans[(e)]	1,115,680	1,119,861	4,180
Deposits received from tenants and franchised stores[(f)]	27,614	26,941	(672)
Total liabilities	¥4,198,135	¥4,161,497	¥(36,637)
Derivative instruments[(g)]	¥(176)	¥(176)	¥–

	Millions of yen		
	2023		
	Book value	Fair value	Difference
Notes and accounts receivable, trade and contract assets[(h)]	¥422,635		
Allowance for doubtful accounts[(a)]	(3,759)		
	418,876	¥422,494	¥3,617
Investments in securities	179,030	183,394	4,364
Long-term leasehold deposits[(b)]	328,305		
Allowance for doubtful accounts[(c)]	(412)		
	327,893	322,184	(5,708)
Total assets	¥925,799	¥928,072	¥2,273
Deposits received in banking business	¥810,139	¥810,173	¥33
Bonds[(d)]	1,750,551	1,552,146	(198,405)
Long-term loans[(e)]	1,081,676	1,060,303	(21,372)
Deposits received from tenants and franchised stores[(f)]	51,610	46,856	(4,753)
Total liabilities	¥3,693,978	¥3,469,480	¥(224,498)
Derivative instruments[(g)]			
To which hedge accounting is applied	¥(7)	¥(7)	¥–
To which hedge accounting is not applied	27	27	–
Total derivative instruments	¥19	¥19	¥–

	Millions of yen		
	2024		
	Book value	Fair value	Difference
Notes and accounts receivable, trade and contract assets[h]	¥464,159		
Allowance for doubtful accounts[a]	(3,706)		
	460,452	¥464,603	¥4,150
Investments in securities	209,195	215,255	6,060
Long-term leasehold deposits[b]	284,296		
Allowance for doubtful accounts[c]	(199)		
	284,097	280,604	(3,492)
Total assets	¥953,745	¥960,463	¥6,718
Deposits received in banking business	¥803,763	¥803,781	¥18
Bonds[d]	1,690,624	1,523,189	(167,435)
Long-term loans[e]	963,146	945,018	(18,128)
Deposits received from tenants and franchised stores[f]	46,026	42,434	(3,591)
Total liabilities	¥3,503,561	¥3,314,424	¥(189,136)
Derivative instruments[g]			
To which hedge accounting is applied	¥30	¥30	¥–
To which hedge accounting is not applied	33	33	–
Total derivative instruments	¥64	¥64	¥–

	Thousands of U.S. dollars (Note 3)		
	2024		
	Book value	Fair value	Difference
Notes and accounts receivable, trade and contract assets[h]	$3,073,900		
Allowance for doubtful accounts[a]	(24,543)		
	3,049,350	$3,076,841	$27,483
Investments in securities	1,385,397	1,425,529	40,132
Long-term leasehold deposits[b]	1,882,754		
Allowance for doubtful accounts[c]	(1,317)		
	1,881,437	1,858,304	(23,125)
Total assets	$6,316,192	$6,360,682	$44,490
Deposits received in banking business	$5,322,933	$5,323,052	$119
Bonds[d]	11,196,185	10,087,344	(1,108,841)
Long-term loans[e]	6,378,450	6,258,397	(120,052)
Deposits received from tenants and franchised stores[f]	304,807	281,019	(23,781)
Total liabilities	$23,202,390	$21,949,827	$(1,252,556)
Derivative instruments[g]			
To which hedge accounting is applied	$198	$198	$–
To which hedge accounting is not applied	218	218	–
Total derivative instruments	$423	$423	$–

Notes:

(a) The amount of allowance for doubtful accounts relates only to notes and accounts receivable, trade and contract assets.

(b) The amount of long-term leasehold deposits includes a portion of leasehold deposits maturing within one year.

(c) The amount of allowance for doubtful accounts relates only to long-term leasehold deposits.

(d) The amount of bonds includes bonds due within one year.

(e) The amount of long-term loans includes long-term loans due within one year.

(f) The amount of deposits received from tenants and franchised stores includes a portion of the deposits received maturing within one year.

(g) The value of assets and liabilities arising from derivative instruments is shown by net value. Net liabilities are shown in parentheses.

(h) Since “Cash and cash equivalents,” “Notes and accounts payable, trade” and “Short-term loans” are cash in nature and settled in the short term, their fair values approximate their book values. Thus, the disclosures are omitted.

Note I: As of February 28, 2022, items for which fair value is deemed highly difficult to measure are as follows:

	Millions of yen
	2022
	Book value
Investments in securities[(a)]:	
Unlisted securities	¥14,605
Shares of affiliates	29,695
Other	9,930
Long-term leasehold deposits[(b)]	88,400
Deposits received from tenants and franchised stores[(b)]	25,059

Notes:

(a) They are not included in Investments in securities since determining their estimated fair values was deemed to be highly difficult, due to the fact that they do not have market prices and the future cash flows cannot be estimated.

(b) They are not included in Long-term leasehold deposits and Deposits received from tenants and franchised stores since determining their fair values was deemed to be highly difficult, due to the fact that the amount to be repaid cannot be reasonably estimated.

Note II. As of February 28, 2023 and February 29, 2024, shares without market prices and investments in partnerships that are not included in the table above are as follows:

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2023	2024	2024
	Book value		
Investments in securities			
Unlisted securities[(a)]	¥17,501	¥18,631	$123,384
Shares of affiliates[(a)]	33,329	33,731	223,384
Investments in partnerships[(b)]	13,355	15,969	105,754

Notes:

(a) In accordance with paragraph 5 of the “Implementation Guidance on Disclosures about Fair Value of Financial Instruments” (ASBJ Guidance No. 19, March 31, 2020), Unlisted securities and Shares of affiliates are not subject to fair value disclosures.

(b) In accordance with paragraph 24 of the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021), Investments in partnerships are not subject to fair value disclosures.

Note III. Redemption schedule for receivables and marketable securities with maturities

				Millions of yen
	2022			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	¥1,414,890	¥–	¥–	¥–
Notes and accounts receivable, trade	352,332	11,238	1,818	357
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	6,400	20,615	–	–
Bonds	23,400	31,600	–	–
Other	–	–	–	–
Long-term leasehold deposits	33,348	64,717	61,180	89,014
Total	¥1,830,371	¥128,170	¥62,999	¥89,371

	Millions of yen			
	2023			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	¥1,674,787	¥–	¥–	¥–
Notes and accounts receivable, trade and contract assets	409,563	10,758	1,903	409
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	10,331	34,084	–	–
Bonds	13,100	40,400	1,000	–
Other	–	–	–	–
Long-term leasehold deposits	37,029	68,602	78,946	143,727
Total	¥2,144,810	¥153,845	¥81,849	¥144,137

	Millions of yen			
	2024			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	¥1,562,493	¥–	¥–	¥–
Notes and accounts receivable, trade and contract assets	449,093	12,766	1,871	427
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	4,644	60,560	–	–
Bonds	16,700	28,500	1,000	–
Other	–	–	–	–
Long-term leasehold deposits	35,727	52,952	60,694	134,922
Total	¥2,068,658	¥154,778	¥63,566	¥135,349

	Thousands of U.S. dollars (Note 3)			
	2024			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	$10,347,635	$–	$–	$–
Notes and accounts receivable, trade and contract assets	2,974,125	84,543	12,390	2,827
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	30,754	401,059	–	–
Bonds	110,596	188,741	6,622	–
Other	–	–	–	–
Long-term leasehold deposits	236,602	350,675	401,947	893,523
Total	$13,699,721	$1,025,019	$420,966	$896,350

Note IV. Redemption schedule for deposits received in banking business with maturities

	Millions of yen			
	2022			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	¥673,250	¥114,628	¥–	¥–

	Millions of yen			
	2023			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	¥700,490	¥109,649	¥–	¥–

	Millions of yen			
	2024			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	¥699,222	¥104,540	¥–	¥–

	Thousands of U.S. dollars (Note 3)			
	2024			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	$4,630,609	$692,317	$–	$–

Note: Deposits received in banking business due within one year include deposits on demand.

Note V. Redemption schedule for long-term debt with maturities

	Millions of yen					
	2022					
	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years
Bonds	¥60,000	¥333,320	¥272,574	¥210,000	¥142,619	¥624,392
Long-term loans	121,280	138,378	308,460	139,188	100,670	307,701
Total	¥181,280	¥471,699	¥581,034	¥349,188	¥243,290	¥932,093

	Millions of yen					
	2023					
	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years
Bonds	¥355,823	¥312,830	¥210,000	¥164,860	¥70,000	¥637,036
Long-term loans	145,605	177,116	238,577	113,057	196,913	210,405
Total	¥501,429	¥489,947	¥448,577	¥277,917	¥266,913	¥847,442

	Millions of yen					
	2024					
	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years
Bonds	¥334,039	¥210,000	¥236,547	¥70,000	¥220,918	¥619,119
Long-term loans	138,530	260,949	136,023	203,342	61,646	162,654
Total	¥472,569	¥470,949	¥372,571	¥273,342	¥282,564	¥781,773

	Thousands of U.S. dollars (Note 3)					
	2024					
	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years
Bonds	$2,212,178	$1,390,728	$1,566,536	$463,576	$1,463,033	$4,100,125
Long-term loans	917,417	1,728,139	900,814	1,346,635	408,251	1,077,178
Total	$3,129,596	$3,118,867	$2,467,357	$1,810,211	$1,871,284	$5,177,304

Note VI. Fair value of financial instruments by level

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value:	Fair value measured by using quoted prices in active markets as observable inputs for assets or liabilities subject to the fair value measurement
Level 2 fair value:	Fair value measured by using observable inputs other than those for Level 1
Level 3 fair value:	Fair value measured by using unobservable inputs

When multiple inputs that have significant effects on the fair value measurement are used, the fair value is classified into a category to which the lowest priority is assigned, among levels to which these inputs belong.

(1) Financial assets and liabilities measured at fair value in the consolidated balance sheets

Millions of yen

	2023			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Available-for-sale securities				
Equity securities	¥70,480	¥–	¥–	¥70,480
Municipal bonds	–	44,558	–	44,558
Corporate bonds	–	54,514	–	54,514
Assets, total	¥70,480	¥99,072	¥–	¥169,552
Derivative transactions:				
Currency-related	¥–	¥(29)	¥–	¥(29)
Interest rate-related	–	49	–	49
Liabilities, total	¥–	¥19	¥–	¥19

Millions of yen

	2024			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Available-for-sale securities				
Equity securities	¥87,650	¥–	¥–	¥87,650
Municipal bonds	–	65,308	–	65,308
Corporate bonds	–	46,158	–	46,158
Assets, total	¥87,650	¥111,467	¥–	¥199,118
Derivative transactions:				
Currency-related	¥–	¥64	¥–	¥64
Interest rate-related	–	–	–	–
Liabilities, total	¥–	¥64	¥–	¥64

Thousands of U.S. dollars (Note 3)

	2024			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Available-for-sale securities				
Equity securities	$580,463	$–	$–	$580,463
Municipal bonds	–	432,503	–	432,503
Corporate bonds	–	305,682	–	305,682
Assets, total	$580,463	$738,192	$–	$1,318,662
Derivative transactions:				
Currency-related	$–	$423	$–	$423
Interest rate-related	–	–	–	–
Liabilities, total	$–	$423	$–	$423

(2) Financial assets and liabilities not measured at fair value in the consolidated balance sheets

	Millions of yen			
	2023			
	Fair values			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade and contract assets	¥–	¥348,616	¥73,877	¥422,494
Investments in securities:				
Available-for-sale securities				
Equity securities	13,841	–	–	13,841
Long-term leasehold deposits	–	322,184	–	322,184
Assets, total	¥13,841	¥670,801	¥73,877	¥758,520
Deposits received in banking business	¥–	¥810,173	¥–	¥810,173
Bonds	–	1,552,146	–	1,552,146
Long-term loans	–	1,060,303	–	1,060,303
Long-term deposits	–	46,856	–	46,856
Liabilities, total	¥–	¥3,469,480	¥–	¥3,469,480

	Millions of yen			
	2024			
	Fair values			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade and contract assets	¥–	¥389,445	¥75,158	¥464,603
Investments in securities:				
Available-for-sale securities				
Equity securities	16,136	–	–	16,136
Long-term leasehold deposits	–	280,604	–	280,604
Assets, total	¥16,136	¥670,050	¥75,158	¥761,345
Deposits received in banking business	¥–	¥803,781	¥–	¥803,781
Bonds	–	1,523,189	–	1,523,189
Long-term loans	–	945,018	–	945,018
Long-term deposits	–	42,434	–	42,434
Liabilities, total	¥–	¥3,314,424	¥–	¥3,314,424

	Thousands of U.S. dollars (Note 3)			
	2024			
	Fair values			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade and contract assets	$–	$2,579,105	$497,735	$3,076,841
Investments in securities:				
Available-for-sale securities				
Equity securities	106,860	–	–	106,860
Long-term leasehold deposits	–	1,858,304	–	1,858,304
Assets, total	$106,860	$4,437,417	$497,735	$5,042,019
Deposits received in banking business	$–	$5,323,052	$–	$5,323,052
Bonds	–	10,087,344	–	10,087,344
Long-term loans	–	6,258,397	–	6,258,397
Long-term deposits	–	281,019	–	281,019
Liabilities, total	$–	$21,949,827	$–	$21,949,827

Note: Explanation of valuation techniques and inputs used in fair value measurement
(Assets)

Investments in securities

Listed equity securities are valued using market prices and classified into Level 1. Regarding municipal bonds and corporate bonds, their transactions are not frequently made and their prices are not deemed as quoted prices in the active market. Their fair values are classified into Level 2.

Notes and accounts receivable, trade and contract assets

Of notes and accounts receivable, trade and contract assets, the fair value of short-term items approximates their book value; therefore, their fair value is classified into Level 2 based on their book value. The fair value of items with long settlement periods is classified into Level 3 based on their present value, which is obtained by discounting the total amount of the principal and interest that reflects credit risk according to the corresponding interest rate of government bonds over the remaining period.

Long-term leasehold deposits

The fair value of long-term leasehold deposits is classified into Level 2 based on their present value, which is calculated by discounting the future cash flows that reflect collectability according to the corresponding interest rate of government bonds over the remaining period.

(Liabilities)

Deposits received in banking business

The fair value of deposit on demand is measured at the amount payable on demand at the balance sheet date (book value). The fair value of time deposits is measured at their present value, which is obtained by categorizing the balance in accordance with their maturity and discounting the relevant future cash flows by each category. The discount rate is the interest rate that would be applied to newly accepted deposits. For time deposits that are due within one year, the relevant book values are used, as they are due in a short period; hence, market prices are equivalent to book values. These fair values are classified into Level 2.

Bonds

The fair value of Japanese domestic bonds that have market prices is based on those prices. The fair value of bonds that do not have market prices is based on the present value, which is obtained by discounting the total amount of the principal and interest over the remaining period according to the interest rate that reflects credit risk. These fair values are classified into Level 2. The fair value of foreign currency-denominated bonds, that meet specific hedging criteria and are accounted for by the designated accounting treatment, is classified into Level 2 based on the present value, which is obtained by discounting future cash flows treated together with the related currency swap according to the interest rate that would be applied if similar Japanese domestic bonds were newly issued.

