

CONSOLIDATED FINANCIAL SUMMARY

Seven & i Holdings Co., Ltd. for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026.

			Millions of yen	Thousands of U.S. dollars (Note A)
	2024	2025	2026	2026
For the fiscal year:				
Revenues from operations	¥11,471,753	¥11,972,762	¥10,430,269	\$66,860,698
Operating income	534,248	420,991	422,993	2,711,493
Income before income taxes	277,007	269,351	434,564	2,785,666
Net income attributable to owners of parent	224,623	173,068	292,760	1,876,666
Capital expenditures (Note B)	473,770	552,778	402,277	2,578,698
Depreciation and amortization (Note C)	400,789	436,593	382,009	2,448,775
At fiscal year-end:				
Total assets	¥10,592,117	¥11,386,111	¥9,142,957	\$58,608,698
Cash and cash equivalents	1,562,493	1,349,820	426,146	2,731,705
Total current assets	3,035,666	2,823,782	1,492,546	9,567,602
Total current liabilities	3,073,252	3,316,615	1,900,670	12,183,782
Long-term debt	3,112,961	3,245,543	3,047,315	19,534,070
Total net assets (Note D)	3,906,391	4,223,212	3,648,195	23,385,865
Per share data:				
Net income per share (basic) (Note E)	¥84.88	¥66.62	¥118.81	\$0.76
Net income per share (diluted) (Note E)	84.87	66.61	118.80	0.76
Cash dividends (Note F)	113.00	40.00	50.00	0.32
Financial ratios:				
Operating income ratio (Note G)	4.7%	3.5%	4.1%	4.1%
Ratio of net income attributable to owners of parent (to net sales) (Note G)	2.0%	1.4%	2.8%	2.8%
ROE (Note D)	6.2%	4.5%	7.6%	7.6%
ROA	2.1%	1.6%	2.9%	2.9%

Notes (A) U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥156=U.S.\$1, the approximate rate of exchange prevailing on February 28, 2026.

(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) "Accounting Standard for Current Income Taxes" (ASBJ Statement No. 27, October 28, 2022), etc. have been applied from the beginning of the fiscal year ended February 28, 2026, and the figures for the fiscal year ended February 29, 2024 and February 28, 2025 have been modified retrospectively.

(E) 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 29, 2024.

(F) The year-end cash dividend for the fiscal year ended February 28, 2026 is proposed and to be approved at the annual shareholders' meeting planned to be held on May 27, 2026.

(G) 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 29, 2024, February 28, 2025 and February 28, 2026

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
ASSETS				
Current assets:				
Cash and cash equivalents (Note 5)	¥1,562,493	¥1,349,820	¥426,146	\$2,731,705
Notes and accounts receivable:				
Trade and contract assets (Notes 5 and 26)	464,159	441,630	298,684	1,914,641
Financial services	100,645	111,029	42,214	270,602
Franchisees and other	326,544	305,236	318,837	2,043,826
Allowance for doubtful accounts (Note 5)	(11,491)	(14,905)	(7,008)	(44,923)
	879,859	842,992	652,727	4,184,147
Inventories	285,872	315,787	223,399	1,432,044
ATM-related temporary payments	99,351	118,172	-	-
Prepaid expenses and other current assets (Note 5)	208,089	197,010	190,273	1,219,698
Total current assets	3,035,666	2,823,782	1,492,546	9,567,602
Property and equipment, at cost (Notes 8, 9, 14 and 19)	7,257,986	8,368,984	7,679,934	49,230,346
Less: Accumulated depreciation	(2,895,485)	(3,387,686)	(3,181,967)	(20,397,224)
	4,362,500	4,981,298	4,497,967	28,833,121
Intangible assets:				
Goodwill	1,928,916	2,264,441	2,109,806	13,524,397
Software and other (Notes 9 and 14)	427,662	446,940	359,220	2,302,692
	2,356,578	2,711,382	2,469,026	15,827,089
Investments and other assets:				
Investments in securities (Notes 5, 6 and 19)	277,526	321,086	363,740	2,331,666
Long-term loans receivable	14,488	14,295	7,056	45,230
Long-term leasehold deposits (Notes 5 and 19)	278,642	264,136	157,112	1,007,128
Net defined benefit asset (Note 12)	116,852	126,974	67,194	430,730
Deferred income taxes (Note 11)	92,015	75,058	37,148	238,128
Other	60,279	69,772	52,801	338,467
Allowance for doubtful accounts (Note 5)	(2,432)	(1,675)	(1,637)	(10,493)
	837,372	869,648	683,416	4,380,871
Total assets	¥10,592,117	¥11,386,111	¥9,142,957	\$58,608,698

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

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
LIABILITIES AND NET ASSETS				
Current liabilities:				
Short-term loans (Notes 5 and 13)	¥84,882	¥172,497	¥135,580	\$869,102
Current portion of long-term debt (Notes 5, 13 and 19)	472,569	500,128	446,114	2,859,705
Current portion of long-term lease obligations (Note 14)	132,392	180,624	164,772	1,056,230
Notes and accounts payable:				
Trade (Notes 5 and 7)	334,121	328,748	223,916	1,435,358
Trade for franchised stores (Notes 5 and 20)	194,033	190,748	192,167	1,231,839
Other	264,602	239,810	167,275	1,072,275
	<u>792,757</u>	<u>759,308</u>	<u>583,358</u>	<u>3,739,474</u>
Contract liabilities (Note 26)	188,890	178,031	70,667	452,993
Accrued expenses	264,862	282,395	258,979	1,660,121
Income taxes payable (Note 11)	18,389	36,003	37,440	240,000
Deposits received	140,845	146,967	177,934	1,140,602
ATM-related temporary advances	60,880	73,388	–	–
Deposits received in banking business (Note 5)	803,763	813,388	–	–
Call money	40,000	100,000	–	–
Allowance for restructuring expenses	15,989	2,626	–	–
Allowance for bonuses to employees	13,870	14,249	5,388	34,538
Allowance for sales promotion expenses	773	815	335	2,147
Allowance for loss on business of subsidiaries and associates	–	18,235	3,299	21,147
Other (Notes 5,11 and 15)	42,385	37,956	16,800	107,692
Total current liabilities	<u>3,073,252</u>	<u>3,316,615</u>	<u>1,900,670</u>	<u>12,183,782</u>
Long-term debt (Notes 5, 7, 13 and 19)	2,181,202	2,022,104	1,648,324	10,566,179
Long-term lease obligations (Note 14)	931,759	1,223,438	1,398,990	8,967,884
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	459	439	134	858
Allowance for stock payments	4,707	4,947	1,504	9,641
Net defined benefit liability (Note 12)	16,323	16,313	16,566	106,192
Deferred income taxes (Note 11)	214,891	233,635	224,633	1,439,955
Deposits received from tenants and franchised stores (Note 5)	45,025	44,178	13,796	88,435
Asset retirement obligations (Note 15)	163,328	235,024	225,304	1,444,256
Other liabilities	54,776	66,201	64,836	415,615
Total liabilities	<u>6,685,725</u>	<u>7,162,898</u>	<u>5,494,762</u>	<u>35,222,833</u>
Commitments and contingent liabilities (Note 19)				
Net assets (Note 17):				
Shareholders' equity:				
Common stock, authorized 10,000,000,000 shares, issued 2,633,226,549 shares in 2024, and 2,604,555,849 shares in 2025 and in 2026	50,000	50,000	50,000	320,512
Capital surplus	351,851	293,455	293,429	1,880,955
Retained earnings	2,656,342	2,727,937	2,906,276	18,629,974
Treasury stock, at cost, 10,312,992 shares in 2024, 9,723,478 shares in 2025 and 292,876,123 shares in 2026	(16,368)	(17,108)	(615,450)	(3,945,192)
	<u>3,041,825</u>	<u>3,054,284</u>	<u>2,634,255</u>	<u>16,886,250</u>
Accumulated other comprehensive income:				
Unrealized gains on available-for-sale securities, net of taxes (Note 6)	46,116	51,770	55,662	356,807
Unrealized gains on hedging derivatives, net of taxes	4,823	5,035	4,622	29,628
Foreign currency translation adjustments	608,057	901,059	884,784	5,671,692
Remeasurements of defined benefit plans	21,466	23,827	40,900	262,179
Total accumulated other comprehensive income	<u>680,464</u>	<u>981,693</u>	<u>985,971</u>	<u>6,320,326</u>
Share award rights	–	–	225	1,442
Subscription rights to shares (Note 18)	60	80	–	–
Non-controlling interests	184,041	187,154	27,743	177,839
Total net assets	<u>3,906,391</u>	<u>4,223,212</u>	<u>3,648,195</u>	<u>23,385,865</u>
Total liabilities and net assets	<u>¥10,592,117</u>	<u>¥11,386,111</u>	<u>¥9,142,957</u>	<u>\$58,608,698</u>

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

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), etc. have been applied from the beginning of the fiscal year ended February 28, 2026, and the figures for the fiscal years ended February 29, 2024 and February 28, 2025 have been modified retrospectively.

CONSOLIDATED STATEMENTS OF INCOME

Seven & i Holdings Co., Ltd. for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Revenues from operations (Note 26):				
Net sales	¥9,850,470	¥10,342,323	¥8,893,693	\$57,010,852
Operating revenues (Note 21)	1,621,283	1,630,439	1,536,575	9,849,839
	11,471,753	11,972,762	10,430,269	66,860,698
Costs and expenses:				
Cost of sales	8,060,919	8,485,841	7,300,235	46,796,378
Selling, general and administrative expenses (Notes 12, 14, 18 and 21)	2,876,585	3,065,929	2,707,040	17,352,820
	10,937,505	11,551,771	10,007,276	64,149,205
Operating income	534,248	420,991	422,993	2,711,493
Other income (expenses):				
Interest and dividend income	13,719	12,249	13,002	83,346
Interest expenses and interest on bonds	(43,120)	(61,382)	(49,482)	(317,192)
Equity in earnings (losses) of affiliates	3,711	(450)	(5,304)	(34,000)
Gain on valuation of investments in securities	146	7,632	2,214	14,192
Impairment loss (Note 9)	(43,010)	(98,260)	(32,829)	(210,442)
Gain on sales of property and equipment (Note 21)	11,027	91,933	94,599	606,403
Gain on sales of property and equipment related to restructuring (Notes 21 and 23)	–	3,118	–	–
Gain on change in equity in superstore business	–	–	26,946	172,730
Gain on sales of investments in securities	2,867	11,807	5,485	35,160
Insurance income	492	4,623	344	2,205
Loss on disposals of property and equipment (Note 21)	(15,590)	(23,165)	(22,525)	(144,391)
Loss on transfer of department stores (Note 24)	(129,618)	–	–	–
Restructuring expenses (Notes 9, 21 and 23)	(28,858)	(25,605)	(873)	(5,596)
Loss on transfer of subsidiary	(4,866)	(4,782)	–	–
Loss on business of subsidiaries and associates (Notes 9 and 22)	–	(46,416)	–	–
Other, net (Notes 6 and 21)	(24,141)	(22,941)	(20,004)	(128,230)
	(257,241)	(151,639)	11,571	74,173
Income before income taxes	277,007	269,351	434,564	2,785,666
Income taxes (Note 11):				
Current	63,116	80,171	114,352	733,025
Deferred	(21,313)	6,160	21,120	135,384
	41,803	86,331	135,472	868,410
Net income	235,203	183,020	299,091	1,917,250
Net income attributable to non-controlling interests	10,580	9,952	6,330	40,576
Net income attributable to owners of parent	¥224,623	¥173,068	¥292,760	\$1,876,666

	Yen			U.S. dollars (Note 3)
	2024	2025	2026	2026
Per share information:				
Net income per share (Basic)	¥84.88	¥66.62	¥118.81	\$0.76
Net income per share (Diluted)	84.87	66.61	118.80	0.76
Cash dividends	113.00	40.00	50.00	0.32

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. 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 29, 2024.

The year-end cash dividend for the fiscal year ended February 28, 2026 is proposed and to be approved at the annual shareholders' meeting planned to be held on May 27, 2026.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Seven & i Holdings Co., Ltd. for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Net income	¥235,203	¥183,020	¥299,091	\$1,917,250
Other comprehensive income (Note 16):				
Unrealized gains on available-for-sale securities, net of taxes	11,212	5,618	2,883	18,480
Unrealized gains (losses) on hedging derivatives, net of taxes	19	697	(412)	(2,641)
Foreign currency translation adjustments	165,163	294,534	(22,985)	(147,339)
Remeasurements of defined benefit plans	12,845	2,416	7,881	50,519
Share of other comprehensive (loss) income of entities accounted for using equity method	(133)	70	9,802	62,833
Total other comprehensive income (loss)	189,107	303,336	(2,830)	(18,141)
Comprehensive income	¥424,311	¥486,357	¥296,261	\$1,899,108
Comprehensive income attributable to:				
Owners of parent	¥412,085	¥474,298	¥297,038	\$1,904,089
Non-controlling interests	12,225	12,059	(777)	(4,980)

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 29, 2024, February 28, 2025 and February 28, 2026

Millions of yen

	Shareholders' equity			Accumulated other comprehensive income							Total	
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains 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	Share award rights	Subscription rights to shares		Non-controlling interests
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
Cumulative effects of changes in accounting policies			5,766									5,766
Restated balance	¥50,000	¥408,926	¥2,538,258	¥(9,873)	¥34,823	¥4,799	¥444,478	¥8,899	¥-	¥49	¥173,565	¥3,653,928
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 March 1, 2024	¥50,000	¥351,851	¥2,656,342	¥(16,368)	¥46,116	¥4,823	¥608,057	¥21,466	¥-	¥60	¥184,041	¥3,906,391
Net income attributable to owners of parent			173,068									173,068
Cash dividends			(101,469)									(101,469)
Purchase of treasury stock				(59,643)								(59,643)
Disposal of treasury stock		0		840								840
Cancellation of treasury stock		(58,062)		58,062								-
Other		(333)	(3)	(0)								(337)
Net changes of items other than shareholders' equity					5,654	211	293,002	2,361		19	3,112	304,362
Net increase (decrease) for the year	-	(58,396)	71,595	(740)	5,654	211	293,002	2,361		19	3,112	318,821
Balance at March 1, 2025	¥50,000	¥293,455	¥2,727,937	¥(17,108)	¥51,770	¥5,035	¥901,059	¥23,827	¥-	¥80	¥187,154	¥4,223,212
Net income attributable to owners of parent			292,760									292,760
Cash dividends			(113,635)									(113,635)
Purchase of treasury stock				(600,004)								(600,004)
Disposal of treasury stock		(23)		1,659								1,636
Other		(3)	(785)	2								(786)
Net changes of items other than shareholders' equity					3,892	(412)	(16,274)	17,072	225	(80)	(159,410)	(154,987)
Net increase (decrease) for the year	-	(26)	178,339	(598,342)	3,892	(412)	(16,274)	17,072	225	(80)	(159,410)	(575,017)
Balance at February 28, 2026	¥50,000	¥293,429	¥2,906,276	¥(615,450)	¥55,662	¥4,622	¥884,784	¥40,900	¥225	¥-	¥27,743	¥3,648,195

Thousands of U.S. dollars (Note 3)

	Shareholders' equity			Accumulated other comprehensive income							Total	
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Unrealized gains 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	Share award rights	Subscription rights to shares		Non-controlling interests
Balance at March 1, 2025	\$320,512	\$1,881,121	\$17,486,775	\$(109,666)	\$331,858	\$32,275	\$5,776,019	\$152,737	\$-	\$512	\$1,199,705	\$27,071,871
Net income attributable to owners of parent			1,876,666									1,876,666
Cash dividends			(728,429)									(728,429)
Purchase of treasury stock				(3,846,179)								(3,846,179)
Disposal of treasury stock		(147)		10,634								10,487
Other		(19)	(5,032)	12								(5,038)
Net changes of items other than shareholders' equity					24,948	(2,641)	(104,320)	109,435	1,442	(512)	(1,021,858)	(993,506)
Net increase (decrease) for the year	-	(166)	1,143,198	(3,835,525)	24,948	(2,641)	(104,320)	109,435	1,442	(512)	(1,021,858)	(3,686,006)
Balance at February 28, 2026	\$320,512	\$1,880,955	\$18,629,974	\$(3,945,192)	\$356,807	\$29,628	\$5,671,692	\$262,179	\$1,442	\$-	\$177,839	\$23,385,865

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 29, 2024, February 28, 2025 and February 28, 2026

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Cash flows from operating activities:				
Income before income taxes	¥277,007	¥269,351	¥434,564	\$2,785,666
Depreciation and amortization	400,789	436,593	382,009	2,448,775
Impairment loss	57,079	143,993	32,829	210,442
Amortization of goodwill	119,912	138,209	137,890	883,910
Increase in allowance for bonuses to employees	472	766	928	5,948
Increase in net defined benefit asset	(8,195)	(9,806)	(6,967)	(44,660)
Interest and dividend income	(13,719)	(12,249)	(13,002)	(83,346)
Interest expenses and interest on bonds	43,120	61,382	49,482	317,192
Equity in (earnings) losses of affiliates	(3,711)	450	5,304	34,000
Insurance income	(492)	(4,623)	(344)	(2,205)
Gain on sales of property and equipment	(11,027)	(95,052)	(94,599)	(606,403)
Loss on disposals of property and equipment	15,590	24,744	23,122	148,217
Loss on transfer of department stores	129,618	—	—	—
Loss on transfer of subsidiary	4,866	4,782	—	—
Gain on sales of investments in securities	(2,867)	(11,723)	(5,458)	(34,987)
Gain on change in equity in superstore business	—	—	(26,946)	(172,730)
(Increase) decrease in notes and accounts receivable, trade	(50,033)	48,376	(17,694)	(113,423)
Increase in trade accounts receivable, financial services	(7,155)	(10,383)	(10,748)	(68,897)
(Increase) decrease in inventories	(5,984)	7,911	12,049	77,237
Increase (decrease) in notes and accounts payable, trade	5,587	(73,035)	5,962	38,217
(Decrease) increase in deposits received	(23,689)	6,197	34,315	219,967
Net increase in borrowings in banking business	—	—	10,000	64,102
Net decrease in bonds in banking business	(40,000)	(15,000)	—	—
Net (decrease) increase in deposits received in banking business	(6,376)	9,625	28,797	184,596
Net increase in call loan in banking business	23,000	—	—	—
Net (decrease) increase in call money in banking business	(70,000)	60,000	(100,000)	(641,025)
Net decrease (increase) in ATM-related temporary accounts	2,626	(5,937)	(41,969)	(269,032)
Other	(66,580)	(26,729)	(51,108)	(327,615)
Subtotal	769,836	947,843	788,419	5,053,967
Interest and dividends received	12,646	11,399	14,209	91,083
Interest paid	(41,920)	(57,962)	(52,505)	(336,570)
Insurance income received	1,090	7,910	2,809	18,006
Income taxes paid	(87,527)	(51,628)	(88,643)	(568,224)
Income taxes refund	18,889	18,896	2,446	15,679
Net cash provided by operating activities	673,015	876,458	666,736	4,273,948