Long-term loans

The fair value of long-term loans is classified into Level 2, based on the present value which is obtained by discounting the total amount of the principal and interest according to the interest rate that would be applied if similar new borrowings were entered into. The variable-rate long-term loans are subject to a specific accounting treatment for interest rate swap contracts or an integral accounting treatment (specific accounting treatment, designated accounting treatment) for interest rate and currency swap contracts. Their fair value is classified into Level 2 based on the present value, which is obtained by discounting the total amount of the principal and interest treated together with the related interest rate swap or interest rate and currency swap according to the reasonably estimated interest rate that would be applied if similar new borrowings were entered into.

Deposits received from tenants and franchised stores

The fair value of deposits received from tenants and franchised stores is classified into Level 2 based on the present value, which is obtained by discounting future cash flows according to the corresponding interest rate of government bonds over the remaining period.

Derivatives

The fair value of currency-related derivatives is calculated based on the discounted present value using observable inputs such as interest rates and foreign exchange rates. Forward foreign exchange contracts, accounted for by the designated accounting treatment, are accounted for as part of accounts payable, trade, the hedged item. Therefore, the estimated fair value of these contracts is included in the fair value of the underlying notes and accounts payable, trade. These fair values are classified into Level 2.

The fair value of interest-related derivatives is calculated based on the discounted present value using observable inputs such as interest rates and foreign exchange rates. Interest rate swap contracts, where certain criteria for a specific accounting treatment are met, are accounted for as part of long-term loans, the hedged items. Therefore, the estimated fair value of a contract is included in the fair value of the underlying long-term loan. Interest rate and currency swap contracts, where certain criteria for an integral accounting treatment (specific accounting treatment, designated accounting treatment) are met, are accounted for as part of long-term loans. Therefore, the estimated fair value of a contract is included in the fair value of the underlying long-term loan. These fair values are classified into Level 2.

6. SECURITIES INFORMATION

(1) The following tables summarize the acquisition cost and book value of available-for-sale securities as of February 28, 2022, February 28, 2023 and February 29, 2024 (excluding unlisted securities of ¥14,605 million as of February 28, 2022, and equity securities that do not have a market value of ¥17,501 million and ¥18,631 million ($123,384 thousand) as of February 28, 2023 and February 29, 2024, respectively):

	Millions of yen		
	2022		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	¥73,603	¥21,976	¥51,627
Debt securities			
Governmental and municipal bonds, etc.	8,450	8,449	1
Corporate bonds	5,102	5,102	0
Subtotal	87,157	35,527	51,629
Securities with book value not exceeding acquisition cost:			
Equity securities	1,614	1,833	(218)
Debt securities			
Governmental and municipal bonds, etc.	18,583	18,609	(25)
Corporate bonds	50,094	50,156	(61)
Subtotal	70,292	70,598	(306)
Total	¥157,449	¥106,126	¥51,323

	Millions of yen		
	2023		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	¥69,924	¥23,244	¥46,679
Debt securities			
Governmental and municipal bonds, etc.	4,994	4,993	0
Corporate bonds	4,400	4,399	0
Subtotal	79,318	32,637	46,680
Securities with book value not exceeding acquisition cost:			
Equity securities	555	610	(55)
Debt securities			
Governmental and municipal bonds, etc.	39,564	39,661	(96)
Corporate bonds	50,114	50,372	(258)
Subtotal	90,233	90,644	(410)
Total	¥169,552	¥123,282	¥46,270

	Millions of yen		
	2024		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	¥87,340	¥23,987	¥63,352
Debt securities			
Governmental and municipal bonds, etc.	–	–	–
Corporate bonds	3,006	3,001	5
Subtotal	90,347	26,989	63,357
Securities with book value not exceeding acquisition cost:			
Equity securities	310	326	(15)
Debt securities			
Governmental and municipal bonds, etc.	65,308	65,510	(201)
Corporate bonds	43,151	43,390	(239)
Subtotal	108,771	109,227	(456)
Total	¥199,118	¥136,216	¥62,901

	Thousands of U.S. dollars (Note 3)		
	2024		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	$578,410	$158,854	$419,549
Debt securities			
Governmental and municipal bonds, etc.	–	–	–
Corporate bonds	19,907	19,874	33
Subtotal	598,324	178,735	419,582
Securities with book value not exceeding acquisition cost:			
Equity securities	2,052	2,158	(99)
Debt securities			
Governmental and municipal bonds, etc.	432,503	433,841	(1,331)
Corporate bonds	285,768	287,350	(1,582)
Subtotal	720,337	723,357	(3,019)
Total	$1,318,662	$902,092	$416,562

(2) Sales amounts and gain (loss) on sales of available-for-sale securities during the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Sales amounts	¥115	¥487	¥3,367	$22,298
Gain on sales of available-for-sale securities	95	272	2,063	13,662
Loss on sales of available-for-sale securities	–	–	–	–

(3) Impairment loss on securities

For the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, the Group recognized ¥301 million, ¥476 million and ¥1,479 million ($9,794 thousand) as impairment loss on securities, respectively.

The Group considers securities to be irrecoverable where market prices decline by more than or equal to 50% of their acquisition cost. Where market prices decline by between 30% and 50% of their acquisition cost, the Group assesses the recoverability and, to the extent necessary, recognize impairment losses on such securities.

(4) Investments in affiliates included in investments in securities in the accompanying consolidated balance sheets as of February 28, 2022, February 28, 2023 and February 29, 2024 were ¥38,629 million, ¥42,806 million and ¥43,808 million ($290,119 thousand), respectively.

7. DERIVATIVE TRANSACTIONS

The Group has policies to use interest rate swap contracts, forward foreign exchange contracts and interest rate and currency swap contracts only for the purposes of mitigating the risk of fluctuations in interest rates and foreign currency exchange rates and reducing financing costs as well as optimizing future cash flow. The Group does not hold or issue derivative instruments for trading or speculative purposes. Currency-related transactions and interest rate swap contracts include the market risk of fluctuations in foreign currency exchange rates and interest rates, respectively. The risk of non-performance is considered to be low as the contracts are entered into with prestigious financial institutions. The responsible divisions in the Group enter into and control these contracts in accordance with the respective internal policies. The estimated unrealized gains and losses from these contracts as of February 28, 2022, February 28, 2023 and February 29, 2024 are summarized in the following tables. The estimated fair values of these contracts are based on values prepared by financial institutions.

Derivatives not designated as hedging instruments
Currency-related transactions

	Millions of yen			
	2022			
	Contract amount			
	Total	After one year	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:				
Buy U.S. dollar	¥1,123	¥–	¥16	¥16
Buy Euro	165	–	(2)	(2)
Buy Chinese yuan	126	–	3	3

Note: The estimated fair values of derivative contracts are measured with reference to prices or indices indicated by financial institutions.

	Millions of yen			
	2023			
	Contract amount			
	Total	After one year	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:				
Buy U.S. dollar	¥1,842	¥–	¥(17)	¥(17)
Buy Euro	421	–	9	9
Buy Chinese yuan	72	–	0	0

	Millions of yen			
	2024			
	Contract amount			
	Total	After one year	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:				
Buy U.S. dollar	¥1,268	¥–	¥18	¥18
Buy Euro	212	–	13	13
Buy Chinese yuan	149	–	2	2
Sell Taiwan dollar	137	27	(4)	(4)

	Thousands of U.S. dollars (Note 3)			
	2024			
	Contract amount			
	Total	After one year	Estimated fair value	Unrealized gains (losses)
Forward foreign exchange contracts:				
Buy U.S. dollar	$8,397	$–	$119	$119
Buy Euro	1,403	–	86	86
Buy Chinese yuan	986	–	13	13
Sell Taiwan dollar	907	178	(26)	(26)

Derivatives designated as hedging instruments
(1) Currency-related transactions

	Millions of yen		
	2022		
	Contract amount		
	Total	After one year	Estimated fair value
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	¥1,885	¥–	¥27[(a)]
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	103	–	–[(b)]

Notes:
(a) The estimated fair values of derivative contracts are measured with reference to prices or indices indicated by financial institutions.
(b) Forward foreign exchange contracts, accounted for by designated accounting treatment are accounted for as part of notes and accounts payable, trade, and foreign currency-denominated bonds, respectively. Therefore, the estimated fair value of these contracts is included in the fair value of the underlying notes and accounts payable, trade, and foreign currency-denominated bonds.

	Millions of yen		
	2023		
	Contract amount		
	Total	After one year	Estimated fair value
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	¥1,598	¥–	¥(21)
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	174	–	–

	Millions of yen		
	2024		
	Contract amount		
	Total	After one year	Estimated fair value
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	¥1,528	¥–	¥33
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	60	–	–

	Thousands of U.S. dollars (Note 3)		
	2024		
	Contract amount		
	Total	After one year	Estimated fair value
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	$10,119	$–	$218
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	397	–	–

(2) Interest rate related transactions

	Millions of yen		
	2022		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by deferral hedge accounting			
Receive float / Pay fixed	¥8,626	¥8,626	¥(220)[a]
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	1,625	1,125	–[b]
Interest rate and currency swap contracts, accounted for by integral accounting treatment (specific accounting treatment, designated accounting treatment)			
Receive float / Pay fixed Receive U.S. dollar / Pay Japanese yen	298,974	298,974	–[c]

Notes:

(a) The estimated fair values of these interest rate swaps are measured with reference to prices or indices indicated by financial institutions.

(b) Interest rate swap contracts, where certain criteria for specific accounting treatment are met, are accounted for as part of long-term debt. Therefore, the estimated fair value of a contract is included in the fair value of the underlying long-term debt.

(c) Interest rate and currency swap contracts, where certain criteria for integral accounting treatment (specific accounting treatment, designated accounting treatment) are met, are accounted for as part of long-term debt. Therefore, the estimated fair value of a contract is included in the fair value of the underlying long-term debt.

	Millions of yen		
	2023		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by deferral hedge accounting			
Receive float / Pay fixed	¥9,952	¥–	¥49
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	1,125	625	–
Interest rate and currency swap contracts, accounted for by integral accounting treatment (specific accounting treatment, designated accounting treatment)			
Receive float / Pay fixed Receive U.S. dollar / Pay Japanese yen	298,974	298,974	–

	Millions of yen		
	2024		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	¥625	¥125	¥–
Interest rate and currency swap contracts, accounted for by integral accounting treatment (specific accounting treatment, designated accounting treatment)			
Receive float / Pay fixed Receive U.S. dollar / Pay Japanese yen	298,974	298,974	–

	Thousands of U.S. dollars (Note 3)		
	2024		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	$4,139	$827	$–
Interest rate and currency swap contracts, accounted for by integral accounting treatment (specific accounting treatment, designated accounting treatment)			
Receive float / Pay fixed Receive U.S. dollar / Pay Japanese yen	1,979,960	1,979,960	–

8. PROPERTY AND EQUIPMENT

Property and equipment at February 28, 2022, February 28, 2023 and February 29, 2024 are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Buildings and structures	¥3,011,407	¥3,315,510	¥3,251,014	$21,529,894
Furniture, fixtures and equipment	1,158,818	1,337,026	1,473,135	9,755,860
Right-of-use assets	23,537	1,007,322	1,231,045	8,152,615
Other	57,306	60,037	51,297	339,715
	4,251,070	5,719,897	6,006,492	39,778,092
Less: Accumulated depreciation	(2,249,245)	(2,730,997)	(2,895,485)	(19,175,397)
	2,001,825	2,988,900	3,111,006	20,602,688
Land	1,119,796	1,196,007	1,096,630	7,262,450
Construction in progress	110,725	156,842	154,862	1,025,576
Total	¥3,232,347	¥4,341,750	¥4,362,500	$28,890,728

Some foreign consolidated subsidiaries that adopted U.S. GAAP have applied ASU2016-02, Leases (Topic842). As a result of the application of ASU 2016-02, Leases (Topic842), the amount equivalent to accumulated depreciation of right-of-use assets for operating leases is excluded directly from “Furniture, fixtures and other”, therefore is not included in “Less: Accumulated depreciation”.

9. IMPAIRMENT LOSS

For the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, the Group recognized ¥27,775 million, ¥48,950 million and ¥57,079 million ($378,006 thousand) of impairment loss, respectively, on the following groups of assets.

Fiscal year ended February 28, 2022:

Description	Classification	Location			Millions of yen
Stores	Land and buildings, etc.	Tokyo Met.	Domestic convenience stores	94 Stores	¥25,070
			Superstores	2 Stores	
			Others	50 Stores	
		Aichi Pref.	Domestic convenience stores	98 Stores	
			Others	9 Stores	
		Osaka Pref.	Domestic convenience stores	93 Stores	
			Others	5 Stores	
		U.S. & others	Overseas convenience stores	150 Stores	
Other facilities, etc.	Software, etc.	Tokyo Met., Fukushima Pref., Nagano Pref., & others			2,705
Total					¥27,775

Notes:

(a) ¥1,365 million (Stores) is included in “Restructuring expenses” in the consolidated statements of income.

(b) The number of locations for “Department and specialty stores” which was originally presented separately is included in the number of locations for “Others” to conform to the current year’s presentation due to the change in classification of reportable segments.

Fiscal year ended February 28, 2023:

Description	Classification	Location			Millions of yen
Stores	Land and buildings, etc.	Tokyo Met.	Domestic convenience stores	155 Stores	¥45,504
			Superstores	7 Stores	
			Others	3 Stores	
		Osaka Pref.	Domestic convenience stores	62 Stores	
			Others	2 Stores	
		Aichi Pref.	Domestic convenience stores	51 Stores	
		U.S. & others	Overseas convenience stores	258 Stores	
Other facilities, etc.	Software, etc.	Tokyo Met., Kyoto Pref., Nagano Pref., & others			3,445
Total					¥48,950

Note: ¥5,530 million (Stores) is included in “Restructuring expenses” in the consolidated statements of income.

Fiscal year ended February 29, 2024:

Description	Classification	Location			Millions of yen	Thousands of U.S. dollars (Note 3)
Stores	Land and buildings, etc.	Tokyo Met.	Domestic convenience stores	357 Stores	¥51,777	$342,894
			Superstores	11 Stores		
			Others	1 Store		
		Osaka Pref.	Domestic convenience stores	184 Stores		
			Others	1 Store		
		Aichi Pref.	Domestic convenience stores	108 Stores		
		U.S. & others	Overseas convenience stores	1,214 Stores		
			Others	2 Stores		
Other facilities, etc.	Software, etc.	Tokyo Met., Osaka Pref., Kyoto Pref., & others			5,302	35,112
Total					¥57,079	$378,006

Note: ¥14,069 million ($93,172 thousand) (Stores) is included in “Restructuring expenses” in the consolidated statements of income.

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the smallest group of assets that generates independent cash flow. The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts when the book values exceed the total undiscounted future cash flows, and such deducted amount was recorded as impairment loss in other income (expenses).