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Cash flows from investing activities:				
Acquisition of property and equipment (Note 10)	(337,439)	(430,866)	(333,618)	(2,138,576)
Proceeds from sales of property and equipment	24,317	130,005	143,587	920,429
Acquisition of intangible assets	(120,202)	(108,151)	(70,705)	(453,237)
Payment for purchase of investments in securities	(44,240)	(64,402)	(46,618)	(298,833)
Proceeds from sales of investments in securities	29,973	43,208	56,047	359,275
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation (Note 10)	(776)	(166,657)	–	–
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation (Note 10)	36,036	2,603	538,359	3,451,019
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation (Note 10)	(2,687)	(22,573)	(758,627)	(4,862,993)
Payment for long-term leasehold deposits	(17,026)	(8,847)	(5,303)	(33,993)
Refund of long-term leasehold deposits	18,046	25,645	20,776	133,179
Proceeds from deposits from tenants	2,093	3,715	1,338	8,576
Refund of deposits from tenants	(1,872)	(3,368)	(1,322)	(8,474)
Payment for acquisition of business (Note 10)	(2,187)	(109,675)	(5,023)	(32,198)
Payment for time deposits	(7,302)	(7,104)	(4,505)	(28,878)
Proceeds from withdrawal of time deposits	5,522	5,036	6,381	40,903
Other	(14,064)	(20,929)	(18,108)	(116,076)
Net cash used in investing activities	(431,809)	(732,363)	(477,343)	(3,059,891)
Cash flows from financing activities:				
Net increase (decrease) in short-term loans	12,821	82,447	(39,681)	(254,365)
Proceeds from long-term debts	52,700	201,945	144,700	927,564
Repayment of long-term debts	(150,246)	(146,693)	(271,746)	(1,741,961)
Proceeds from issuance of bonds	220,000	–	–	–
Payment for redemption of bonds	(325,837)	(341,302)	(210,000)	(1,346,153)
Proceeds from share issuance to non-controlling shareholders	2,988	619	–	–
Purchase of treasury stock	(52,393)	(59,643)	(600,004)	(3,846,179)
Dividends paid	(106,092)	(101,408)	(113,563)	(727,967)
Dividends paid to non-controlling interests	(7,533)	(7,620)	(4,447)	(28,506)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(2,062)	(367)	(0)	(0)
Other	(21,409)	(20,625)	(15,137)	(97,032)
Net cash used in financing activities	(377,065)	(392,648)	(1,109,880)	(7,114,615)
Effect of exchange rate changes on cash and cash equivalents	23,566	35,879	(3,185)	(20,416)
Net decrease in cash and cash equivalents	(112,293)	(212,673)	(923,673)	(5,920,980)
Cash and cash equivalents at beginning of year	1,674,787	1,562,493	1,349,820	8,652,692
Cash and cash equivalents at end of year	¥1,562,493	¥1,349,820	¥426,146	\$2,731,705

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 140 consolidated subsidiaries as of February 28, 2026 (175 as of February 28, 2025 and 160 as of February 29, 2024) which mainly include SEVEN-ELEVEN JAPAN CO., LTD., 7-Eleven, Inc., SEJ Asset Management & Investment Company, 7-Eleven International LLC, 7-Eleven Stores Pty Ltd, and Seven Financial Service Co., Ltd.

Consolidated subsidiaries decreased by 35

In the fiscal year ended February 28, 2026, SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., and York-Benimaru Co., Ltd. tendered some or all of their shares in Seven Bank, Ltd. ("Seven Bank") in response to the share repurchase announced by Seven Bank. As a result, Seven Bank and its nine subsidiaries have been excluded from the scope of consolidation and Seven Bank has become an equity method affiliate of the Company.

The Company resolved and completed the procedures to transfer the rights and obligations relating to the head office functions, subsidiary management functions of a total of 29 companies - comprising 22 of the Company's consolidated subsidiaries and seven equity method affiliates engaged in the Group's food supermarket, specialty store, and other businesses - along with all other businesses held by the Company's wholly-owned subsidiary, YORK Holdings Co., Ltd. ("YORK HD"), to K.K. BCJ-96 (currently YORK HD), a wholly-owned subsidiary of K.K. BCJ-95, an acquisition purpose company established by Bain Capital Private Equity, L.P. and its affiliates. The transfer, which includes all shares of the Transferred Companies (referring to Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., THE LOFT CO., LTD., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd. (currently known as Denny's Japan Co., Ltd.), Seven & i Create Link Co., Ltd. (currently known as Create Link Co., Ltd.), and SHELL GARDEN CO., LTD.) held directly by YORK HD, was executed through an absorption-type split ("Absorption-type Split"). On the same date, following an investment in K.K. BCJ-95 that brought the Company's shareholding to 35.07% after the Absorption-type Split became effective, 21 of YORK HD's subsidiaries were excluded from the scope of consolidation, and K.K. BCJ-95 became an equity method affiliate of the Company.

In addition to the above, two companies were liquidated, one company's shares were transferred, and one company was absorbed through a merger. As a result of the above, 35 companies have been excluded from the scope of consolidation.

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

All material intercompany transactions and account balances have been eliminated.

13 affiliates as of February 28, 2026 (20 affiliates as of February 28, 2025 and 20 affiliates as of February 29, 2024), which include K.K. BCJ-95, Seven Bank, Ltd. and PIA Corporation, are accounted for using the equity method.

In the fiscal year ended February 28, 2026, as described above, K.K. BCJ-95 and Seven Bank, Ltd. have become equity method affiliates of the Company, while seven equity method affiliates previously attributable to YORK Holdings Co., Ltd., a wholly owned subsidiary of the Company, have been excluded. In addition, one company has been excluded due to a transfer of shares and one due to liquidation, resulting in a total of nine companies being excluded from equity method affiliates.

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 or provisional settlement of accounts.

(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 fair value 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 right-of-use assets)

Property and equipment are depreciated using the straight-line method.

(6) Intangible 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 5-10 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) 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 they are not depreciable assets.

(8) 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.

(9) 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.

(10) 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 loss on business of subsidiaries and associates

Allowance for loss on business of subsidiaries and associates is provided. The estimated amount is recorded in preparation for expenses or losses associated with withdrawal of online supermarket business.

(c) Allowance for restructuring expenses

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

(d) 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.

(e) Allowance for bonuses to employees

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

(f) 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.

(g) 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.

(11) 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.

(12) 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 royalties 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 royalties 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 super-market 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 26. "REVENUE RECOGNITION, (3) (a) Balances of receivables, contract assets, and contract liabilities arising from contracts with customers".

(13) 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.

(14) Per share information

Owners' equity (excluding non-controlling interests and subscription rights to shares) per share as of February 29, 2024, February 28, 2025 and February 28, 2026 is ¥1,419.14, ¥1,555.39 and ¥1,566.06 (\$10.03), respectively. Net income per share for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 is ¥84.88, ¥66.62 and ¥118.81 (\$0.76), respectively. Diluted net income per share for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 is ¥84.87, ¥66.61 and ¥118.80 (\$0.76), 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 29, 2024.

“Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022), etc. have been applied from the beginning of the fiscal year ended February 28, 2026, and the figures for the fiscal years ended February 29, 2024 and February 28, 2025 have been modified retrospectively.

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 29, 2024, February 28, 2025 and February 28, 2026 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Net income attributable to owners of parent	¥224,623	¥173,068	¥292,760	\$1,876,666
Less components not pertaining to common shareholders	–	–	–	–
Net income pertaining to common shareholders	224,623	173,068	292,760	1,876,666
Weighted-average number of shares of common stock outstanding (shares)*	2,646,511,134	2,597,855,216	2,464,077,028	

* 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 29, 2024.

Cash dividends per share shown in the accompanying consolidated statements of income represent dividends declared as applicable to the respective fiscal year, whereas the year-end cash dividend for the fiscal year ended February 28, 2026 is proposed and to be approved at the annual shareholders’ meeting planned to be held on May 27, 2026.

(15) 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.

(16) Accounting for excise tax

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

(17) 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”.

(18) 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.

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

SEVEN-ELEVEN JAPAN CO., LTD. and 7-Eleven, Inc. (including 7-Eleven Stores Pty Ltd) recognize franchise commission from their franchised stores as “Operating revenues”.

(20) Changes in accounting policies

(Application of Accounting Standard for Current Income Taxes, etc.)

The Company has applied the Accounting Standard for Current Income Taxes (Accounting Standards Board of Japan (ASBJ) Statement No. 27, October 28, 2022, hereinafter the "Revised Accounting Standard 2022"), etc. from the beginning of the fiscal year ended February 28, 2026.

The amendment to categories in which current income taxes should be recorded (taxes on other comprehensive income) follows the transitional treatment prescribed in the proviso of paragraph 20-3 of the Revised Accounting Standard 2022 and the transitional treatment prescribed in the proviso of paragraph 65-2 (2) of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28, October 28, 2022, hereinafter the "Revised Implementation Guidance 2022"). There is no impact on the consolidated financial statements.

With respect to the treatment of the tax effects of gains or losses arising from the sale of shares of subsidiaries, etc. among consolidated companies that are deferred for tax purposes, if deferred tax assets or deferred tax liabilities are recognized for a temporary difference related to the gain or loss on the sale in the financial statements of a company that sold the shares of subsidiaries, etc., the Company had not adjusted the amount of deferred tax assets or deferred tax liabilities relating to such temporary differences in the process of consolidated accounting procedures. However, the Company has decided to reverse the deferred tax assets or deferred tax liabilities related to such temporary differences.

For the amendment related to the revised accounting treatment for consolidated financial statements when gains or losses on the sale of shares of subsidiaries, etc. resulting from transactions between consolidated companies are deferred for tax purposes, the Company has applied the Revised Implementation Guidance 2022 from the beginning of the fiscal year ended February 28, 2026. The change in accounting policies has been applied retrospectively and reflected in the consolidated financial statements for the fiscal year ended February 29, 2024.

As a result, compared to the figures prior to the retrospective application, the consolidated balance sheet for the fiscal year ended February 29, 2024 shows a decrease of ¥5,766 million (\$36,961 thousand) in deferred tax liabilities and an increase of ¥2.22 (\$0.01) in owners' equity per share. In addition, because the cumulative effect was reflected in net assets at the beginning of the fiscal year ended February 29, 2024, the opening balance of retained earnings for the fiscal year ended February 29, 2024, increased by ¥5,766 million (\$36,961 thousand).

(21) Accounting standards issued but not yet applied

(Accounting Standard for Leases, etc.)

- Accounting Standard for Leases (ASBJ Statement No. 34, September 13, 2024)

- Implementation Guidance on Accounting Standard for Leases (ASBJ Guidance No. 33, September 13, 2024)

(a) Overview

As part of its efforts to ensure consistency between Japanese GAAP and international accounting standards, the ASBJ reviewed the Accounting Standard for Leases to recognize assets and liabilities for all leases held by a lessee, with international accounting standards taken into consideration. Accordingly, the ASBJ issued the Accounting Standard for Leases, etc. that adopts only the key provisions of IFRS 16 that is based on the single accounting model. The revision aims to be simple and highly convenient, and to make it unnecessary to revise non-consolidated financial statements that apply IFRS 16 in the Accounting Standard for Leases, etc. Regarding the method for allocating the lease expenses in the lessee's accounting treatment, using the same approach as IFRS 16, a single accounting model is applied for recording the depreciation associated with the right-of-use assets and the amount equivalent to the interest on the lease liabilities for all leases regardless of whether the lease is a finance lease or an operating lease.

(b) Scheduled date of application

The above standard and guidance are scheduled to be applied from the beginning of the fiscal year ending February 28, 2029.

(c) Effects of application of the standards

The effects of the application on the consolidated financial statements have not yet been determined.

(Accounting Standard for Subsequent Events, etc.)

- Accounting Standard for Subsequent Events (ASBJ Statement No. 41, January 9, 2026)

- Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Guidance No. 35, January 9, 2026)

(a) Overview

In the Accounting Standard for Subsequent Events, etc., the priority is to establish a comprehensive accounting standard addressing the definition, accounting treatment, and disclosure of subsequent events. As a basic policy, the contents related to accounting presented in the Audit Treatment concerning Subsequent Events (Japanese Institute of Certified Public Accountants, Auditing and Assurance Standards Committee, Auditing Standards Statement 560, Practical Guideline No. 1) are adopted, and transferred to the ASBJ. The Accounting Standard for Subsequent Events, etc. define the accounting treatment and disclosure requirements for subsequent events including the revision of terminology, the clarification of the evaluation period for subsequent events, and the introduction of a new requirement for notes concerning the authorization of the issuance of financial statements.

(b) Scheduled date of application

The above standard and guidance are scheduled to be applied from the beginning of the fiscal year ending February 28, 2029.

(22) Reclassification

Certain prior year amounts have been reclassified to conform to the current year's presentation.

(23) 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 of 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 ¥4,357 million and 991 thousand shares as of February 29, 2024, ¥3,842 million and 2,623 thousand shares as of February 28, 2025 and ¥2,673 million (\$17,134 thousand) and 1,825 thousand shares as of February 28, 2026, 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 number of shares as of February 29, 2024 stated above is the number of shares before the share split while the number of shares as of February 28, 2025 and February 28, 2026 is after the share 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 ¥2,366 million and 585 thousand shares as of February 29, 2024, and ¥2,040 million and 1,514 thousand shares as of February 28, 2025, and ¥1,622 million (\$10,397 thousand) and 1,203 thousand shares as of February 28, 2026, 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 number of shares as of February 29, 2024 stated above is the number of shares before the share split while the number of shares as of February 28, 2025 and February 28, 2026 is after the share split.

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 ¥156=US\$1, the approximate rate of exchange prevailing as of February 28, 2026. 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 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:

Company Name	Millions of yen		
	Property and equipment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	¥339,304	¥25,865	¥19,692

(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.

Fiscal year ended February 28, 2025:

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 28, 2025:

Company Name	Millions of yen		
	Property and equip-ment	Intangible assets	Impairment loss
Ito-Yokado Co., Ltd.	¥340,992	¥9,767	¥34,962

(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 rising prices and the fluctuation in exchange rates, 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.

Fiscal year ended February 28, 2026:

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:

Goodwill impairment test

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

Goodwill was recorded at SEJ Asset Management & Investment Company (“SAM”) and its consolidated subsidiaries in the operating segment, Overseas convenience store operations, as the result of a business combination implemented for the global expansion of the business.

Amounts recorded in the consolidated balance sheets and consolidated statements of income are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Goodwill*	¥1,913,558	¥2,253,978	¥2,106,574	\$13,503,679
Impairment loss	—	—	—	—

* The Company has applied “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No.18) to record goodwill, and the amounts are the balances after amortization.

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

(a) Method of goodwill impairment test

As SAM is one of the Company’s overseas consolidated subsidiaries applying the U.S. GAAP, necessary modifications are made for amortization of goodwill, etc. according to the “Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements (ASBJ PITF No. 18). In addition, goodwill is tested in each reporting unit for impairment based on the U.S. GAAP.

SAM performs a qualitative assessment to determine whether it is necessary to perform a quantitative impairment test of goodwill according to the U.S. GAAP.

If the result of qualitative assessment indicates that it is unlikely that the fair value of a reporting unit is less than its carrying amount, it is not necessary to perform a quantitative impairment test of goodwill.

On the other hand, if the result of qualitative assessment indicates that it is likely that the fair value of a reporting unit is less than its carrying amount, a quantitative impairment test of goodwill should be performed. If the fair value of the reporting unit is less than its carrying amount as a result, impairment loss is recognized.

As the result of the above-mentioned qualitative assessment, SAM determined for the fiscal year ended February 28, 2026 that it is unlikely that the fair value of a reporting unit is less than its carrying amount. As a result, it is not necessary to perform a quantitative impairment test of goodwill, and therefore, SAM determined that no impairment loss on goodwill is to be recognized.

(b) Key assumptions

The above-mentioned qualitative assessment includes significant assumptions such as macro-economic condition of a reporting unit, business and market considerations, cost factor, overall financial performance, the current state analysis and the future forecasts related to the entity-specific factors and other items.

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

The 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 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) 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.

(1). Qualitative information on financial instruments

(a) 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.

(b) 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.

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. 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.