A breakdown of impairment loss is as follows:
Fiscal year ended February 28, 2022:

	Millions of yen		
	Stores	Other facilities, etc.	Total
Buildings and structures	¥20,055	¥474	¥20,530
Furniture, fixtures and equipment	2,455	32	2,487
Land	1,669	165	1,834
Software	5	1,829	1,834
Others	884	204	1,088
Total	¥25,070	¥2,705	¥27,775

Note: ¥1,291 million (Buildings and structures), ¥2 million (Furniture, fixtures and equipment) and ¥71 million (Others) are included in "Restructuring expenses" in the consolidated statements of income.

Fiscal year ended February 28, 2023:

	Millions of yen		
	Stores	Other facilities, etc.	Total
Buildings and structures	¥35,145	¥216	¥35,361
Furniture, fixtures and equipment	4,130	117	4,247
Land	2,240	137	2,377
Software	1	2,577	2,579
Others	3,986	397	4,383
Total	¥45,504	¥3,445	¥48,950

Note: ¥3,537 million (Buildings and structures), ¥602 million (Furniture, fixtures and equipment), ¥992 million (Land) and ¥396 million (Others) are included in "Restructuring expenses" in the consolidated statements of income.

Fiscal year ended February 29, 2024:

	Millions of yen		
	Stores	Other facilities, etc.	Total
Buildings and structures	¥33,070	¥356	¥33,427
Furniture, fixtures and equipment	6,051	289	6,340
Land	10,627	10	10,638
Software	6	2,855	2,862
Others	2,021	1,789	3,810
Total	¥51,777	¥5,302	¥57,079

	Thousands of U.S. dollars (Note 3)		
	Stores	Other facilities, etc.	Total
Buildings and structures	$219,006	$2,357	$221,370
Furniture, fixtures and equipment	40,072	1,913	41,986
Land	70,377	66	70,450
Software	39	18,907	18,953
Others	13,384	11,847	25,231
Total	$342,894	$35,112	$378,006

Note: ¥5,650 million ($37,417 thousand) (Buildings and structures), ¥283 million ($1,874 thousand) (Furniture, fixtures and equipment), ¥8,026 million ($53,152 thousand) (Land), ¥0 million ($0 thousand) (Software) and ¥108 million ($715 thousand) (Others) are included in "Restructuring expenses" in the consolidated statements of income.

In the case where net realizable value was used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 4.0-9.4% in 2022, 3.4-7.3% in 2023 and 3.4-8.6% in 2024 were applied.

10. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) Summary of net assets (assets and liabilities) and net payment for the acquisition of shares of companies newly consolidated

Fiscal year ended February 28, 2022:
Speedway LLC and others

	Millions of yen
	2022
Current assets	¥108,625
Non-current assets	1,074,482
Goodwill	1,348,179
Current liabilities	(159,410)
Non-current liabilities	(54,754)
Acquisition cost	2,317,122
Payable included in acquisition cost	(3,846)
Cash and cash equivalents	(17,712)
Payment for acquisition of shares	¥2,295,563

(2) Summary of net assets (assets and liabilities) of Sogo & Seibu Co., Ltd. and its subsidiaries, excluded from the scope of consolidation due to the sales of shares of Sogo & Seibu Co. Ltd., and net proceeds from the sales of shares of Sogo & Seibu Co., Ltd.

Fiscal year ended February 29, 2024:
Sogo & Seibu Co., Ltd. and its subsidiaries

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2024	2024
Current assets	¥86,711	$574,245
Non-current assets	326,331	2,161,132
Current liabilities	(292,665)	(1,938,178)
Non-current liabilities	(22,654)	(150,026)
Non-controlling interests	(4,979)	(32,973)
Unrealized loss	(4,315)	(28,576)
Loss on sales of shares	(88,341)	(585,039)
Sale value	85	562
Consideration adjustment	(22,068)	(146,145)
Accounts payable – other	22,068	146,145
Collection of loans receivable	79,297	525,145
Cash and cash equivalents	(43,346)	(287,059)
Proceeds from the sales of shares	¥36,036	$238,649

(3) Major non-cash transactions

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Finance lease obligations for property and equipment recorded in the consolidated balance sheets for the fiscal year	¥6,799	¥9,824	¥5,832	$38,622
Right-of-use assets recorded in the consolidated balance sheets for the fiscal year	–	985,497	175,607	1,162,960
Asset retirement obligations recorded in the consolidated balance sheets for the fiscal year	12,622	21,859	19,870	131,589

Note: The amount of right-of-use assets has increased due to the application of ASU 2016-02, Leases (Topic842), from the fiscal year ended February 28, 2023, mainly at foreign subsidiaries that have adopted U.S. GAAP.

(4) Acquisition of business
The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Inventories	¥468	¥–	¥2,187	$14,483
Goodwill	10,891	224	–	–
Other	301	–	–	–
Subtotal	11,661	224	2,187	14,483
Property and equipment	5,348	275	2,556	16,927
Total	¥17,010	¥500	¥4,744	$31,417

The property and equipment set out above at an amount of ¥5,348 million, ¥275 million and ¥2,556 million ($16,927 thousand) are included in acquisition of property and equipment in the consolidated statements of cash flows for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.

11. INCOME TAXES

The Company and its domestic consolidated subsidiaries are subject to a number of different tax rates based on income which, in aggregate, indicate statutory rates of approximately 30.6% for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.

(1) The significant components of deferred tax assets and liabilities as of February 28, 2022, February 28, 2023 and February 29, 2024 are as follows:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Deferred tax assets:				
Contract liabilities	¥–	¥23,022	¥22,146	$146,662
Allowance for bonuses to employees	4,244	4,821	4,382	29,019
Allowance for sales promotion expenses	4,970	304	210	1,390
Accrued payroll	12,570	18,726	15,050	99,668
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	176	162	141	933
Allowance for accrued pension and severance costs	974	954	942	6,238
Allowance for loss on future collection of gift certificates	363	–	–	–
Depreciation and amortization	9,992	7,815	7,473	49,490
Tax loss carried forward [a]	131,835	126,568	129,516	857,721
Valuation loss on available-for-sale securities	826	869	720	4,768
Allowance for doubtful accounts	1,583	1,838	1,924	12,741
Unrealized loss on property and equipment	9,863	9,223	4,149	27,476
Impairment loss on property and equipment valuation and loss on land	49,866	55,596	54,069	358,072
Accrued enterprise taxes and business office taxes	3,987	4,261	3,862	25,576
Accrued expenses	13,327	34,727	33,244	220,158
Asset retirement obligations	25,001	26,222	28,050	185,761
Unearned revenue	12,211	1,213	577	3,821
Others	28,879	30,156	31,706	209,973
Subtotal	310,676	346,485	338,169	2,239,529
Valuation allowance for tax loss carried forward [a]	(46,562)	(50,895)	(69,817)	(462,364)
Valuation allowance for deductible temporary differences	(36,495)	(37,145)	(26,031)	(172,390)
Less: Valuation allowance	(83,058)	(88,040)	(95,849)	(634,761)
Total	227,617	258,444	242,319	1,604,761

	2022	2023	Millions of yen 2024	Thousands of U.S. dollars (Note 3) 2024
Deferred tax liabilities:				
Unrealized gains on property and equipment	¥(203,079)	¥(275,935)	¥(240,808)	$(1,594,754)
Royalties, etc.	(32,063)	(50,192)	(53,471)	(354,112)
Reserve for advanced depreciation of property and equipment	(688)	(674)	(704)	(4,662)
Unrealized gains on available-for-sale securities	(16,127)	(14,701)	(20,569)	(136,218)
Net defined benefit asset	(26,364)	(26,629)	(35,732)	(236,635)
Unrealized intercompany profit	(4,055)	(4,261)	(4,296)	(28,450)
Removal cost related to asset retirement obligations	(10,062)	(9,605)	(12,337)	(81,701)
Others	(1,462)	(3,501)	(3,041)	(20,139)
Total	(293,903)	(385,501)	(370,962)	(2,456,701)
Net deferred tax assets [(b)]	¥(66,285)	¥(127,056)	¥(128,642)	$(851,933)

Notes:
(a) Tax loss carried forward and its deferred tax assets by expiration periods

	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years	Millions of yen 2022 Total
Tax loss carried forward (*)	¥3,659	¥4,520	¥6,631	¥3,948	¥6,718	¥106,358	¥131,835
Valuation allowance	3,659	4,511	6,623	3,908	6,658	21,200	46,562
Deferred tax assets	–	8	7	40	59	85,157	85,273(**)

	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years	Millions of yen 2023 Total
Tax loss carried forward (*)	¥4,790	¥6,809	¥4,065	¥6,849	¥3,159	¥100,895	¥126,568
Valuation allowance	4,779	6,802	3,900	6,746	2,999	25,665	50,895
Deferred tax assets	10	6	164	102	159	75,229	75,673(**)

	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years	Millions of yen 2024 Total
Tax loss carried forward (*)	¥6,516	¥3,139	¥4,555	¥2,180	¥3,097	¥110,028	¥129,516
Valuation allowance	6,507	2,924	4,391	2,153	3,093	50,747	69,817
Deferred tax assets	8	215	163	26	3	59,281	59,698(**)

	Thousands of U.S. dollars (Note 3)						
							2024
	Within one year	After one year within two years	After two years within three years	After three years within four years	After four years within five years	After five years	Total
Tax loss carried forward (*)	$43,152	$20,788	$30,165	$14,437	$20,509	$728,662	$857,721
Valuation allowance	43,092	19,364	29,079	14,258	20,483	336,072	462,364
Deferred tax assets	52	1,423	1,079	172	19	392,589	395,350(**)

(*) The amount of tax loss carried forward was calculated by using the statutory tax rate.
(**) We judged the respective deferred tax assets related to tax loss carried forward as recoverable based on the estimated future taxable income.

(b) Net deferred tax assets are included in the assets and liabilities shown below.

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Investments and other assets - Deferred income taxes	¥43,539	¥57,186	¥92,015	$609,370
Non-current liabilities - Deferred income taxes	(109,825)	(184,242)	(220,658)	(1,461,311)

(2) The reconciliation of the difference between the statutory tax rate and the effective tax rate for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 is as follows:

	2022	2023	2024
Statutory tax rate	30.6%	30.6%	30.6%
Adjustments:			
Equity in losses (earnings) of affiliates	(0.3)	(0.2)	(0.4)
Non-deductible items, such as entertainment expenses	0.8	0.2	0.4
(Decrease) increase in valuation allowance	(0.7)	1.2	5.3
Inhabitant taxes per capital	0.5	0.4	0.5
Amortization of goodwill	7.0	8.6	13.3
Difference from applicable tax rates of foreign subsidiaries	(4.7)	(6.0)	(9.1)
Adjustment due to consolidation journals	(5.4)	(6.7)	(10.5)
Effect of exclusion of consolidated subsidiaries	–	–	(15.7)
Others	0.6	(0.6)	0.7
Effective tax rate	28.4%	27.5%	15.1%

(3) Treatment for accounting and disclosure for income tax, local income tax, and tax effect accounting
The Company and some of its wholly-owned domestic subsidiaries have applied the Group Tax Sharing System from the fiscal year ended February 29, 2024. Accounting treatment and disclosure of income tax, local income tax, and tax effect accounting are in accordance with “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42, August 12, 2021).

12. RETIREMENT BENEFITS

(1) Summary of the retirement benefit plans

The Company and its domestic consolidated subsidiaries mainly provide the employee pension fund plan in the form of a defined benefit plan. The Company and some of its subsidiaries also provide an optional defined contribution pension plan. Some of the domestic subsidiaries provide a defined contribution pension plan or a lump severance payment plan. Additional retirement benefits may be added upon the retirement of employees.

Certain consolidated subsidiaries in the United States have a defined contribution pension plan and a defined benefit plan. Certain consolidated subsidiaries apply a simplified method to determine retirement benefit obligations.

(2) Defined benefit plans, including a plan applying a simplified method

(a) Change in retirement benefit obligations

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Balance at beginning of year	¥282,309	¥284,440	¥260,142	$1,722,794
Service cost[(a)]	13,100	13,077	11,366	75,271
Interest cost	1,633	1,728	3,772	24,980
Actuarial differences	(747)	(27,268)	(202)	(1,337)
Benefits paid	(14,796)	(13,004)	(15,587)	(103,225)
Increase due to acquisition of consolidated subsidiaries[(b)]	1,814	–	–	–
Others	1,128	1,168	971	6,430
Balance at end of year	¥284,440	¥260,142	¥260,461	$1,724,907

Notes:

(a) Consolidated subsidiaries applying a simplified method account for retirement benefit expenses as "service cost".

(b) "Increase due to acquisition of consolidated subsidiaries" presents an increase due to 7-Eleven, Inc.'s acquisition of shares and other interests of Speedway LLC and other 20 companies.

(b) Change in plan assets

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Balance at beginning of year	¥352,887	¥357,956	¥333,647	$2,209,582
Expected return on plan assets	7,043	7,120	6,659	44,099
Actuarial differences	646	(29,911)	22,680	150,198
Employer contribution	11,819	11,730	12,131	80,337
Benefits paid	(14,441)	(12,050)	(14,127)	(93,556)
Others	–	(1,198)	–	–
Balance at end of year	¥357,956	¥333,647	¥360,991	$2,390,668

(c) Reconciliation from retirement benefit obligations and plan assets to liabilities and assets for retirement benefits

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Funded retirement benefit obligations	¥271,738	¥246,558	¥244,138	$1,616,807
Plan assets	(357,956)	(333,647)	(360,991)	(2,390,668)
	(86,217)	(87,088)	(116,852)	(773,854)
Unfunded retirement benefit obligations	12,702	13,584	16,323	108,099
	¥(73,515)	¥(73,504)	¥(100,528)	$(665,748)
Net defined benefit liability	¥12,702	¥13,584	¥16,323	$108,099
Net defined benefit asset	(86,217)	(87,088)	(116,852)	(773,854)
	¥(73,515)	¥(73,504)	¥(100,528)	$(665,748)

(d) Retirement benefit costs

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Service cost	¥13,100	¥13,077	¥11,366	$75,271
Interest cost	1,633	1,728	3,772	24,980
Expected return on plan assets	(7,043)	(7,120)	(6,659)	(44,099)
Amortization of actuarial differences	(3,242)	(3,741)	(2,960)	(19,602)
Amortization of prior service cost	(0)	(1)	0	0
Additional retirement benefits	2,393	1,058	10,483	69,423
Total retirement benefit costs	¥6,840	¥5,000	¥16,002	$105,973

(e) Remeasurements of defined benefit plans (pretax) recognized in other comprehensive income

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Prior service cost	¥(2)	¥(2)	¥(0)	$(0)
Actuarial differences	(2,211)	(7,052)	19,761	130,867
Others	–	(253)	–	–
Total	¥(2,213)	¥(7,308)	¥19,760	$130,860

(f) Remeasurements of defined benefit plans (pretax) recognized in accumulated other comprehensive income

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Unrecognized prior service cost	¥10	¥13	¥13	$86
Unrecognized actuarial differences	(20,300)	(13,249)	(33,010)	(218,609)
Others	(253)	–	–	–
Total	¥(20,543)	¥(13,236)	¥(32,996)	$(218,516)

(g) Plan assets
(i) The asset allocation for the plans

	2022	2023	2024
Bonds	62%	49%	50%
Equity	28%	27%	28%
Others	10%	24%	22%
Total	100%	100%	100%

(ii) Method for setting long-term expected rate of return
To set the expected rate of return on plan assets, the Company takes into account the current and expected allocation of plan assets and the expected present and future long-term rate of return on the diverse range of assets that make up plan assets.