(c) 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		
	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 not applied	¥30	¥30	¥-
To which hedge accounting is applied	33	33	-
Total derivative instruments	¥64	¥64	¥-

	Millions of yen		
	2025		
	Book value	Fair value	Difference
Notes and accounts receivable, trade and contract assets ^(h)	¥441,630		
Allowance for doubtful accounts ^(a)	(5,098)		
	436,532	¥440,508	¥3,975
Investments in securities	231,068	235,603	4,535
Long-term leasehold deposits ^(b)	268,570		
Allowance for doubtful accounts ^(c)	(171)		
	268,398	258,519	(9,879)
Total assets	¥935,999	¥934,631	¥(1,368)
Deposits received in banking business	¥813,388	¥813,208	¥(180)
Bonds ^(d)	1,454,036	1,239,034	(215,002)
Long-term loans ^(e)	1,068,196	1,045,587	(22,608)
Deposits received from tenants and franchised stores ^(f)	44,846	39,260	(5,585)
Total liabilities	¥3,380,468	¥3,137,091	¥(243,376)
Derivative instruments ^(g)			
To which hedge accounting is not applied	¥(19)	¥(19)	¥-
To which hedge accounting is applied	-	-	-
Total derivative instruments	¥(19)	¥(19)	¥-

	Millions of yen		
	2026		
	Book value	Fair value	Difference
Notes and accounts receivable, trade and contract assets ^(h)	¥298,684		
Allowance for doubtful accounts ^(a)	(1,837)		
	296,846	¥300,063	¥3,217
Investments in securities	93,454	99,365	5,910
Long-term leasehold deposits ^(b)	156,727		
Allowance for doubtful accounts ^(c)	(112)		
	156,614	152,584	(4,029)
Total assets	¥546,915	¥552,013	¥5,098
Deposits received in banking business	¥-	¥-	¥-
Bonds ^(d)	1,185,486	1,025,511	(159,974)
Long-term loans ^(e)	908,952	883,911	(25,040)
Deposits received from tenants and franchised stores ^(f)	13,820	12,079	(1,741)
Total liabilities	¥2,108,259	¥1,921,502	¥(186,756)
Derivative instruments ^(g)			
To which hedge accounting is not applied	¥-	¥-	¥-
To which hedge accounting is applied	-	-	-
Total derivative instruments	¥-	¥-	¥-

	Thousands of U.S. dollars (Note 3)		
	2026		
	Book value	Fair value	Difference
Notes and accounts receivable, trade and contract assets ^(h)	\$1,914,641		
Allowance for doubtful accounts ^(a)	(11,775)		
	1,902,858	\$1,923,480	\$20,621
Investments in securities	599,064	636,955	37,884
Long-term leasehold deposits ^(b)	1,004,660		
Allowance for doubtful accounts ^(c)	(717)		
	1,003,935	978,102	(25,826)
Total assets	\$3,505,865	\$3,538,544	\$32,679
Deposits received in banking business	\$-	\$-	\$-
Bonds ^(d)	7,599,269	6,573,788	(1,025,474)
Long-term loans ^(e)	5,826,615	5,666,096	(160,512)
Deposits received from tenants and franchised stores ^(f)	88,589	77,429	(11,160)
Total liabilities	\$13,514,480	\$12,317,320	\$(1,197,153)
Derivative instruments ^(g)			
To which hedge accounting is not applied	\$-	\$-	\$-
To which hedge accounting is applied	-	-	-
Total derivative instruments	\$-	\$-	\$-

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 29, 2024, February 28, 2025 and February 28, 2026, 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)
	2024	2025	2026	2026
	Book value			
Investments in securities				
Unlisted securities ^(a)	¥18,631	¥43,217	¥46,145	\$295,801
Shares of affiliates ^(a)	33,731	30,911	211,772	1,357,512
Investments in partnerships ^(b)	15,969	15,890	12,368	79,282

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 24-16 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 II. Redemption schedule for receivables and marketable securities with maturities

	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

	Millions of yen			
	2025			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	¥1,349,820	¥-	¥-	¥-
Notes and accounts receivable, trade and contract assets	427,193	12,071	1,890	475
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	-	67,260	-	-
Bonds	-	39,300	1,000	-
Other	-	-	-	-
Long-term leasehold deposits	23,800	57,289	61,660	125,820
Total	¥1,800,814	¥175,920	¥64,551	¥126,295

	Millions of yen			
	2026			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	¥426,146	¥-	¥-	¥-
Notes and accounts receivable, trade and contract assets	295,704	2,980	-	-
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	-	-	-	-
Bonds	-	-	-	-
Other	-	-	-	-
Long-term leasehold deposits	8,038	34,474	42,668	71,545
Total	¥729,889	¥37,454	¥42,668	¥71,545

	Thousands of U.S. dollars (Note 3)			
	2026			
	Within one year	After one year within five years	After five years within ten years	After ten years
Cash and cash equivalents	\$2,731,705	\$-	\$-	\$-
Notes and accounts receivable, trade and contract assets	1,895,538	19,102	-	-
Investments in securities:				
Available-for-sale securities with maturities				
Governmental and municipal bonds	-	-	-	-
Bonds	-	-	-	-
Other	-	-	-	-
Long-term leasehold deposits	51,525	220,987	273,512	458,621
Total	\$4,678,775	\$240,089	\$273,512	\$458,621

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

	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	¥-	¥-

	Millions of yen			
	2025			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	¥704,718	¥108,669	¥-	¥-

	Millions of yen			
	2026			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	¥-	¥-	¥-	¥-

	Thousands of U.S. dollars (Note 3)			
	2026			
	Within one year	After one year within five years	After five years within ten years	After ten years
Deposits received in banking business	\$-	\$-	\$-	\$-

Notes: (*) Deposits received in banking business due within one year include deposits on demand.

(**) Seven Bank, Ltd. was excluded from the scope of consolidation for the fiscal year ended February 28, 2026.

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

	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

	Millions of yen					
	2025					
	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	¥210,000	¥257,288	¥70,000	¥237,405	¥-	¥679,342
Long-term loans	290,128	164,497	324,197	83,047	75,479	130,846
Total	¥500,128	¥421,786	¥394,197	¥320,452	¥75,479	¥810,189

	Millions of yen					
	2026					
	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	¥255,657	¥40,000	¥216,035	¥-	¥30,000	¥643,792
Long-term loans	190,456	344,120	109,988	102,768	93,890	67,729
Total	¥446,114	¥384,120	¥326,023	¥102,768	¥123,890	¥711,522

	Thousands of U.S. dollars (Note 3)					
	2026					
	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	\$1,638,826	\$256,410	\$1,384,839	\$-	\$192,307	\$4,126,871
Long-term loans	1,220,871	2,205,897	705,051	658,769	601,858	434,160
Total	\$2,859,705	\$2,462,307	\$2,089,891	\$658,769	\$794,166	\$4,561,038

Note V. 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 the level with the lowest priority among those to which the inputs belong.

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

	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

	Millions of yen			
	2025			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Available-for-sale securities				
Equity securities	¥97,363	¥-	¥-	¥97,363
Municipal bonds	-	67,073	-	67,073
Corporate bonds	-	40,079	-	40,079
Other	-	15,732	-	15,732
Assets, total	¥97,363	¥122,886	¥-	¥220,249
Derivative transactions:				
Currency-related	¥-	¥(19)	¥-	¥(19)
Interest rate-related	-	-	-	-
Liabilities, total	¥-	¥(19)	¥-	¥(19)

	Millions of yen			
	2026			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Available-for-sale securities				
Equity securities	¥90,838	¥-	¥-	¥90,838
Municipal bonds	-	-	-	-
Corporate bonds	-	-	-	-
Other	-	-	-	-
Assets, total	¥90,838	¥-	¥-	¥90,838
Derivative transactions:				
Currency-related	¥-	¥-	¥-	¥-
Interest rate-related	-	-	-	-
Liabilities, total	¥-	¥-	¥-	¥-

	Thousands of U.S. dollars (Note 3)			
	2026			
	Fair values			
	Level 1	Level 2	Level 3	Total
Investments in securities:				
Available-for-sale securities				
Equity securities	\$582,294	\$-	\$-	\$582,294
Municipal bonds	-	-	-	-
Corporate bonds	-	-	-	-
Other	-	-	-	-
Assets, total	\$582,294	\$-	\$-	\$582,294
Derivative transactions:				
Currency-related	\$-	\$-	\$-	\$-
Interest rate-related	-	-	-	-
Liabilities, total	\$-	\$-	\$-	\$-

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

	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

	Millions of yen			
	2025			
	Fair values			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade and contract assets	¥-	¥365,752	¥74,755	¥440,508
Investments in securities:				
Available-for-sale securities				
Equity securities	15,354	-	-	15,354
Long-term leasehold deposits	-	258,519	-	258,519
Assets, total	¥15,354	¥624,272	¥74,755	¥714,382
Deposits received in banking business	¥-	¥813,208	¥-	¥813,208
Bonds	-	1,239,034	-	1,239,034
Long-term loans	-	1,045,587	-	1,045,587
Long-term deposits	-	39,260	-	39,260
Liabilities, total	¥-	¥3,137,091	¥-	¥3,137,091

	Millions of yen			
	2026			
	Fair values			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade and contract assets	¥-	¥253,035	¥47,028	¥300,063
Investments in securities:				
Available-for-sale securities				
Equity securities	8,526	-	-	8,526
Long-term leasehold deposits	-	152,584	-	152,584
Assets, total	¥8,526	¥405,619	¥47,028	¥461,175
Deposits received in banking business	¥-	¥-	¥-	¥-
Bonds	-	1,025,511	-	1,025,511
Long-term loans	-	883,911	-	883,911
Long-term deposits	-	12,079	-	12,079
Liabilities, total	¥-	¥1,921,502	¥-	¥1,921,502

	Thousands of U.S. dollars (Note 3)			
	2026			
	Fair values			
	Level 1	Level 2	Level 3	Total
Notes and accounts receivable, trade and contract assets	\$-	\$1,622,019	\$301,461	\$1,923,480
Investments in securities:				
Available-for-sale securities				
Equity securities	54,653	-	-	54,653
Long-term leasehold deposits	-	978,102	-	978,102
Assets, total	\$54,653	\$2,600,121	\$301,461	\$2,956,250
Deposits received in banking business	\$-	\$-	\$-	\$-
Bonds	-	6,573,788	-	6,573,788
Long-term loans	-	5,666,096	-	5,666,096
Long-term deposits	-	77,429	-	77,429
Liabilities, total	\$-	\$12,317,320	\$-	\$12,317,320