(h) Actuarial assumptions

	2022	2023	2024
Discount rate	mainly 0.5%	mainly 1.3%	mainly 1.3%
Discount rate (consolidated subsidiaries in the United States)	3.0%	5.6%	5.6%
Long-term expected rate of return on plan assets	mainly 2.0%	mainly 2.0%	mainly 2.0%
Expected rate of salary increase	mainly 2.5%	mainly 2.5%	mainly 2.5%

(3) Defined contribution plans
Contribution made to the defined contribution plans by the Company, some of the Company's domestic consolidated subsidiaries and consolidated subsidiaries in the United States amounted to ¥7,481 million, ¥8,941 million and ¥7,008 million ($46,410 thousand) for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.

13. SHORT-TERM LOANS AND LONG-TERM DEBT

The following summarizes information concerning short-term loans:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Outstanding balance at fiscal year-end:				
Short-term bank loans [(a)]	¥140,146	¥143,568	¥84,882	$562,132
Weighted-average interest rate at year-end:				
Short-term bank loans	0.40%	0.77%	1.60%	

Note:
(a) The total amounts of short-term loans with collateral as of February 28, 2022, February 28, 2023 and February 29, 2024 were nil (Note 19).

Long-term debt as of February 28, 2022, February 28, 2023 and February 29, 2024 consists of the following:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Outstanding balance as of fiscal year-end:				
Loans, principally from banks and insurance companies, due 2025 to 2034 with interest rates ranging from 0.0 to 6.2% (b)	¥1,115,680	¥1,081,676	¥963,146	$6,378,450
Lease obligations	56,937	79,151	75,386	499,245
Seven & i Holdings Co., Ltd.:				
0.671% unsecured straight bonds, due March 20, 2023	20,000	20,000	–	–
0.514% unsecured straight bonds, due June 20, 2022	60,000	–	–	–
0.781% unsecured straight bonds, due June 20, 2025	30,000	30,000	30,000	198,675
0.060% unsecured straight bonds, due December 20, 2023	130,000	130,000	–	–
0.190% unsecured straight bonds, due December 19, 2025	180,000	180,000	180,000	1,192,052
0.280% unsecured straight bonds, due December 20, 2027	40,000	40,000	40,000	264,900
0.400% unsecured straight bonds, due November 2, 2026	–	–	60,000	397,350
0.687% unsecured straight bonds, due November 2, 2028	–	–	60,000	397,350
1.040% unsecured straight bonds, due November 1, 2030	–	–	30,000	198,675
1.392% unsecured straight bonds, due November 2, 2033	–	–	70,000	463,576
7-Eleven, Inc.:				
0.625% unsecured straight bonds, due February 10, 2023	143,320	165,823	–	–
0.800% unsecured straight bonds, due February 10, 2024	257,574	297,830	319,039	2,112,841
0.950% unsecured straight bonds, due February 10, 2026	142,619	164,860	176,547	1,169,185
1.300% unsecured straight bonds, due February 10, 2028	113,936	131,646	140,918	933,231
1.800% unsecured straight bonds, due February 10, 2031	194,025	224,026	239,632	1,586,966
2.500% unsecured straight bonds, due February 10, 2041	84,620	97,705	104,512	692,132
2.800% unsecured straight bonds, due February 10, 2051	141,809	163,658	174,974	1,158,768
Seven Bank, Ltd.:				
0.803% unsecured straight bonds, due March 20, 2023	20,000	20,000	–	–
0.536% unsecured straight bonds, due December 20, 2024	15,000	15,000	15,000	99,337
0.390% unsecured straight bonds, due September 17, 2027	30,000	30,000	30,000	198,675
0.160% unsecured straight bonds, due December 20, 2023	20,000	20,000	–	–
0.385% unsecured straight bonds, due December 20, 2028	20,000	20,000	20,000	132,450
	2,815,524	2,911,380	2,729,158	18,073,894
Current portion of long-term debt	(201,690)	(523,986)	(495,677)	(3,282,629)
	¥2,613,833	¥2,387,393	¥2,233,480	$14,791,258

Notes:

(a) The total amounts of long-term debt with collateral as of February 28, 2022, February 28, 2023 and February 29, 2024 were ¥9,717 million, ¥9,229 million and ¥6,335 million ($41,953 thousand), respectively (Note 19).

(b) When the closing date of a subsidiary differs from the consolidated closing date, the subsidiary's debt due on or before the consolidated closing date is included in long-term debt.

(c) Lease obligations are accounted for by some foreign consolidated subsidiaries that adopt U.S.GAAP in connection with the application of ASU 2016-02, Leases (Topic842). Those lease obligations are not included in the balance of lease obligations in the table since they do not associate with interest burden.

The aggregate annual maturities of long-term debt are as follows:

Fiscal year ending February 28 or 29:	Millions of yen	Thousands of U.S. dollars (Note 3)
2025	¥495,677	$3,282,629
2026	478,603	3,169,556
2027	379,251	2,511,596
2028	278,625	1,845,198
2029	287,464	1,903,735
Thereafter	809,535	5,361,158
	¥2,729,158	$18,073,894

14. LEASES

Operating leases

The amounts of outstanding future lease payments under lease agreements other than finance leases, which are non-cancelable, including the interest portion, as of February 28, 2022, February 28, 2023 and February 29, 2024 are as follows:

As lessee:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Due within one year	¥131,551	¥21,757	¥18,405	$121,887
Due after one year	854,502	120,686	102,686	680,039
Total	¥986,053	¥142,443	¥121,092	$801,933

Note: Applying ASU2016-02, Leases (Topic842) under U.S. GAAP effective from the beginning of the fiscal year ended February 28, 2023, the Company's foreign subsidiaries account for lease obligations for operating leases based on the present value of lease payments over the lease terms. Thus, the amounts as of February 28, 2023 and February 29, 2024 do not include future lease payments of those subsidiaries.

As lessor:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Due within one year	¥10,599	¥10,948	¥12,112	$80,211
Due after one year	21,397	20,583	28,493	188,695
Total	¥31,997	¥31,532	¥40,605	$268,907

15. ASSET RETIREMENT OBLIGATIONS

Fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024:

(1) Summary of asset retirement obligations

Asset retirement obligations recorded by the Group are mainly related to the obligations to restore stores to their original condition upon termination of their lease contracts.

(2) Calculation method of the asset retirement obligations

In the calculation process of asset retirement obligations, the Group estimates terms of use between one and 50 years and use a discount rate between 0% and 8.3%.

(3) Changes in the total amounts of applicable asset retirement obligations for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Balance at beginning of year	¥101,796	¥133,175	¥157,324	$1,041,880
Increase due to acquisition of property and equipment	8,709	9,421	5,536	36,662
Adjustment due to passage of time	1,761	2,015	2,787	18,456
Decrease due to settlement of asset retirement obligations	(4,900)	(5,089)	(4,838)	(32,039)
Decrease due to release from restoration obligations	(197)	(22)	(5)	(33)
Increase due to change in estimation	2,151	10,422	11,546	76,463
Decrease due to reconciliation of estimated cost and actual cost	(606)	(21)	(65)	(430)
Increase due to acquisition of consolidated subsidiaries[(a)]	22,176	–	–	–
Decrease due to exclusion of consolidated subsidiaries[(b)]	–	–	(7,898)	(52,304)
Others[(c)]	2,283	7,422	4,211	27,887
Balance at end of year	¥133,175	¥157,324	¥168,599	$1,116,549

Notes:

(a) "Increase due to acquisition of consolidated subsidiaries" presents an increase due to 7-Eleven Inc's acquisition of shares and other interests of Speedway LLC and other 20 companies for the fiscal year ended February 28, 2022.

(b) "Decrease due to exclusion of consolidated subsidiaries" mainly presents a decrease due to the exclusion of Sogo & Seibu Co., Ltd. and its subsidiaries for the fiscal year ended February 29, 2024.

(c) Others are mainly due to fluctuations in foreign currency rates.

(4) Change in estimation

For the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, the estimated amount for restoration expenses and the expected period of use for asset retirement obligation recognized for the restoration have been revised based on the latest information about the actual restoration expenses, etc. As a result of this revision, asset retirement obligation increased by ¥2,151 million, ¥10,422 million and ¥11,546 million ($76,463 thousand), respectively, from the balance of asset retirement obligation before revision.

16. OTHER COMPREHENSIVE INCOME

The components of other comprehensive income including reclassification adjustments and tax effects for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 are as follows:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Unrealized gains (losses) on available-for-sale securities, net of taxes:				
Increase (decrease) during the fiscal year	¥3,211	¥(4,112)	¥20,064	$132,874
Reclassification adjustments	(406)	(97)	(2,655)	(17,582)
Amount before tax	2,805	(4,210)	17,408	115,284
Tax effects	(731)	1,247	(6,196)	(41,033)
Subtotal	2,073	(2,962)	11,212	74,251
Unrealized gains on hedging derivatives, net of taxes:				
Increase during the fiscal year	3,595	723	14	92
Amount before tax	3,595	723	14	92
Tax effects	(905)	(190)	5	33
Subtotal	2,689	532	19	125
Foreign currency translation adjustments:				
Increase during the fiscal year	189,239	288,056	165,163	1,093,794
Remeasurements of defined benefit plans, net of taxes:				
Increase (decrease) during the fiscal year	1,391	(2,644)	22,881	151,529
Reclassification adjustments	(3,605)	(4,663)	(3,121)	(20,668)
Amount before tax	(2,213)	(7,308)	19,760	130,860
Tax effects	698	2,194	(6,914)	(45,788)
Subtotal	(1,515)	(5,113)	12,845	85,066
Share of other comprehensive income (loss) of entities accounted for using equity method:				
Increase (decrease) during the fiscal year	156	203	(133)	(880)
Total other comprehensive income	¥192,642	¥280,717	¥189,107	$1,252,364

17. NET ASSETS

Net assets are comprised of four subsections, which are shareholders' equity, accumulated other comprehensive income, subscription rights to shares, and non-controlling interests.

Under the Japanese Companies Act ("the Act") and related regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of its board of directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Act, in cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. Under the Act, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Act.

At the annual shareholders' meeting held on May 28, 2024, the shareholders approved cash dividends amounting to ¥49,488 million ($327,735 thousand). Such appropriations have not been accrued in the consolidated financial statements as of February 29, 2024 because those are recognized in the period in which they are approved by the shareholders. The total amount of cash dividends includes ¥89 million ($589 thousand) of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

18. STOCK OPTIONS

Stock option expense that is accounted for under selling, general and administrative expenses on the consolidated statements of income was nil for the fiscal years ended February 28, 2022 and February 28, 2023, and ¥7 million ($46 thousand) for the fiscal year ended February 29, 2024.

Amounts recorded as other income due to forfeitures resulting from not exercising subscription rights to shares were nil for the fiscal years ended February 28, 2022 and February 28, 2023, and ¥0 million ($0 thousand) for the fiscal year ended February 29, 2024.

(1) The Company
(a) Outline of stock options

	Fifteenth grant	Seventeenth grant
Title and number of grantees	8 directors of the Company	7 directors of the Company
Number and type of stock options[(a)]	28,100 ordinary shares	16,500 ordinary shares
Grant date	August 5, 2015	August 3, 2016
Vesting conditions	(b)	(b)
Intended service period	No provisions	No provisions
Exercise period	From February 29, 2016 to August 5, 2035	From February 28, 2017 to August 3, 2036

	Nineteenth grant	Twenty-first grant
Title and number of grantees	6 directors of the Company	7 directors of the Company
Number and type of stock options[(a)]	16,100 ordinary shares	18,200 ordinary shares
Grant date	August 4, 2017	August 3, 2018
Vesting conditions	(b)	(b)
Intended service period	No provisions	No provisions
Exercise period	From February 28, 2018 to August 4, 2037	From February 28, 2019 to August 3, 2038

Notes:
(a) Number of stock options means total shares to be issued upon exercise of subscription rights to shares. The Company conducted the 3-for-1 common share split on March 1, 2024. The number of stock options above represents the total shares at the time of the grant to the Company's directors.
(b) Within 10 days from the day following the day that a subscription holder loses their position as a director or executive officer of the Company or of its subsidiaries.

(b) Scale and changes in stock options

The following describes the scale and changes in stock options that existed during the fiscal year ended February 29, 2024. The number of stock options is translated into the number of shares.

Fiscal year ended February 29, 2024:
Number of stock options

	Fifteenth grant	Seventeenth grant	Nineteenth grant	Twenty-first grant
Before vested:				
As of February 28, 2023	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	–	–	–	–
After vested:				
As of February 28, 2023	3,000	3,000	3,000	3,000
Vested	–	–	–	–
Exercised	–	–	–	–
Forfeited	–	–	–	–
Outstanding	3,000	3,000	3,000	3,000

Note: The Company conducted the 3-for-1 common share split on March 1, 2024. Accordingly, the number of shares above has been adjusted to 9,000 shares respectively.

Price information

	Fifteenth grant	Seventeenth grant	Nineteenth grant	Twenty-first grant
Exercise price	¥1 ($0.006) per share	¥1 ($0.006) per share	¥1 ($0.006) per share	¥1 ($0.006) per share
Average exercise price	–	–	–	–
Fair value at the grant date(a)	¥533,000 ($3,529) per subscription to share	¥361,300 ($2,392) per subscription to share	¥369,800 ($2,449) per subscription to share	¥380,600 ($2,520) per subscription to share

Note:
(a) The Company conducted the 3-for-1 common share split on March 1, 2024. Accordingly, the exercise price above shall be ¥0.3 ($0.001) per share. The number of shares to be issued upon exercise of one subscription right to shares has been adjusted to be 300 ordinary shares of the Company.

(2) Seven Bank, Ltd.
(a) Outline of stock options

	Tenth grant-1
Title and number of grantees	418 grantees: Directors, Audit & Supervisory Board members, and employees of Seven Bank, Ltd. and its subsidiaries (including those seconded to these companies)
Number and type of stock options[(a)]	3,835,200 ordinary shares
Grant date	October 31, 2023
Vesting conditions	1. Holders of subscription rights to shares may exercise their rights only if all of the financial goals listed in A to C below in the medium-term management plan of Seven Bank, Ltd. are achieved. A. Ordinary revenue in the consolidated income statement for the fiscal year ending March 2026: ¥250 billion ($1,655 million) B. Ordinary income in the consolidated income statement for the fiscal year ending March 2026: ¥45 billion ($298 million) C. Return on equity (ROE) calculated based on the consolidated balance sheet and consolidated income statement for the fiscal year ending March 2026: 8% In determining the above performance conditions, the figures shall be referred to the securities report submitted by Seven Bank, Ltd. In cases such as a change in the fiscal year end, changes in applicable accounting standards or events such as corporate acquisitions that have a significant impact on the business performance of Seven Bank, Ltd., it may not be appropriate to make judgments based on the figures shown in the consolidated balance sheet and consolidated income statement. If the Board of Directors determines that there is such effect, Seven Bank, Ltd. may make appropriate adjustments to eliminate such impact within a reasonable range. 2. Holders of subscription rights to shares must be directors, auditors, or employees of Seven Bank, Ltd. or its affiliated companies (including those seconded to these companies) at the time of exercising the subscription rights to shares. 3. The exercise of the subscription rights to shares by the heirs of the holders of the subscription rights to shares will not be permitted. 4. If the exercise of the subscription rights to shares causes the total number of issued shares of Seven Bank, Ltd. to exceed the total number of authorized shares at the time, the subscription rights to shares may not be exercised. 5. Less than one subscription right to shares may not be exercised.
Intended service period	From October 31, 2023 to May 31, 2026
Exercise period	From June 1, 2026 to October 31, 2027

Note:
(a) Number of stock options means total shares to be issued upon exercise of subscription rights to shares.

(b) Scale and changes in stock options
The following describes the scale and changes in stock options that existed during the fiscal year ended February 29, 2024. The number of stock options is translated into the number of shares.

Fiscal year ended February 29, 2024:
Number of stock options

	Tenth grant-1
Before vested:	
As of February 28, 2023	–
Granted	3,835,200
Forfeited	20,000
Vested	–
Outstanding	3,815,200
After vested:	
As of February 28, 2023	–
Vested	–
Exercised	–
Forfeited	–
Outstanding	–

Price information

	Tenth grant-1
Exercise price	¥319.4 ($2.115) per share
Average exercise price	–
Fair value at the grant date(a)	¥16 ($0.105) per subscription to share

(c) Valuation method for estimating per share fair value of stock options
The valuation method used for valuating fair value of Tenth grant-1 of subscription rights to shares during the fiscal year ended February 29, 2024 is as follows:

i) Valuation method used
Black-Scholes option-pricing model

ii) Principal parameters and estimation method

	Tenth grant-1
Expected volatility of the underlying stock price(a)	17.06%
Remaining expected life of the option(b)	3.3 years
Expected dividend rate(c)	3.69%
Risk-free interest rate during the expected option term(d)	0.216%

Notes:
(a) The Tenth grant-1 is calculated based on the actual stock prices during the eight years and seven months from July 15, 2020 to October 31, 2023.
(b) Options are assumed to be exercised at the midpoint of the exercise period because of the difficulty to reasonably estimate expected life.
(c) Expected dividend rate is determined based on the latest actual dividends on common stock for the fiscal year ended February 28, 2023.
(d) Japanese government bond yield corresponding to the remaining life of the option.

(d) Estimation of the number of stock options vested
Because it is difficult to reasonably estimate the number of options that will expire in the future, the number of options that have been forfeited is reflected.

19. COMMITMENTS AND CONTINGENT LIABILITIES

(1) Guarantees

As of February 28, 2022

The Group is contingently liable as guarantors for employees' housing loans from certain financial institutions totaling ¥42 million.

As of February 28, 2023

The Group is contingently liable as guarantors for employees' housing loans from certain financial institutions totaling ¥34 million.

As of February 29, 2024

The Group is contingently liable as guarantors for employees' housing loans from certain financial institutions totaling ¥28 million ($185 thousand).

(2) Pledged assets

(a) The amount of assets pledged as collateral by the Group for their loans from certain financial institutions as of February 28, 2022, February 28, 2023 and February 29, 2024 is as follows:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Buildings and structures	¥463	¥581	¥1,197	$7,927
Land	1,258	1,258	1,258	8,331
Investments in securities	79,715	86,736	101,596	672,821
Long-term leasehold deposits	1,162	1,149	–	–
Total	¥82,599	¥89,726	¥104,052	$689,086

Debts for the pledged assets above as of February 28, 2022 are as follows: long-term loans (including current portion), ¥9,717 million.

Debts for the pledged assets above as of February 28, 2023 are as follows: long-term loans (including current portion), ¥9,229 million.

Debts for the pledged assets above as of February 29, 2024 are as follows: long-term loans (including current portion), ¥6,335 million ($41,953 thousand).

(b) Other

As of February 28, 2022

The amounts of investments in securities and long-term leasehold deposits pledged as collateral for fund transfer are ¥2,516 million and ¥1,700 million, respectively. The amount of assets pledged as collateral for real estate business is ¥55 million. In addition, ¥292 million of assets are pledged as collateral to secure the amount of prepaid tickets issued.

As of February 28, 2023

The amounts of investments in securities and long-term leasehold deposits pledged as collateral for fund transfer are ¥2,503 million and ¥1,700 million, respectively. The amount of assets pledged as collateral for real estate business is ¥55 million. In addition, ¥1,006 million of assets are pledged as collateral to secure the amount of prepaid tickets issued.

As of February 29, 2024

The amounts of investments in securities and long-term leasehold deposits pledged as collateral for fund transfer are ¥999 million ($6,615 thousand) and ¥6,500 million ($43,046 thousand), respectively. The amount of assets pledged as collateral for real estate business is ¥20 million ($132 thousand). In addition, nil of assets are pledged as collateral to secure the amount of prepaid tickets issued.

(3) Cash loan business
Some financial subsidiaries conduct a cash loan business that is associated with their credit card business. Unused credit balance related to the cash loan business as of February 28, 2022, February 28, 2023 and February 29, 2024 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Credit availability of cash loan business	¥832,746	¥817,777	¥801,857	$5,310,311
Outstanding balance	(42,048)	(47,345)	(55,155)	(365,264)
Unused credit balance	¥790,697	¥770,431	¥746,701	$4,945,039

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical record. Some financial subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other justifiable reasons.

(4) Others
Bonds held by Seven Bank, Ltd.
Seven Bank, Ltd., one of the Company's consolidated subsidiaries, holds bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These bonds are recorded in "Investments in securities" in the consolidated balance sheets due to its nature of restriction even if they have redemption at maturity less than one year.

20. NOTES AND ACCOUNTS PAYABLE, TRADE FOR FRANCHISED STORES

The balance of notes and accounts payable, trade for franchised stores represents the amount payable to vendors for merchandise purchased by SEVEN-ELEVEN JAPAN CO., LTD. and 7-Eleven, Inc. These two companies centralize all purchasing procedures for merchandise purchased by an individual franchised store and make collective payments to all vendors on behalf of the franchisees.

21. SUPPLEMENTARY PROFIT AND LOSS INFORMATION

(1) The franchise commission from SEVEN-ELEVEN JAPAN CO., LTD.'s franchised stores and 7-Eleven, Inc.'s franchised stores is included in operating revenues. The franchise commission from franchised stores and net sales of franchised stores are as follows:

Franchise commission from franchised stores

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
SEVEN-ELEVEN JAPAN CO., LTD.	¥765,199	¥778,735	¥824,401	$5,459,609
7-Eleven, Inc	294,374	362,301	402,054	2,662,609
Total	¥1,059,574	¥1,141,036	¥1,226,455	$8,122,218

Net sales of franchised stores

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
SEVEN-ELEVEN JAPAN CO., LTD.	¥4,853,881	¥5,056,946	¥5,278,502	$34,956,966
7-Eleven, Inc	1,695,895	2,111,197	2,268,878	15,025,682
Total	¥6,549,776	¥7,168,143	¥7,547,381	$49,982,655

(2) Major items included in gain on sales of property and equipment are as follows:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Buildings and structures	¥2,200	¥1,687	¥2,575	$17,052
Land	6,497	7,066	7,989	52,907
Others	229	363	463	3,066
Total	¥8,927	¥9,116	¥11,027	$73,026

Note: ¥108 million (Buildings and structures), ¥2,440 million (Land) and ¥5 million (Others) are included in "Gain on sales of property and equipment related to restructuring" in the consolidated statements of income for the fiscal year ended February 28, 2022.

(3) Major items included in loss on disposals of property and equipment are as follows:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Buildings and structures	¥4,264	¥6,308	¥7,791	$51,596
Furniture, fixtures and equipment	3,490	3,873	4,497	29,781
Others	5,911	3,929	3,301	21,860
Total	¥13,667	¥14,110	¥15,590	$103,245

Note: ¥0 million (Buildings and structures) is included in "Restructuring expenses" in the consolidated statements of income for the fiscal year ended February 28, 2022. ¥61 million (Buildings and structures) and ¥10 million (Furniture, fixtures and equipment) are included in "Restructuring expenses" in the consolidated statements of income for the fiscal year ended February 28, 2023.

(4) Major items included in selling, general and administrative expenses are as follows:

			Millions of yen	Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Advertising and decoration expenses	¥123,214	¥97,091	¥103,036	$682,357
Salaries and wages	564,770	696,197	699,665	4,633,543
Provision for allowance for bonuses to employees	13,861	14,314	14,769	97,807
Retirement benefit costs	14,045	13,812	13,833	91,609
Legal welfare expenses	75,217	81,495	82,957	549,384
Land and building rent	396,241	441,127	450,944	2,986,384
Depreciation and amortization	279,082	363,564	388,036	2,569,774
Utility expenses	121,954	185,724	183,411	1,214,642
Store maintenance and repair expenses	92,481	162,768	164,886	1,091,960

22. LOSS RELATED TO COVID-19

The Group recognized loss related to COVID-19 for the fiscal year ended February 28, 2022. A breakdown of loss related to COVID-19 is shown below.

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Fixed cost during temporary closure (Salaries and wages, land and building rent, etc.)	¥8,625	¥–	¥–	$–
Cost of support to franchisees	1,492	–	–	–
Others	262	–	–	–
Total	¥10,380	¥–	¥–	$–

Note: The "Cost of infection prevention and control" was recorded as "other expenses" for the fiscal year ended February 28, 2022, because it was extraordinary expenses. However, it has been considered to be recurring expenses and has been recorded as "Selling, general and administrative expenses" for the fiscal years ended February 28, 2023 and February 29, 2024.

23. RESTRUCTURING EXPENSES

The Group recognized restructuring expenses for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 to pursue the Group Growth Strategy. A breakdown of restructuring expenses is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Impairment loss	¥1,365	¥5,530	¥14,069	$93,172
Early retirement benefit	247	105	9,155	60,629
Store closing losses	–	2,088	–	–
Others	2,550	2,575	5,632	37,298
Total	¥4,163	¥10,298	¥28,858	$191,112

Note: In addition to the above restructuring expenses, the Group recognized “Gain on sales of property and equipment related to restructuring” for the fiscal year ended February 28 2022 in the amount of ¥2,554 million.

24. SUBSIDY INCOME

The Group recognized subsidy income for the fiscal year ended February 28, 2022. A breakdown of the subsidy income is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2022	2023	2024	2024
Subsidy income related to COVID-19	¥5,741	¥–	¥–	$–
Subsidies for employment adjustment	1,907	–	–	–
Total	¥7,648	¥–	¥–	$–

Note: The amount below has been reduced from “Selling, general and administrative expenses” for the fiscal year ended February 28, 2023.
Subsidy income related to COVID-19: ¥1,648 million
Subsidies for employment adjustment: ¥741 million

25. BUSINESS COMBINATIONS

Matters regarding significant business combinations for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024 were described as follows:

Fiscal year ended February 28, 2022

Business combination by acquisition

As of August 3, 2020, the Company's consolidated subsidiary, 7-Eleven, Inc. executed an agreement with U.S. company, Marathon Petroleum Corporation ("MPC"), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses) (hereinafter, the agreement is referred to as the "Transaction Agreement", and the acquisition is referred to as the "Transaction"). 7-Eleven, Inc. acquired the shares and other interests of the companies as of May 14, 2021 through SEI Speedway Holdings, LLC established as the Company's wholly-owned subsidiary. In parallel, the Company entered into a 15-year gasoline supply agreement for the acquired stores with MPC.

Although the business to have been acquired in the Transaction consists of multiple companies, we only disclose the information of one representative company in "(a) Name and main business of the acquired company" and "(f) Ratio of voting rights acquired".

(1) Overview

(a) Name and main business of the acquired company

Name: Speedway LLC

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

(b) Main reason for the business combination

The growth of the Company's convenience store business centered around 7-Eleven, Inc. in the North American market, where solid economic growth is expected, is positioned as an important growth engine for the Group, and we have been proactively leveraging the positive effects of acquisitions, expansion of our store network and optimization of our supply chain.

By carrying out the Transaction, we intend to achieve the following objectives:

(i) Strategic expansion of store network

By combining the powerful 7-Eleven brand that has been cultivated thus far with Speedway's solid brand, we will add economies of scale in the North American market, and furthermore, by utilizing the product strength and operational know-how of the business cultivated by 7-Eleven, Inc. in the U.S. to increase merchandise sales and improve gross profit margin, we expect that it will be possible to further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

(ii) Financial effect

We anticipate synergies and a tax savings due to beneficial tax treatment in the U.S.

(iii) ESG Leadership

In May 2019, the Group, including 7-Eleven, Inc. as a global retailer representing Japan, announced the "GREEN CHALLENGE 2050", the Company's environmental declaration. The Group is committed to achieving the declaration's four themes: (i) reducing CO_2 emissions to achieve a carbon-free society; (ii) measures to realize a circular economy with respect to plastics; (iii) measures for food loss and recycling; and (iv) sustainable procurement to achieve a society that coexists with nature. Following the Transaction, the Group, including 7- Eleven, Inc. as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the North American market through expansion of its network and presence.

7-Eleven, Inc., as a chance of the Transactions, will set mutual and shared targets for 2027 to reduce CO_2 emissions, to utilize more ecofriendly packaging and sustainable food supplies, and to drive reduction in plastic usage for both newly acquired stores and existing stores and aim to enhance long-term corporate value.

(c) Date of the business combination
May 14, 2021

(d) Legal form of the business combination
Acquisition of shares and other interests

(e) The acquired company's name after the business combination
The names of the companies will not change subsequent to the business combination.

(f) Ratio of voting rights acquired
100%

(g) Reason for determining the acquired company
The Company's subsidiary acquired the shares and other interests of the companies in exchange for cash.

(2) Period of performance of the acquired company included in the consolidated financial statements
From May 14, 2021 to December 31, 2021

(3) Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition: Cash	$21,083,918 thousand	(¥2,332,513 million)
Acquisition cost	$21,083,918 thousand	(¥2,332,513 million)

(4) Details and amounts of main acquisition-related costs
Payment for financial and legal investigations: $134,084 thousand (¥14,833 million)

(5) Amount, reason for recognition, and period and method of amortization of goodwill
(a) Amount of goodwill
$12,267,329 thousand (¥1,357,134 million)
The amount above is provisional since the purchase price allocation has not been finalized and fair value measurement of identifiable assets and liabilities at the acquisition date has not been finalized.

(b) Reason for recognition of goodwill
Future excess earning power expected from future business development.

(c) Period and method of amortization of goodwill
Straight-line method over 20 years

(6) Total amounts and principal breakdowns of assets received and liabilities assumed on the effective date of the business combination

Current assets	$988,406 thousand	(¥109,347 million)
Non-current assets	$9,776,912 thousand	(¥1,081,619 million)
Total assets	$10,765,319 thousand	(¥1,190,967 million)
Current liabilities	$1,450,507 thousand	(¥160,469 million)
Non-current liabilities	$498,223 thousand	(¥55,118 million)
Total liabilities	$1,948,730 thousand	(¥215,588 million)

Note: Converted at the rate of $1 = ¥110.63 (as of May 13, 2021) on (3), (4), (5) and (6).