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 fair value is considered equivalent to the book values, as the remaining maturity period is short; hence, these book values are adopted as the fair value. 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 of interest rate swap contracts or an integral accounting treatment (specific accounting treatment, designated accounting treatment) of 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 using the corresponding interest rate of government bonds for 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 29, 2024, February 28, 2025 and February 28, 2026 (excluding equity securities that do not have a market value of ¥18,631 million, ¥43,217 million and ¥46,145 million (\$295,801 thousand) as of February 29, 2024, February 28, 2025, and February 28, 2026, respectively):

	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

	Millions of yen		
	2025		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	¥97,140	¥23,829	¥73,311
Debt securities			
Governmental and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Subtotal	97,140	23,829	73,311
Securities with book value not exceeding acquisition cost:			
Equity securities	222	233	(10)
Debt securities			
Governmental and municipal bonds, etc.	67,073	67,431	(357)
Corporate bonds	40,079	40,388	(308)
Subtotal	107,376	108,053	(677)
Total	¥204,516	¥131,882	¥72,634

	Millions of yen		
	2026		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	¥90,606	¥17,427	¥73,178
Debt securities			
Governmental and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Subtotal	90,606	17,427	73,178
Securities with book value not exceeding acquisition cost:			
Equity securities	232	233	(1)
Debt securities			
Governmental and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Subtotal	232	233	(1)
Total	¥90,838	¥17,660	¥73,177

	Thousands of U.S. dollars (Note 3)		
	2026		
	Book value	Acquisition cost	Net unrealized gains (losses)
Securities with book value exceeding acquisition cost:			
Equity securities	\$580,807	\$111,711	\$469,089
Debt securities			
Governmental and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Subtotal	580,807	111,711	469,089
Securities with book value not exceeding acquisition cost:			
Equity securities	1,487	1,493	(6)
Debt securities			
Governmental and municipal bonds, etc.	-	-	-
Corporate bonds	-	-	-
Subtotal	1,487	1,493	(6)
Total	\$582,294	\$113,205	\$469,083

(2) Sales amounts and gain (loss) on sales of available-for-sale securities during the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Sales amounts	¥3,367	¥18,967	¥9,414	\$60,346
Gain on sales of available-for-sale securities	2,063	11,807	5,485	35,160
Loss on sales of available-for-sale securities	-	83	26	166

(3) Impairment loss on securities

For the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, the Group recognized ¥1,479 million, ¥718 million and ¥53 million (\$339 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 29, 2024, February 28, 2025 and February 28, 2026 were ¥43,808 million, ¥41,730 million and ¥214,388 million (\$1,374,282 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 29, 2024, February 28, 2025 and February 28, 2026 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			
	2024			
	Contract amount		Estimated fair value	Unrealized gains (losses)
Total	After one year			
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)

	Millions of yen			
	2025			
	Contract amount		Estimated fair value	Unrealized gains (losses)
Total	After one year			
Forward foreign exchange contracts:				
Buy U.S. dollar	¥1,329	¥-	¥(16)	¥(16)
Buy Euro	75	-	0	0
Buy Chinese yuan	123	-	(3)	(3)
Sell Taiwan dollar	27	-	0	0

	Millions of yen			
	2026			
	Contract amount		Estimated fair value	Unrealized gains (losses)
Total	After one year			
Forward foreign exchange contracts:				
Buy U.S. dollar	¥-	¥-	¥-	¥-
Buy Euro	-	-	-	-
Buy Chinese yuan	-	-	-	-
Sell Taiwan dollar	-	-	-	-

	Thousands of U.S. dollars (Note 3)			
	2026			
	Contract amount		Estimated fair value	Unrealized gains (losses)
Total	After one year			
Forward foreign exchange contracts:				
Buy U.S. dollar	\$-	\$-	\$-	\$-
Buy Euro	-	-	-	-
Buy Chinese yuan	-	-	-	-
Sell Taiwan dollar	-	-	-	-

Derivatives designated as hedging instruments

(1) Currency-related transactions

	Millions of yen		
	2024		
	Contract amount		Estimated fair value
Total	After one year		
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	-	-

	Millions of yen		
	2025		
	Contract amount		Estimated fair value
Total	After one year		
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	¥-	¥-	¥-
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	-	-	-

	Millions of yen		
	2026		
	Contract amount		Estimated fair value
Total	After one year		
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	¥-	¥-	¥-
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	-	-	-

	Thousands of U.S. dollars (Note 3)		
	2026		
	Contract amount		
	Total	After one year	Estimated fair value
Forward foreign exchange contracts, accounted for by deferral hedge accounting			
Buy U.S. dollar	\$-	\$-	\$-
Forward foreign exchange contracts, accounted for by designated accounting treatment			
Buy U.S. dollar	-	-	-

(2) Interest rate related transactions

	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	-

	Millions of yen		
	2025		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	¥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	-

	Millions of yen		
	2026		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	¥-	¥-	¥-
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	249,068	-

	Thousands of U.S. dollars (Note 3)		
	2026		
	Contract amount		
	Total	After one year	Estimated fair value
Interest rate swap contracts, accounted for by specific accounting treatment			
Receive float / Pay fixed	\$-	\$-	\$-
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	1,916,500	1,596,589	-

8. PROPERTY AND EQUIPMENT

Property and equipment at February 29, 2024, February 28, 2025 and February 28, 2026 are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Buildings and structures	¥3,251,014	¥3,571,664	¥2,982,992	\$19,121,743
Furniture, fixtures and equipment	1,473,135	1,679,198	1,523,047	9,763,121
Right-of-use assets	1,231,045	1,690,613	1,994,134	12,782,910
Other	51,297	48,725	46,054	295,217
	6,006,492	6,990,201	6,546,229	41,963,006
Less: Accumulated depreciation	(2,895,485)	(3,387,686)	(3,181,967)	(20,397,224)
	3,111,006	3,602,514	3,364,262	21,565,782
Land	1,096,630	1,172,559	902,246	5,783,628
Construction in progress	154,862	206,223	231,458	1,483,705
Total	¥4,362,500	¥4,981,298	¥4,497,967	\$28,833,121

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 equipment", therefore is not included in "Less: Accumulated depreciation".

9. IMPAIRMENT LOSS

For the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, the Group recognized ¥57,079 million, ¥143,993 million and ¥32,829 million (\$210,442 thousand) of impairment loss, respectively, on the following groups of assets.

Fiscal year ended February 29, 2024:

Description	Classification	Location	Millions of yen
Stores	Land and buildings, etc.	Domestic convenience stores	357 Stores
		Tokyo Met. 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	Others	1,214 Stores
		Others	2 Stores
Other facilities, etc.	Software, etc.	Tokyo Met., Osaka Pref., Kyoto Pref., & others	5,302
Total			¥57,079

Note: ¥14,069 million (Stores) is included in "Restructuring expenses" in the consolidated statements of income.

Fiscal year ended February 28, 2025:

Description	Classification	Location	Millions of yen
Stores	Land and buildings, etc.	Tokyo Met. Domestic convenience stores	123 Stores
		Others	2 Stores
		Osaka Pref. Domestic convenience stores	97 Stores
		Others	2 Stores
	Aichi Pref. Domestic convenience stores	92 Stores	¥98,763
	Others	1 Store	
	U.S. & others	Overseas convenience stores	800 Stores
Other facilities, etc.	Software, etc.	Tokyo Met., Kanagawa Pref., Chiba Pref., & others	45,230
Total			¥143,993

Note: ¥19,192 million (Stores) is included in “Restructuring expenses” in the consolidated statements of income.
 ¥26,540 million (Other facilities, etc.) is included in “Loss on business of subsidiaries and associates” in the consolidated statements of income.

Fiscal year ended February 28, 2026:

Description	Classification	Location	Millions of yen	Thousands of U.S. dollars (Note 3)	
Stores	Land and buildings, etc.	Tokyo Met. Domestic convenience stores	371 Stores	¥28,842	\$184,884
		Osaka Pref. Domestic convenience stores	186 Stores		
		Others	1 Store		
		Kanagawa Pref. Domestic convenience stores	108 Stores		
	U.S. & others	Overseas convenience stores	1,356 Stores		
Other facilities, etc.	Software, etc.	Tokyo Met. & Yamagata Pref.	3,986	25,551	
Total			¥32,829	\$210,442	

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). U.S. consolidated subsidiary 7-Eleven, Inc. reassessed its asset groupings for purposes of promoting closing underperforming retail locations and other measures based on current strategic long-term plans. As a result, ¥56,797 million is recorded as “impairment loss” in the third quarter of the fiscal year ended February 28, 2025.

A breakdown of impairment loss is as follows:

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

Note: ¥5,650 million (Buildings and structures), ¥283 million (Furniture, fixtures and equipment), ¥8,026 million (Land), ¥0 million (Software) and ¥108 million (Others) are included in “Restructuring expenses” in the consolidated statements of income.