(7) Approximate amounts of impact of the business combination on the Company's consolidated statements of income for the fiscal year assuming the business was completed at the beginning of the fiscal year, and the calculation method thereof

Net sales	$8,420 million	(¥925,358 million)
Operating income	$183 million	(¥20,111 million)
Income before income taxes	$177 million	(¥19,452 million)
Net income attributable to owners of parent	$132 million	(¥14,552 million)
Net income per share	$0.15	(¥16.49)

(Method of calculation of estimated amount)
The difference between the net sales and profit/loss information calculated as if the business combination had been completed at the beginning of the fiscal year and the net sales and profit/loss information in the consolidated statement of income of the acquired company is the estimated amount of impact. The estimated amount includes an adjustment for amortization of goodwill and other items, assuming that the goodwill and other items recognized at the time of the business combination were recognized as of the beginning of the current fiscal year.
These notes are not audited.

Note: Converted at the rate of $1 = ¥109.90 (average exchange rate during the period) on (7).

Fiscal year ended February 28, 2023

Finalization of provisional acquisition accounting for business combination

As of August 3, 2020, the Company's consolidated subsidiary, 7-Eleven, Inc. executed an agreement with U.S. company Marathon Petroleum Corporation ("MPC"), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses). 7-Eleven, Inc. acquired the shares and other interests of the companies as of May 14, 2021 through SEI Speedway Holdings, LLC established as the Company's wholly-owned subsidiary, and made provisional acquisition accounting in the fiscal year ended February 28, 2022. The Company finalized provisional acquisition accounting in the fiscal year ended February 28, 2023.
In addition, the amount of the purchase price has been changed due to adjustments of the consideration paid in the fiscal year ended February 28, 2023. As a result, the amount and the breakdown of the revised allocation are as follows:

Goodwill [before revision]	$12,267,329 thousand	¥1,357,134 million
Revised amount of goodwill Changes in purchase price due to adjustments of consideration paid	$66,000 thousand	¥7,301 million
Decrease (increase) in property and equipment	$6,566 thousand	¥726 million
Increase (decrease) in current liabilities	$15,732 thousand	¥1,740 million
Other	$965 thousand	¥106 million
Total	$89,265 thousand	¥9,875 million
Goodwill [after revision]	$12,356,594 thousand	¥1,367,010 million

Note: Converted at the rate of $1 = ¥110.63 (as of May 13, 2021).

An acquirer, SEI Speedway Holdings, LLC and its parent company, 7-Eleven, Inc., a subsidiary of the Company, adopts U.S. GAAP and has applied ASU 2015-16. As ASU 2015-16 requires that an acquirer recognize adjustments to provisional acquisition accounting that are identified during the measurement period in the reporting period in which the adjustment amounts are determined, adjustments of the purchase price allocation are not reflected in comparative information.
These adjustments did not have a significant impact on the Company's operating income and income before income taxes for the fiscal year ended February 28, 2023.

Fiscal year ended February 29, 2024

Business divestiture
Transfer of subsidiary shares

The Company entered into an agreement to transfer all of the issued shares of Sogo & Seibu Co., Ltd. held by the Company to a special purpose company, which is a related entity of Fortress Investment Group LLC, Sugi Godo Kaisha (the “Transferee Company”) (the “Transfer”) on November 11, 2022, and the share transfer was completed on September 1, 2023.
As a result, Sogo & Seibu Co., Ltd., and its subsidiaries* have been excluded from the scope of consolidation.
*IKEBUKURO SHOPPING PARK CO., LTD., GOTTSUOBIN CO., LTD., Yatsugatake Kogen Lodge Co., Ltd., DISTRICT HEATING AND COOLING CHIBA CO., LTD., and Sogo Co., Ltd.

1. Outline of the business divestiture
(1) Name of the successor entity
Sugi Godo Kaisha

(2) Description of the divested businesses
Department store business, and operation of shopping centers, large-scale commercial facilities, etc.

(3) Main objectives of the business divestiture
For the Company, the Transfer is one initiative that aligns with the Group strategy announced on March 9, 2023, and the Company determined that the execution of the Transfer suits the best interests of the Company and its stakeholders including the shareholders.

(4) Date of the business divestiture
September 1, 2023

(5) Outline of the business divestiture including the legal form thereof
Share transfers for which the consideration to be received is assets such as cash only.

2. Overview of the accounting treatment
(1) Amount of loss on the transfer
¥129,618 million ($858,397 thousand)
The loss amount includes other costs related to the business transfer.

(2) Appropriate carrying amounts of assets and liabilities related to the transferred business and major breakdown thereof

Current assets	¥86,711 million	($574,245 thousand)
Non-current assets	¥326,331 million	($2,161,132 thousand)
Total assets	¥413,043 million	($2,735,384 thousand)
Current liabilities	¥292,665 million	($1,938,178 thousand)
Non-current liabilities	¥22,654 million	($150,026 thousand)
Total liabilities	¥315,320 million	($2,088,211 thousand)

(3) Accounting treatment
The difference between the sale price and the book value of the transferred shares are included in other income (expenses) as “Loss on transfer of department stores” along with other related costs.

3. Name of the reporting segment in which the divested business was included in the segment information disclosure
Others

4. Approximate amount of profit or loss related to the divested business recorded in the consolidated statements of income for the fiscal year

Revenues from operations :	¥91,959 million	($609,000 thousand)
Operating income:	¥412 million	($2,728 thousand)

26. RELATED PARTIES TRANSACTIONS

Fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024
No items required to report.

27. REVENUE RECOGNITION

(1) Information on disaggregated revenue arising from contracts with customers

Information on disaggregated revenue arising from contracts with customers is as follows:

Fiscal year ended February 28, 2023

Millions of yen

	Reportable segment				Others[a]	Total	Adjustments[b]	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Japan	¥885,358	¥–	¥1,404,763	¥111,953	¥465,483	¥2,867,559	¥561	¥2,868,120
North America	–	8,578,330	–	9,054	–	8,587,384	–	8,587,384
Others[c]	–	27,660	37,435	4,797	919	70,813	–	70,813
Revenue arising from contracts with customers	¥885,358	¥8,605,990	¥1,442,199	¥125,805	¥466,403	¥11,525,756	¥561	¥11,526,318
Other revenues[d]	¥2,858	¥237,375	¥2,428	¥39,092	¥3,229	¥284,984	¥–	¥284,984
Operating revenues from outside customers	¥888,216	¥8,843,366	¥1,444,627	¥164,898	¥469,632	¥11,810,741	¥561	¥11,811,303

Fiscal year ended February 29, 2024

Millions of yen

	Reportable segment				Others[a]	Total	Adjustments[b]	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Japan	¥916,238	¥–	¥1,434,916	¥118,761	¥382,074	¥2,851,991	¥599	¥2,852,590
North America	–	8,218,195	–	9,589	–	8,227,785	–	8,227,785
Others[c]	–	29,626	36,152	8,499	1,972	76,250	–	76,250
Revenue arising from contracts with customers	¥916,238	¥8,247,822	¥1,471,068	¥136,850	¥384,046	¥11,156,027	¥599	¥11,156,626
Other revenues[d]	¥3,115	¥266,330	¥2,190	¥41,181	¥2,309	¥315,126	¥–	¥315,126
Operating revenues from outside customers	¥919,354	¥8,514,152	¥1,473,259	¥178,031	¥386,356	¥11,471,154	¥599	¥11,471,753

Thousands of U.S. dollars (Note 3)

	Reportable segment				Others[a]	Total	Adjustments[b]	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Japan	$6,067,801	$–	$9,502,754	$786,496	$2,530,291	$18,887,357	$3,966	$18,891,324
North America	–	54,425,132	–	63,503	–	54,488,642	–	54,488,642
Others[c]	–	196,198	239,417	56,284	13,059	504,966	–	504,966
Revenue arising from contracts with customers	$6,067,801	$54,621,337	$9,742,172	$906,291	$2,543,350	$73,880,973	$3,966	$73,884,940
Other revenues[d]	$20,629	$1,763,774	$14,503	$272,721	$15,291	$2,086,927	$–	$2,086,927
Operating revenues from outside customers	$6,088,437	$56,385,112	$9,756,682	$1,179,013	$2,558,649	$75,967,907	$3,966	$75,971,874

Notes:
(a) “Others” present for the operating segments that are not included in the reportable segments, such as department store operations, specialty store operations and real estate operations, etc.
(b) “Adjustments” present for operating revenues that do not belong to reportable segments.
(c) Others consist of the business results in the People’s Republic of China, etc.
(d) “Other revenues” include income recognized based on ASU 2016-02, Leases (Topic842), real estate rental income based on “Accounting Standard for Lease Transactions” (ASBJ Statement No. 13) and financial income based on “Accounting Standard for Financial Instruments” (ASBJ Statement No. 10).

(e) The classification of geographic area segments is determined according to geographical distances.
(f) Change in reportable segments
The Company changed its classification of reportable segments since the fiscal year ended February 29, 2024. Figures for the fiscal year ended February 28, 2023 in the table above have been revised to reflect the new classification.

(2) Information on the basis for understanding revenue arising from contracts with customers
Information on the basis of understanding revenue arising from contracts with customers is stated in Note 2. “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (13) Revenue recognition”.

(3) Information about the relationship between the satisfaction of the performance obligations based on the contracts with customers and cash flows generated from the respective contracts, and the amount and the timing of revenue expected to be recognized in the following fiscal years from the contracts with customers valid at the end of the current fiscal year
(a) Balances of receivables, contract assets, and contract liabilities arising from contracts with customers
The amounts of receivables, contract assets, and contract liabilities arising from contracts with customers are as follows:

		Millions of yen
	March 1, 2022	February 28, 2023
Receivables arising from contracts with customers		
Notes receivable	¥64	¥66
Accounts receivable	364,705	421,179
Others	91,622	133,351
Contract assets	¥488	¥531
Contract liabilities	¥175,882	¥211,356

		Millions of yen	Thousands of U.S. dollars (Note 3)
	March 1, 2023	February 29, 2024	February 29, 2024
Receivables arising from contracts with customers			
Notes receivable	¥66	¥2	$13
Accounts receivable	421,179	463,022	3,066,370
Others	133,351	130,901	866,894
Contract assets	¥531	¥5	$33
Contract liabilities	¥211,356	¥188,890	$1,250,927

Contract assets mainly relate to the consideration for services under the contracts whose performance obligations are satisfied over time, for which revenue was recognized but billing was yet to be made. Contract assets are reclassified as trade receivables when the Group’s right to payment becomes unconditional and the billing is made. Contract assets are included in “Notes and accounts receivable, trade and contract assets” in the consolidated balance sheets.

The amount of contract liabilities mainly comprises the balances of gift certificates issued by the Company, electronic money, points granted to customers, and expenses for the preparation for business commencement to be received from franchised stores for which the performance obligations are yet to be fulfilled as of the end of the fiscal year. Contract liabilities arising from electronic money, gift certificates, and points are reversed based on their usage. Contract liabilities arising from expenses for the preparation for business commencement to be received from franchised stores are reversed as revenue is recognized by the passage of time.

Of the revenues recognized, the amounts of revenues included in and recognized on the balance of contract liabilities at the beginning of the fiscal years ended February 28, 2023 and February 29, 2024 were ¥106,992 million and ¥142,025 million ($940,562 thousand), respectively. The amount of revenues recognized in the performance obligations that were fulfilled in past fiscal years was immaterial.

(b) Transaction prices allocated to the remaining performance obligations
The total amount of the transaction prices allocated to the remaining performance obligations was ¥254,914 million and ¥227,142 million ($1,504,251 thousand) as of February 28, 2023 and February 29, 2024, respectively. Revenues from the remaining performance obligations are expected to be recognized based on the usage of electronic money, gift certificates, and points. Revenues from the remaining performance obligations for fixed rents for tenants and expenses for the preparation for business commencement received from franchised stores are expected to be recognized over time and within approximately 15 years.

The above does not include transactions with the originally expected contract period of one year or less and variable consideration such as sales-based or usage-based royalties. The sales-based or usage-based royalties are mainly the royalties received from franchised stores. The remaining contract period is different for each contract and ranges from one to 15 years.

28. SEGMENT INFORMATION

(1) Overview of reportable segments

With respect to its reportable segments, the Company is able to obtain separated financial data from its structural units. Its segments are subject to periodical review for the purpose of making decisions on allocation of managerial resources and evaluating business performance by the Board of Directors.

The Company changed its classification of reportable segments since the fiscal year ended February 29, 2024 as follows. Figures for the fiscal years ended February 28, 2022 and February 28, 2023 have been revised to reflect the new classification.

Under the holding company structure, the Company has classified its consolidated subsidiaries into four segments which are “Domestic convenience store operations”, “Overseas convenience store operations”, “Superstore operations”, and “Financial services” according to the nature of products, services and sales operations.

“Domestic convenience store operations” operate a convenience store business comprising directly-managed corporate stores and franchised stores mainly under SEVEN-ELEVEN JAPAN CO., LTD. “Overseas convenience store operations” operate a convenience store business comprising directly-managed corporate stores and franchised stores mainly under 7-Eleven, Inc. “Superstore operations” operate a retail business that provides a comprehensive range of daily life necessities such as food and other daily necessities. “Financial services” operate a banking business, credit card business and leasing business.

(2) Calculation methodology for revenues from operations, income or loss, assets and liabilities and other items for each reportable segment

The accounting treatment of each reportable segment is in line with Note 2. “SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES”.

Segment income (loss) and segment liabilities as reported in this section are based on operating income and interest-bearing debt, respectively.

Intersegment revenues and transfers are calculated at prevailing market prices.