Fiscal year ended February 28, 2025:

	Millions of yen		
	Stores	Other facilities, etc.	Total
Buildings and structures	¥75,760	¥3,387	¥79,147
Furniture, fixtures and equipment	12,937	4,554	17,492
Land	7,047	1	7,049
Software	1	28,496	28,497
Others	3,016	8,790	11,806
Total	¥98,763	¥45,230	¥143,993

Note: ¥3,455 million (Buildings and structures), ¥134 million (Furniture, fixtures and equipment), ¥15,490 million (Software) and ¥111 million (Others) are included in "Restructuring expenses" in the consolidated statements of income. ¥3,260 million (Buildings and structures), ¥4,412 million (Furniture, fixtures and equipment), ¥10,445 million (Software) and ¥8,422 million (Others) are included in "Loss on business of subsidiaries and associates" in the consolidated statements of income.

Fiscal year ended February 28, 2026:

	Millions of yen		
	Stores	Other facilities, etc.	Total
Buildings and structures	¥22,405	¥1	¥22,406
Furniture, fixtures and equipment	3,373	64	3,437
Land	2,721	0	2,722
Software	0	1,370	1,370
Others	342	2,549	2,891
Total	¥28,842	¥3,986	¥32,829

	Thousands of U.S. dollars (Note 3)		
	Stores	Other facilities, etc.	Total
Buildings and structures	\$143,621	\$6	\$143,628
Furniture, fixtures and equipment	21,621	410	22,032
Land	17,442	0	17,448
Software	0	8,782	8,782
Others	2,192	16,339	18,532
Total	\$184,884	\$25,551	\$210,442

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 3.4-8.6% in 2024, 4.0-8.6% in 2025 and 4.5-8.6% in 2026 were applied.

10. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(1) "Payment for sales of shares in subsidiaries resulting in change in scope of consolidation" in the fiscal year ended February 28, 2025 contains the payment of ¥22,068 million as accrued amount of price adjustment for Sogo & Seibu Co., Ltd., which was excluded from the scope of consolidation as a result of the sale of shares in the fiscal year ended February 29, 2024.

(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
	2024
Current assets	¥86,711
Non-current assets	326,331
Current liabilities	(292,665)
Non-current liabilities	(22,654)
Non-controlling interests	(4,979)
Unrealized loss	(4,315)
Loss on sales of shares	(88,341)
Sale value	85
Consideration adjustment	(22,068)
Accounts payable – other	22,068
Collection of loans receivable	79,297
Cash and cash equivalents	(43,346)
Proceeds from the sales of shares	¥36,036

(3) Summary of net assets (assets and liabilities) at the commencement of consolidation, along with the relationship between the acquisition cost of shares and net payment for the acquisition of shares of companies newly consolidated

Fiscal year ended February 28, 2025:
Convenience Group Holdings Pty Ltd

	Millions of yen
	2025
Current assets	¥57,123
Non-current assets	225,417
Goodwill	143,261
Current liabilities	(76,799)
Non-current liabilities	(152,495)
Acquisition cost	196,507
Cash and cash equivalents	(29,850)
Payment for acquisition of shares	¥166,657

(4) Summary of net assets (assets and liabilities) at the time of transfer of the subsidiaries of YORK Holdings Co., Ltd., which ceased to be consolidated subsidiaries as a result of the transfer of shares, along with the transfer price and proceeds from the transfer

Fiscal year ended February 28, 2026:

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2026	2026
Current assets	¥326,088	\$2,090,307
Non-current assets	825,324	5,290,538
Current liabilities	(258,262)	(1,655,525)
Non-current liabilities	(114,934)	(736,756)
Accumulated other comprehensive income	(13,698)	(87,807)
Non-controlling interests	(6,006)	(38,500)
Investment account after sales of shares	(88,191)	(565,326)
Gain on change in equity	31,018	198,833
Transfer price	701,337	4,495,750
Accounts receivable, other	(13,184)	(84,512)
Cash and cash equivalents	(149,793)	(960,211)
Proceeds from the sales of shares in subsidiaries resulting in change in scope of consolidation	¥538,359	\$3,451,019

(5) Summary of net assets (assets and liabilities) at the time of sale of Seven Bank, Ltd. and its subsidiaries, which ceased to be consolidated subsidiaries as a result of the sales of shares, along with the sales price and payment for sales of Seven Bank, Ltd. and its subsidiaries

Fiscal year ended February 28, 2026:

	Millions of yen	Thousands of U.S. dollars (Note 3)
	2026	2026
Current assets	¥1,362,660	\$8,735,000
Non-current assets	236,942	1,518,858
Current liabilities	(1,259,742)	(8,075,269)
Non-current liabilities	(52,343)	(335,532)
Accumulated other comprehensive income	(3,701)	(23,724)
Subscription rights to shares	(47)	(301)
Non-controlling interests	(154,095)	(987,788)
Investment account after sales of shares	(91,227)	(584,788)
Loss (gain) on sale of shares	1,900	12,179
Sales price of shares	40,344	258,615
Cash and cash equivalents	(797,063)	(5,109,378)
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	¥(756,718)	\$(4,850,756)

(6) Major non-cash transactions

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Finance lease obligations for property and equipment recorded in the consolidated balance sheets for the fiscal year	¥5,832	¥6,928	¥5,791	\$37,121
Right-of-use assets recorded in the consolidated balance sheets for the fiscal year	175,607	240,515	380,139	2,436,788
Asset retirement obligations recorded in the consolidated balance sheets for the fiscal year	19,870	71,992	20,158	129,217

(7) 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)
	2024	2025	2026	2026
Inventories	¥2,187	¥5,432	¥-	\$-
Goodwill	-	107,145	5,426	34,782
Non-current assets	-	-	5,483	35,147
Non-current liabilities	-	-	(5,593)	(35,852)
Other	-	(2,901)	(292)	(1,871)
Subtotal	2,187	109,675	5,023	32,198
Property and equipment	2,556	44,187	2,652	17,000
Total	¥4,744	¥153,863	¥7,676	\$49,205

The property and equipment set out above at an amount of ¥2,556 million, ¥44,187 million and ¥2,652 million (\$17,000 thousand) are included in acquisition of property and equipment in the consolidated statements of cash flows for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, 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 29, 2024, February 28, 2025 and February 28, 2026, respectively.

(1) The significant components of deferred tax assets and liabilities as of February 29, 2024, February 28, 2025 and February 28, 2026 are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Deferred tax assets:				
Contract liabilities	¥22,146	¥20,376	¥14,779	\$94,737
Allowance for bonuses to employees	4,382	4,481	1,630	10,448
Allowance for sales promotion expenses	210	230	82	525
Accrued payroll	15,050	13,847	16,975	108,814
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	141	138	41	262
Allowance for accrued pension and severance costs	942	926	265	1,698
Depreciation and amortization	7,473	12,147	4,478	28,705
Tax loss carried forward ^(b)	129,516	121,609	82,563	529,250
Valuation loss on available-for-sale securities	720	777	293	1,878
Allowance for doubtful accounts	1,924	2,611	830	5,320
Unrealized loss on property and equipment	4,149	4,512	4,132	26,487
Impairment loss on property and equipment valuation and loss on land	54,069	47,449	20,602	132,064
Accrued enterprise taxes and business office taxes	3,862	3,574	2,555	16,378
Accrued expenses	33,244	31,239	40,892	262,128
Asset retirement obligations	28,050	33,607	30,045	192,596
Unearned revenue	577	638	535	3,429
Others	31,706	28,870	16,879	108,198
Subtotal	338,169	327,037	237,585	1,522,980
Valuation allowance for tax loss carried forward ^(b)	(69,817)	(72,869)	(52,531)	(336,737)
Valuation allowance for deductible temporary differences	(26,031)	(25,973)	(6,058)	(38,833)
Less: Valuation allowance	(95,849)	(98,843)	(58,590)	(375,576)
Total	242,319	228,194	178,995	1,147,403

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Deferred tax liabilities:				
Unrealized gains on property and equipment	¥(240,808)	¥(243,558)	¥(220,468)	\$(1,413,256)
Royalties, etc.	(53,471)	(62,121)	(80,742)	(517,576)
Reserve for advanced depreciation of property and equipment	(704)	(583)	–	–
Unrealized gains on available-for-sale securities	(20,569)	(22,872)	(24,135)	(154,711)
Net defined benefit asset	(35,732)	(38,867)	(21,178)	(135,756)
Removal cost related to asset retirement obligations	(12,337)	(16,215)	(16,998)	(108,961)
Others	(1,571)	(2,552)	(2,955)	(18,942)
Total	(365,195)	(386,771)	(366,480)	(2,349,230)
Net deferred tax assets ^(c)	¥(122,875)	¥(158,576)	¥(187,484)	\$(1,201,820)

Notes:

(a) As described in Note 2. "SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (20) Changes in accounting policies", the respective changes in accounting policies have been retrospectively applied, and, therefore, the figures for the fiscal years ended February 29, 2024 and February 28, 2025 have been modified retrospectively.