(3) Information on revenues from operations, income or loss, assets, liabilities and other monetary items for each reportable segment

Fiscal year ended February 28, 2022

Millions of yen

	Reportable segment							
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others	Total	Adjustments	Consolidated total
Revenues from operations:								
Customers	¥871,294	¥5,191,910	¥1,804,516	¥165,361	¥716,545	¥8,749,628	¥123	¥8,749,752
Intersegment	1,944	2,417	6,212	29,037	14,885	54,497	(54,497)	–
Total revenues	¥873,239	¥5,194,327	¥1,810,728	¥194,399	¥731,430	¥8,804,126	¥(54,374)	8,749,752
Segment income (loss)	¥223,396	¥159,866	¥19,024	¥37,549	¥(8,647)	¥431,189	¥(43,536)	¥387,653
Segment assets	¥1,182,328	¥4,126,637	¥970,378	¥1,711,943	¥568,393	¥8,559,680	¥179,598	¥8,739,279
Segment liabilities (interest-bearing debt)	¥–	¥1,500,345	¥–	¥287,607	¥169,806	¥1,957,759	¥940,974	¥2,898,733
Other items:								
Depreciation	¥80,781	¥127,193	¥28,600	¥31,783	¥15,337	¥283,696	¥8,865	¥292,561
Amortization of goodwill	¥–	¥67,355	¥3,098	¥359	¥462	¥71,276	¥–	¥71,276
Investment in entities accounted for using the equity method	¥9,497	¥5,771	¥7,178	¥1,378	¥14,804	¥38,629	¥–	¥38,629
Impairment loss	¥9,944	¥2,359	¥6,359	¥761	¥7,949	¥27,374	¥400	¥27,775
Net increase in property and equipment, and intangible assets	¥91,785	¥178,432	¥59,065	¥34,046	¥17,852	¥381,182	¥44,438	¥425,621

Fiscal year ended February 28, 2023

Millions of yen

	Reportable segment							
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others	Total	Adjustments	Consolidated total
Revenues from operations:								
Customers	¥888,216	¥8,843,366	¥1,444,627	¥164,898	¥469,632	¥11,810,741	¥561	¥11,811,303
Intersegment	2,077	2,797	4,538	29,397	18,671	57,482	(57,482)	–
Total revenues	¥890,293	¥8,846,163	¥1,449,165	¥194,295	¥488,304	¥11,868,223	¥(56,920)	11,811,303
Segment income (loss)	¥232,033	¥289,703	¥12,395	¥37,140	¥2,593	¥573,865	¥(67,344)	¥506,521
Segment assets	¥1,204,038	¥5,764,895	¥975,836	¥1,905,942	¥571,810	¥10,422,523	¥128,432	¥10,550,956
Segment liabilities (interest-bearing debt)	¥–	¥1,703,683	¥–	¥279,839	¥152,299	¥2,135,823	¥839,974	¥2,975,797
Other items:								
Depreciation	¥85,553	¥192,968	¥35,388	¥32,227	¥14,985	¥361,124	¥14,973	¥376,097
Amortization of goodwill	¥–	¥108,756	¥3,098	¥381	¥462	¥112,700	¥–	¥112,700
Investment in entities accounted for using the equity method	¥9,801	¥8,072	¥7,721	¥933	¥16,277	¥42,806	¥–	¥42,806
Impairment loss	¥8,918	¥9,816	¥15,589	¥78	¥13,423	¥47,826	¥1,124	¥48,950
Net increase in property and equipment, and intangible assets	¥88,873	¥188,641	¥46,879	¥30,851	¥22,870	¥378,115	¥38,250	¥416,366

Fiscal year ended February 29, 2024

Millions of yen

	Reportable segment							
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others	Total	Adjustments	Consolidated total
Revenues from operations:								
Customers	¥919,354	¥8,514,152	¥1,473,259	¥178,031	¥386,356	¥11,471,154	¥599	¥11,471,753
Intersegment	2,351	2,787	4,125	29,447	24,949	63,660	(63,660)	–
Total revenues	¥921,706	¥8,516,939	¥1,477,384	¥207,479	¥411,305	¥11,534,814	¥(63,060)	¥11,471,753
Segment income (loss)	¥250,544	¥301,628	¥13,588	¥38,172	¥2,688	¥606,622	¥(72,373)	¥534,248
Segment assets	¥1,272,137	¥6,101,146	¥991,748	¥1,763,916	¥182,364	¥10,311,312	¥280,805	¥10,592,117
Segment liabilities (interest-bearing debt)	¥–	¥1,585,017	¥526	¥264,172	¥19,963	¥1,869,680	¥868,974	¥2,738,654
Other items:								
Depreciation	¥90,172	¥207,066	¥36,994	¥34,463	¥10,440	¥379,137	¥21,651	¥400,789
Amortization of goodwill	¥–	¥115,862	¥3,137	¥449	462	¥119,912	¥–	¥119,912
Investment in entities accounted for using the equity method	¥9,661	¥12,714	¥8,230	¥0	¥13,201	¥43,808	¥–	¥43,808
Impairment loss	¥9,383	¥17,368	¥24,887	¥1,523	¥2,440	¥55,603	¥1,476	¥57,079
Net increase in property and equipment, and intangible assets	¥120,427	¥192,736	¥44,415	¥49,927	¥24,979	¥432,486	¥24,613	¥457,100

Thousands of U.S. dollars (Note 3)

	Reportable segment							
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others	Total	Adjustments	Consolidated total
Revenues from operations:								
Customers	$6,088,437	$56,385,112	$9,756,682	$1,179,013	$2,558,649	$75,967,907	$3,966	$75,971,874
Intersegment	15,569	18,456	27,317	195,013	165,225	421,589	(421,589)	–
Total revenues	$6,104,013	$56,403,569	$9,784,000	$1,374,033	$2,723,874	$76,389,496	$(417,615)	$75,971,874
Segment income (loss)	$1,659,231	$1,997,536	$89,986	$252,794	$17,801	$4,017,364	$(479,291)	$3,538,066
Segment assets	$8,424,748	$40,404,940	$6,567,867	$11,681,562	$1,207,708	$68,286,834	$1,859,635	$70,146,470
Segment liabilities (interest-bearing debt)	$–	$10,496,801	$3,483	$1,749,483	$132,205	$12,381,986	$5,754,794	$18,136,781
Other items:								
Depreciation	$597,165	$1,371,298	$244,993	$228,231	$69,139	$2,510,841	$143,384	$2,654,231
Amortization of goodwill	$–	$767,298	$20,774	$2,973	$3,059	$794,119	$–	$794,119
Investment in entities accounted for using the equity method	$63,980	$84,198	$54,503	$0	$87,423	$290,119	$–	$290,119
Impairment loss	$62,139	$115,019	$164,814	$10,086	$16,158	$368,231	$9,774	$378,006
Net increase in property and equipment, and intangible assets	$797,529	$1,276,397	$294,139	$330,642	$165,423	$2,864,145	$163,000	$3,027,152

Notes:
1. "Others" present for the operating segments that are not included in the reportable segments, such as department store operations, specialty store operations and real estate operations, etc.
2. The adjustments of ¥(43,536) million, ¥(67,344) million and ¥(72,373) million ($(479,291) thousand) for segment income (loss) are eliminations of intersegment transactions and corporate expenses for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.
3. The adjustments of ¥213,689 million, ¥128,432 million and ¥280,805 million ($1,859,635 thousand) for segment assets are eliminations of intersegment transactions and corporate assets for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.

4. The adjustments of ¥940,974 million, ¥839,974 million and ¥868,974 million ($5,754,794 thousand) for segment liabilities are corporate liabilities and the Company's bonds for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively. The amount of each segment liability does not include intersegment transactions.
5. The adjustment of ¥8,865 million, ¥14,973 million and ¥21,651 million ($143,384 thousand) for depreciation is the depreciation of corporate assets for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.
6. The adjustment of ¥44,438 million, ¥38,250 million and ¥24,613 million ($163,000 thousand) for net increase in property and equipment, and intangible assets is eliminations of intersegment transactions and corporate assets for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.
7. Segment income (loss) is reconciled with the operating income in the consolidated statements of income.
8. ¥1,365 million, ¥5,530 million and ¥14,069 million ($93,172 thousand) out of “Impairment loss” in the tables above are included in “Restructuring expenses” in the consolidated statements of income for the fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024, respectively.

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

						Millions of yen
Fiscal year ended February 28, 2022	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	¥3,467,722	¥5,169,616	¥112,413	¥8,749,752	¥–	¥8,749,752
Intersegment	1,118	436	87	1,642	(1,642)	–
Total revenues	¥3,468,840	¥5,170,053	¥112,500	¥8,751,394	¥(1,642)	¥8,749,752
Operating income (loss)	¥227,174	¥159,507	¥1,029	¥387,711	¥(58)	¥387,653

						Millions of yen
Fiscal year ended February 28, 2023	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	¥2,915,035	¥8,824,367	¥71,900	¥11,811,303	¥–	¥11,811,303
Intersegment	15,676	532	90	16,299	(16,299)	–
Total revenues	¥2,930,711	¥8,824,900	¥71,990	¥11,827,602	¥(16,299)	¥11,811,303
Operating income (loss)	¥235,110	¥287,265	¥(1,355)	¥521,021	¥(14,499)	¥506,521

						Millions of yen
Fiscal year ended February 29, 2024	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	¥2,900,596	¥8,494,165	¥76,991	¥11,471,753	¥–	¥11,471,753
Intersegment	15,032	679	147	15,859	(15,859)	–
Total revenues	¥2,915,628	¥8,494,845	¥77,138	¥11,487,613	¥(15,859)	¥11,471,753
Operating income (loss)	¥248,521	¥297,926	¥1,517	¥547,965	¥(13,716)	¥534,248

						Thousands of U.S. dollars (Note 3)
Fiscal year ended February 29, 2024	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	$19,209,245	$56,252,748	$509,874	$75,971,874	$–	$75,971,874
Intersegment	99,549	4,496	973	105,026	(105,026)	–
Total revenues	$19,308,794	$56,257,251	$510,847	$76,076,907	$(105,026)	$75,971,874
Operating income (loss)	$1,645,834	$1,973,019	$10,046	$3,628,907	$(90,834)	$3,538,066

Notes:
1. The classification of geographic area segments is determined according to geographical distances.
2. Others consist of the business results in the People’s Republic of China, etc.

Related Information
Fiscal years ended February 28, 2022, February 28, 2023 and February 29, 2024

1. Information on products and services
Information is omitted since it is described in the segment information.

2. Information by region
(1) Revenues from operations

Fiscal year ended February 28, 2022

Millions of yen

Japan	North America [of which, the U.S.]	Others	Total
¥3,467,722	¥5,169,616 [¥4,893,774]	¥112,413	¥8,749,752

Fiscal year ended February 28, 2023

Millions of yen

Japan	North America [of which, the U.S.]	Others	Total
¥2,915,035	¥8,824,367 [¥8,461,448]	¥71,900	¥11,811,303

Fiscal year ended February 29, 2024

Millions of yen

Japan	North America [of which, the U.S.]	Others	Total
¥2,900,596	¥8,494,165 [¥8,137,579]	¥76,991	¥11,471,753

Thousands of U.S. dollars (Note 3)

Japan	North America [of which, the U.S.]	Others	Total
$19,209,245	$56,252,748 [$53,891,251]	$509,874	$75,971,874

(2) Property and equipment

Fiscal year ended February 28, 2022

Millions of yen

Japan	North America [of which, the U.S.]	Others	Total
¥1,457,749	¥1,755,359 [¥1,692,085]	¥19,238	¥3,232,347

Fiscal year ended February 28, 2023

Millions of yen

Japan	North America [of which, the U.S.]	Others	Total
¥1,432,104	¥2,869,010 [¥2,781,997]	¥40,634	¥4,341,750

Fiscal year ended February 29, 2024

Millions of yen

Japan	North America [of which, the U.S.]	Others	Total
¥1,248,128	¥3,075,349 [¥2,979,422]	¥39,022	¥4,362,500

Thousands of U.S. dollars (Note 3)

Japan	North America [of which, the U.S.]	Others	Total
$8,265,748	$20,366,549 [$19,731,271]	$258,423	$28,890,728

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

4. Information regarding impairment loss on non-current assets by reportable segment

Information is omitted since it is described in the segment information.

5. Information on amortization and outstanding balance of goodwill by reportable segment

Millions of yen

Fiscal year ended February 28, 2022	Reportable segment				Others	Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Goodwill								
Amortization	¥–	¥67,355	¥3,098	¥359	¥462	¥71,276	¥–	¥71,276
Balance at the end of year	2,229	1,719,693	14,032	3,262	2,413	1,741,632	–	1,741,632
Negative goodwill								
Amortization	–	–	23	–	4	27	–	27
Balance at the end of year	–	–	23	–	4	27	–	27

Millions of yen

Fiscal year ended February 28, 2023	Reportable segment				Others	Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Goodwill								
Amortization	¥–	¥108,756	¥3,098	¥381	¥462	¥112,700	¥–	¥112,700
Balance at the end of year	2,529	1,894,266	10,929	3,331	1,960	1,913,017	–	1,913,017
Negative goodwill								
Amortization	–	–	23	–	4	27	–	27
Balance at the end of year	–	–	–	–	–	–	–	–

Millions of yen

Fiscal year ended February 29, 2024	Reportable segment				Others	Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Goodwill								
Amortization	¥–	¥115,862	¥3,137	¥449	¥462	¥119,912	¥–	¥119,912
Balance at the end of year	2,153	1,913,558	8,824	2,882	1,496	1,928,916	–	1,928,916
Negative goodwill								
Amortization	–	–	–	–	–	–	–	–
Balance at the end of year	–	–	–	–	–	–	–	–

Fiscal year ended February 29, 2024	Reportable segment				Others	Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services				
Goodwill								
Amortization	$–	$767,298	$20,774	$2,973	$3,059	$794,119	$–	$794,119
Balance at the end of year	14,258	12,672,569	58,437	19,086	9,907	12,774,278	–	12,774,278
Negative goodwill								
Amortization	–	–	–	–	–	–	–	–
Balance at the end of year	–	–	–	–	–	–	–	–

Thousands of U.S. dollars (Note 3)

6. Information regarding gain on negative goodwill by reportable segment

None

29. DETAILS OF AUDIT-RELATED COMPENSATION

(1) Compensation for auditing certified public accountants

Category	Millions of yen 2024		Thousands of U.S. dollars (Note 3) 2024	
	Compensation for audit attestation	Compensation for non-auditing attestation	Compensation for audit attestation	Compensation for non-auditing attestation
The Company	¥203	¥65	$1,344	$430
Consolidated subsidiaries	826	23	5,470	152
Total	¥1,029	¥88	$6,814	$582

(Fiscal year ended February 29, 2024)
Details of non-auditing services for the Company are an accounting related service and comfort letter service for bond issuance.
In addition, details of non-auditing services for consolidated subsidiaries are validation services for the status of design and operation internal control in contracted businesses and other services.

(2) Compensation for organizations which belong to the same network (KPMG) as the auditing certified public accountants (excluding (1))

Category	Millions of yen 2024		Thousands of U.S. dollars (Note 3) 2024	
	Compensation for audit attestation	Compensation for non-auditing attestation	Compensation for audit attestation	Compensation for non-auditing attestation
The Company	¥–	¥502	$–	$3,324
Consolidated subsidiaries	513	69	3,397	456
Total	¥513	¥572	$3,397	$3,788

(Fiscal year ended February 29, 2024)
Details of non-auditing services for the Company are advisory services for accounting and tax affairs related to the Group’s strategy and other services.
In addition, details of non-auditing services for consolidated subsidiaries are support services for tax affairs and other services.

30. SUBSEQUENT EVENTS

I. Cash dividend

Subsequent to February 29, 2024, the Company’s Board of Directors declared a year-end cash dividend of ¥49,488 million ($327,735 thousand) to be payable on May 29, 2024 to shareholders on record as of

February 29, 2024. The amount of cash dividends includes ¥89 million ($589 thousand) of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust. The dividend per share is ¥56.50 ($0.37). The Company implemented the share split with an effective date of March 1, 2024 whereby each share of common stock was split into three shares. The above description presents the number of shares before the split.

The dividend declared was approved by the shareholders at the meeting held on May 28, 2024.

II. Business combination by acquisition

The Company resolved to approve the execution of an agreement by and between 7-Eleven International LLC (“7IN”), the Company’s wholly-owned subsidiary and the joint venture of SEVEN-ELEVEN JAPAN CO., LTD. and 7-Eleven, Inc., and Australian Company R.G. Withers Nominees Pty Ltd as trustee for R.G. Withers Unit Trust, to acquire all shares of Convenience Group Holdings Pty Ltd (“SEA”), a holding company of 7-Eleven Stores Pty Ltd, which operates the convenience store and fuel retail business under the “7-Eleven” brand as a licensee of the Company in Australia via 7IN’s wholly-owned subsidiary, AR BidCo Pty Ltd (the “Transaction”) at the meeting of the Board of Directors held on November 30, 2023. In addition, 7IN executed the agreement relating to the Transaction on April 1, 2024. The details are as follows.

(1) Overview

(a) Name and main business of the acquired company

Name: Convenience Group Holdings Pty Ltd

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

(b) Main reason for the business combination

In the Medium-Term Management Plan 2021-2025, the Company announced its ideal group image for 2030 as well as its corporate creed since its establishment to be a sincere company that earns the trust of all stakeholders, and its basic stance of “We aim to contribute to the local community both in Japan and overseas by providing new experiences and values from the customer’s point of view”. Additionally, based on Results of the Group Strategy Reevaluation announced in March 2023, the Company adopted “A world-class retail group centered around its ‘food’ that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology” as the new ideal group image for 2030.

One of the essential initiatives for realizing the ideal group image for 2030 is the global CVS strategy. 7IN, which operates global CVS business outside of Japan and North America, aims to have 50,000 stores worldwide (excluding Japan and North America) by FY2025 and to expand to 30 countries/regions by FY2030. In particular, 7IN pursues profit growth by not only new market entry but also strategic investments in existing licensees for maximizing licensee growth potential through business transformation, including strengthening “food”, which has led to the remarkable growth of SEI in the U.S. In addition, the Company decided to increase its investment in its Vietnam business in February 2023, and is actively considering M&A including strategic investments in licensees to pursue accelerated profit growth in the global CVS business, which has significant potential of growth.

SEA’s subsidiary, 7-Eleven Stores Pty Ltd has been operating convenience stores in Australia for many years as a licensee of the “7-Eleven” brand. 7-Eleven Stores Pty Ltd is currently the largest convenience store retailer in Australia with a leading merchandise offering, targeted product range, and established loyalty program.

The Company and 7IN have a longstanding relationship with SEA and a deep knowledge of the business. By executing the Transaction, the Company intends to achieve the following objectives.

(i) Expansion of store network in Australia

The Australian market is a growing market with a diverse population of young people and immigrants, and the Australian Government expects its population to grow at a CAGR of 1.4% over time by the mid-2060s. SEA operates 751 stores as of the end of June 2023 and the Transaction will enable the Company to establish itself as the clear industry leader in the Australian convenience store market, which has significant growth potential. In addition, the Company strongly believes that there is room for further growth by actively opening new stores in Victoria, New South Wales, Queensland, Western Australia, and other states, and that the expansion of the store network in Australia will accelerate the entire group’s long-term growth strategy.

By utilizing the product strength and operational knowhow of the business cultivated in Japan and North America and experience of cultivating synergies through 50 M&A transactions since 2005, the Company expects that it will be able to increase product sales and improve gross product margin, further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

(ii) ESG leadership

In May 2019, the Group, as a global retailer representing Japan, announced the “GREEN CHALLENGE 2050”, as its environmental declaration. The Group is committed to achieving the declaration’s four themes: (1) reducing CO2 emissions; (2) measures with respect to plastics; (3) measures for food loss and recycling; and (4) sustainable procurement. The Group has set clear targets to achieve by 2030 and for the next generation of society in 2050 with respect to its missions and duties. Following the Transaction, the Group has reaffirmed that it remains committed to the environmental declaration as part of its ESG efforts, and will further accelerate these efforts in the Australian market through expansion of its network and presence.

(c) Date of the business combination
April 1, 2024

(d) Legal form of the business combination
Acquisition of shares

(e) The acquired company’s name after the business combination
The names of the companies will not change subsequent to the business combination.

(f) Ratio of voting rights acquired
100%

(g) Reason for determining the acquired company
The Company’s subsidiary acquired the shares of the companies in exchange for cash.

(2) Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition: Cash	A$1,710 million[(1)]	(¥168,623 million[(2)])
Acquisition cost	A$1,710 million	(¥168,623 million[(2)])

Notes:
(1) Pursuant to the Transaction agreement, the acquisition price is subject to a price adjustment reflecting increases or decreases of working capital and other items.
(2) Converted at the rate of A$1 = ¥98.61 (as of March 29, 2024).

(3) Details and amounts of main acquisition-related costs
Not determined at this time.

(4) Amount, reason for recognition, and period and method of amortization of goodwill
Not determined at this time.

(5) Total amounts and principal breakdowns of assets received and liabilities assumed on the effective date of the business combination
Not determined at this time.

III. Share split and related amendment to Articles of Incorporation
The Company resolved, at the meeting of the Board of Directors held on November 30, 2023, to conduct the share split and to partially amend the Articles of Incorporation, and conducted the share split with an effective date of March 1, 2024.

(1) Purpose of share split
The objective of the share split is to lower the minimum investment price per unit that will create a more accessible investment environment for investors, including individual investors, and to improve the liquidity of the Company’s stock.

(2) Overview of share split
(a) Method of share split
The Company conducted the share split into 3 shares for every one common share held by shareholders recorded on the final shareholder register on February 29, 2024.

(b) Number of shares increased by share split

(i)	Total number of issued shares before the share split	877,742,183 shares
(ii)	Number of shares increased by this share split	1,755,484,366 shares
(iii)	Total number of issued shares after the share split	2,633,226,549 shares
(iv)	Total number of shares authorized issued after the share split	10,000,000,000 shares

(3) Amendment to Articles of Incorporation

(a) Reason for the amendment

In connection with the share split described above, the Company has amended the total number of authorized shares described in Article 6 of its Articles of Incorporation with an effective date of March 1, 2024, pursuant to the proviso of Article 184, Paragraph 2 of the Companies Act of Japan.

(b) Content of the amendment

The details of the amendment are as follows: (Underlined sections indicate proposed amendments)

Pre-Share Split Articles of Incorporation	After Amendment
Article 6. (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>4,500,000,000 shares</u>.	Article 6. (Total Number of Authorized Shares) The total number of shares authorized to be issued by the Company shall be <u>10,000,000,000 shares</u>.

(4) Amendment to Articles of Incorporation

(a)	Date of public notice of the record date	February 15, 2024
(b)	Record date	February 29, 2024
(c)	Date of amendment to the Articles of Incorporation Effective date	March 1, 2024

(5) Effect on per share information

Per share information calculated as if the share split had occurred at the beginning of the fiscal year ended February 28, 2022 is as follows:

			Yen	U.S. dollars (Note 3)
	2022	2023	2024	2024
Net income per share (Basic)	¥79.56	¥106.05	¥84.88	$0.56
Net income per share (Diluted)	79.56	106.04	84.87	0.56

(6) Others

(a) There will be no change in the amount of stated capital as a result of the share split.

(b) The dividend for the fiscal year ended February 29, 2024 will be applicable to the shares before the share split since the effective date of the share split is set for March 1, 2024.

Independent Auditor's Report

To the Board of Directors of Seven & i Holdings Co., Ltd.:

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Seven & i Holdings Co., Ltd. ("the Company") and its consolidated subsidiaries (collectively referred to as "the Group"), which comprise the consolidated balance sheets as at February 29, 2024, February 28, 2023 and February 28, 2022, the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at February 29, 2024, February 28, 2023 and February 28, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Appropriateness of the accounting treatment for the transfer of the shares of Sogo & Seibu Co., Ltd	
The key audit matter	**How the matter was addressed in our audit**
As described in Note 25, "BUSINESS COMBINATIONS: Business divestiture - Transfer of subsidiary shares" to the consolidated financial statements, on September 1, 2023, Seven & i Holdings Co., Ltd. ("the Company") transferred all of the issued shares of Sogo & Seibu Co., Ltd. ("Sogo & Seibu") to Sugi Godo Kaisha, a special purpose company which is a related entity of Fortress Investment Group LLC. As a result, a loss on the transfer of department stores (¥129,618million) was recorded in the consolidated statements of income for the current fiscal year. The accounting treatment for the transfer of Sogo & Seibu shares is in accordance with the	The primary procedures we performed to assess the appropriateness of the accounting treatment for the transfer of Sogo & Seibu shares included the following: (1) Internal control testing We evaluated the design and operating effectiveness of internal controls relevant to the accounting treatment for the transfer of shares. (2) Assessment of the appropriateness of the accounting treatment ● In order to understand the details regarding the transfer of Sogo & Seibu shares, we inspected the Board of Directors and Management Meeting materials and the share

Accounting Standard for Business Divestitures and the Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements. Adjustments to investments, such as post-acquisition retained earnings recorded in the consolidated financial statements at the date of loss of control, were considered in calculating the loss on the transfer of department stores. Several audit matters are considered regarding the accounting treatment of the loss on the transfer of department stores (excluding incidental expenses) arising from the transfer of Sogo & Seibu shares. Such matters include the reasonableness of the share transfer value, the appropriateness of the calculation of the carrying amounts of assets and liabilities for the transferred business, and the reasonableness of the judgment on the necessity of the provision of allowance based on the compensation provisions stipulated in the share transfer agreement. In addition, the amount of loss from the transfer of Sogo & Seibu shares is significant and has a material impact on the consolidated financial statements. We, therefore, determined that our assessment of the appropriateness of the accounting treatment for the transfer of Sogo & Seibu shares was one of the most significant matters in our audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	transfer agreement, and inquired of relevant officers; ● We obtained an understanding of the Company's process of determining the transferee and the transfer price and inspected the calculation materials for the transfer price prepared by outside experts to assess the reasonableness of the transfer price of shares; ● In order to assess whether the carrying amounts of assets and liabilities of the transferred business was appropriate, we: ・ performed analytical procedures on the financial information of Sogo & Seibu, as of the date of transfer, which formed the basis for the calculation of the appropriate carrying amounts of the assets and liabilities of the transferred business; ・ compared adjustments to investments such as post-acquisition retained earnings recorded by the Company in the consolidated financial statements up to the date of loss of control with the relevant consolidation journal entries; and ● We inquired of relevant officers and employees and inspected the relevant vouchers regarding the reasonableness of the judgment on the necessity of a provision of allowance based on the compensation provisions stipulated in the share transfer agreement.

Appropriateness of the Company's judgment as to whether an impairment loss should be recognized on non-current assets of Ito-Yokado	
The key audit matter	**How the matter was addressed in our audit**
In the consolidated balance sheets of Seven & i Holdings Co., Ltd. (the "Company"), property and equipment of ¥4, 362,500million and intangible assets of ¥2, 356,578million were recorded for the current fiscal year. As described in Note 4, "SIGNIFICANT ACCOUNTING ESTIMATES" to the consolidated financial statements, included therein were property and equipment of ¥339,304million and intangible assets of ¥25,865million related to Ito-Yokado Co., Ltd. ("Ito-Yokado") in the Superstore operations segment. In addition, impairment losses of ¥19,692 million were recorded for Ito-Yokado stores in the current fiscal year.	In order to assess the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on non-current assets of Ito-Yokado, we performed the following audit procedures, among others: **(1) Internal control testing** We tested the design and operating effectiveness of certain of the Company's internal controls relevant to the Company's judgment as to whether an impairment loss should be recognized on non-current assets. In this assessment, we focused our testing on controls designed to prevent and/or detect the use of inappropriate

Within Ito-Yokado, the smallest identifiable group of assets that generates independent cash flows is primarily each store. Whenever there is an indication of impairment for non-current assets of any store of Ito-Yokado, it needs to be tested for impairment by comparing the undiscounted future cash flows that are expected to be generated from the non-current assets with their carrying amounts. If the recognition of an impairment loss is deemed necessary, the carrying amount is reduced to the recoverable amount, and the resulting decrease in the carrying amount is recognized as an impairment loss. During the current fiscal year, Ito-Yokado determined whether an impairment loss should be recognized, as they considered there was an indication of impairment for the following stores: ・ stores with continuous operating losses; ・ stores with non-current assets whose market value has declined significantly; and ・ stores that have been determined to be closed. Although Ito-Yokado has been promoting business restructuring, there were indications of impairment for multiple stores for the current fiscal year, due to a significant impact from an increase in costs resulting from the development of strategic investment infrastructure. The estimated undiscounted future cash flows used in determining whether an impairment loss should be recognized were developed by considering historical performance, changes in the external environment, and business strategies including business restructuring. In the undiscounted future cash flows, key assumptions such as sales growth rates, gross margin ratios, and expected changes in costs are included. As these future outlooks involved uncertainty, management's judgment thereon had a significant impact on the estimated undiscounted future cash flows. We, therefore, determined that the appropriateness of the Company's judgment as to whether an impairment loss should be recognized on non-current assets of Ito-Yokado was one of the most significant matters in the audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.	assumptions as key assumptions, particularly for sales growth rates, gross margin ratios and expected changes in costs included in the business plans. **(2) Assessment of the reasonableness of the estimated undiscounted future cash flows** In order to assess the reasonableness of the estimated undiscounted future cash flows, we inquired of management regarding the rationale for these assumptions. In addition, we: ・ understood various measures including the business restructuring promoted by the Company and assessed its impact on sales growth rates, gross margin ratios and expected changes in costs; ・ assessed the appropriateness of key assumptions for the estimated sales growth rates by discussing with appropriate personnel in managerial positions, comparing them with their actual results of similar measures taken in the past such as the ones to attract customers and the data published by external organizations; ・ compared the gross margin ratios with the expected changes in the sales mix, and assessed the appropriateness of key assumptions for the impact of the measures based on comparing with the actual results of similar measures taken in the past; and ・ assessed the appropriateness of key assumptions for the expected changes in costs by comparing them with their actual results of similar measures taken in the past and the data published by external organizations.

Responsibilities of Management and Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Audit & Supervisory Board Members and Audit & Supervisory Board are responsible for overseeing the directors' performance of their duties with regard to the design, implementation and maintenance of the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in Japan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of our audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the objective of the audit is not to express an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate whether the presentation and disclosures in the consolidated financial statements are in accordance with accounting standards generally accepted in Japan, the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with Audit & Supervisory Board Members and Audit & Supervisory Board regarding, among other matters, the planned scope and timing of the audit, significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide Audit & Supervisory Board Members and Audit & Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with Audit & Supervisory Board Members and Audit & Supervisory Board, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Fee-related Information

Fees paid or payable to our firm and to other firms within the same network as our firm for audit and non-audit services provided to the Company and its subsidiaries are described in Note 29 to the consolidated financial statements.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended February 29, 2024 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3 to the consolidated financial statements.

Interest required to be disclosed by the Certified Public Accountants Act of Japan

We do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Reiji Kobayashi
Designated Engagement Partner
Certified Public Accountant

Masahiro Sasaki
Designated Engagement Partner
Certified Public Accountant

Daisuke Nakamura
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 29, 2024

<u>Notes to the Reader of Independent Auditor’s Report</u>:
This is a copy of the Independent Auditor’s Report and the original copies are kept separately by the Company and KPMG AZSA LLC.