(b) Tax loss carried forward and its deferred tax assets by expiration periods

	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	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(**)

	Millions of yen						
	2025						
	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 (*)	¥2,091	¥3,126	¥1,866	¥3,124	¥2,849	¥108,550	¥121,609
Valuation allowance	1,926	2,963	1,854	3,124	2,787	60,213	72,869
Deferred tax assets	165	163	12	–	61	48,336	48,739(**)

	Millions of yen						
	2026						
	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 (*)	¥934	¥504	¥66	¥763	¥1,618	¥78,675	¥82,563
Valuation allowance	934	504	66	761	1,608	48,655	52,531
Deferred tax assets	–	–	–	2	9	30,019	30,031(**)

Thousands of U.S. dollars (Note 3)

	2026						Total
	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	
Tax loss carried forward (*)	\$5,987	\$3,230	\$423	\$4,891	\$10,371	\$504,326	\$529,250
Valuation allowance	5,987	3,230	423	4,878	10,307	311,891	336,737
Deferred tax assets	–	–	–	12	57	192,429	192,506(**)

(*) 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.

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

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Investments and other assets - Deferred income taxes	¥92,015	¥75,058	¥37,148	\$238,128
Non-current liabilities - Deferred income taxes	(214,891)	(233,635)	(224,633)	(1,439,955)

(2) The reconciliation of the difference between the statutory tax rate and the effective tax rate for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 is as follows:

	2024	2025	2026
Statutory tax rate	30.6%	30.6%	30.6%
Adjustments:			
Equity in losses (earnings) of affiliates	(0.4)	0.1	0.4
Non-deductible items, such as entertainment expenses	0.4	0.4	0.1
Increase in valuation allowance	5.3	4.9	4.0
Inhabitant taxes per capita	0.5	0.5	0.2
Amortization of goodwill	13.3	15.7	9.7
Difference from applicable tax rates of foreign subsidiaries	(9.1)	(8.4)	(4.1)
Adjustment due to consolidation journals	(10.5)	(12.0)	(7.4)
Effect of exclusion of consolidated subsidiaries(*)	(15.7)	(0.1)	(3.0)
Others	0.7	0.4	0.7
Effective tax rate	15.1%	32.1%	31.2%

(*) Effect of exclusion of consolidated subsidiaries for the fiscal year ended February 28, 2026 is due to the fact that Seven Bank, Ltd. and its subsidiaries, and the subsidiaries of YORK Holdings Co., Ltd. were excluded from the scope of consolidation.

(3) Treatment of 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. 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).

(4) Subsequent change in the income tax rate, etc.
Following the enactment of the “Act on Partial Revision of the Income Tax Act, etc.” (Act No. 13, 2025) by the Diet on March 31, 2025, the special defense corporation tax will be imposed from the fiscal years beginning on or after April 1, 2026. In accordance with the Act, the statutory tax rate, which is used to measure deferred tax assets and deferred tax liabilities, has been increased from 30.6% to 31.5% for temporary differences that are expected to be eliminated during the fiscal year beginning on March 1, 2027.

The impact of this change to the consolidated financial statements is immaterial.

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.

The Company and certain subsidiaries join the corporate pension fund plan under the multi-employer plan. As the amount of plan assets corresponding to each company's contribution can be reasonably calculated, such plan is disclosed in the note related to the defined benefit plans.

(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)
	2024	2025	2026	2026
Balance at beginning of year	¥260,142	¥260,461	¥252,426	\$1,618,115
Service cost (*)	11,366	12,655	8,942	57,320
Interest cost	3,772	3,833	2,814	18,038
Actuarial differences	(202)	(2,408)	(13,954)	(89,448)
Benefits paid	(15,587)	(23,761)	(6,973)	(44,698)
Decrease resulting in change in scope of consolidation (**)	–	–	(156,379)	(1,002,429)
Others	971	1,644	69	442
Balance at end of year	¥260,461	¥252,426	¥86,943	\$557,326

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

(**) Decrease resulting in change in scope of consolidation is due to the fact that Seven Bank, Ltd. and its subsidiaries, and the subsidiaries of YORK Holdings Co., Ltd. were excluded from the scope of consolidation.

(b) Change in plan assets

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Balance at beginning of year	¥333,647	¥360,991	¥363,088	\$2,327,487
Expected return on plan assets	6,659	7,188	4,808	30,820
Actuarial differences	22,680	3,609	12,109	77,621
Employer contribution	12,131	12,052	9,174	58,807
Benefits paid	(14,127)	(20,406)	(6,518)	(41,782)
Decrease resulting in change in scope of consolidation (*)	–	–	(245,090)	(1,571,089)
Others	–	(347)	–	–
Balance at end of year	¥360,991	¥363,088	¥137,571	\$881,865

(*) Decrease resulting in change in scope of consolidation is due to the fact that Seven Bank, Ltd. and its subsidiaries, and the subsidiaries of YORK Holdings Co., Ltd. were excluded from the scope of consolidation.

(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)
	2024	2025	2026	2026
Funded retirement benefit obligations	¥244,138	¥236,113	¥70,376	\$451,128
Plan assets	(360,991)	(363,088)	(137,571)	(881,865)
	(116,852)	(126,974)	(67,194)	(430,730)
Unfunded retirement benefit obligations	16,323	16,313	16,566	106,192
	¥(100,528)	¥(110,661)	¥(50,627)	\$(324,532)
Net defined benefit liability	¥16,323	¥16,313	¥16,566	\$106,192
Net defined benefit asset	(116,852)	(126,974)	(67,194)	(430,730)
	¥(100,528)	¥(110,661)	¥(50,627)	\$(324,532)

(d) Retirement benefit costs

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Service cost	¥11,366	¥12,655	¥8,942	\$57,320
Interest cost	3,772	3,833	2,814	18,038
Expected return on plan assets	(6,659)	(7,188)	(4,808)	(30,820)
Amortization of actuarial differences	(2,960)	(3,403)	(3,086)	(19,782)
Amortization of prior service cost	0	0	0	0
Additional retirement benefits	10,483	1,301	545	3,493
Total retirement benefit costs	¥16,002	¥7,198	¥4,407	\$28,250

(e) Remeasurements of defined benefit plans (before income taxes and tax effects) recognized in other comprehensive income

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Prior service cost	¥(0)	¥(1)	¥0	\$0
Actuarial differences	19,761	2,139	10,477	67,160
Total	¥19,760	¥2,137	¥10,478	\$67,166

(f) Remeasurements of defined benefit plans (before income taxes and tax effects) recognized in accumulated other comprehensive income

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Unrecognized prior service cost	¥13	¥14	¥14	\$89
Unrecognized actuarial differences	(33,010)	(35,150)	(41,984)	(269,128)
Total	¥(32,996)	¥(35,135)	¥(41,970)	\$(269,038)

(*) In addition to the above items, accumulated other comprehensive income includes the Group's share of unrecognized items of equity-method affiliates.

(g) Plan assets

(I) The asset allocation for the plans

	2024	2025	2026
Bonds	50%	49%	45%
Equity	28%	22%	23%
Others	22%	29%	32%
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

	2024	2025	2026
Discount rate	mainly 1.3%	mainly 1.3%	mainly 2.8%
Discount rate (consolidated subsidiaries in the United States)	5.2%	5.6%	5.3%
Long-term expected rate of return on plan assets	mainly 2.0%	mainly 2.0%	mainly 2.0%
Expected rate of salary increase	mainly 2.3%	mainly 2.3%	mainly 2.3%

(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 ¥7,008 million, ¥6,785 million and ¥6,450 million (\$41,346 thousand) for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively.

13. SHORT-TERM LOANS AND LONG-TERM DEBT

The following summarizes information concerning short-term loans:

	2024	2025	2026	Thousands of U.S. dollars (Note 3)
Outstanding balance at fiscal year-end:				
Short-term bank loans ^(a)	¥84,882	¥172,497	¥135,580	\$869,102
Weighted-average interest rate at year-end:				
Short-term bank loans	1.60%	4.02%	3.53%	

Note:

(a) The total amounts of short-term loans with collateral as of February 29, 2024, February 28, 2025 and February 28, 2026 were nil (Note 19).

Long-term debt as of February 29, 2024, February 28, 2025 and February 28, 2026 consists of the following:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Outstanding balance as of fiscal year-end:				
Loans, principally from banks and insurance companies, due 2027 to 2038 with interest rates ranging from 0.13 to 5.6% ^(b)	¥963,146	¥1,068,196	¥908,952	\$5,826,615
Lease obligations	75,386	75,614	44,448	284,923
Seven & i Holdings Co., Ltd.:				
0.781% unsecured straight bonds, due June 20, 2025	30,000	30,000	–	–
0.190% unsecured straight bonds, due December 19, 2025	180,000	180,000	–	–
0.280% unsecured straight bonds, due December 20, 2027	40,000	40,000	40,000	256,410
0.400% unsecured straight bonds, due November 2, 2026	60,000	60,000	60,000	384,615
0.687% unsecured straight bonds, due November 2, 2028	60,000	60,000	60,000	384,615
1.040% unsecured straight bonds, due November 1, 2030	30,000	30,000	30,000	192,307
1.392% unsecured straight bonds, due November 2, 2033	70,000	70,000	70,000	448,717
7-Eleven, Inc.:				
0.800% unsecured straight bonds, due February 10, 2024	319,039	–	–	–
0.950% unsecured straight bonds, due February 10, 2026	176,547	197,288	195,657	1,254,211
1.300% unsecured straight bonds, due February 10, 2028	140,918	157,405	156,035	1,000,224
1.800% unsecured straight bonds, due February 10, 2031	239,632	267,475	264,956	1,698,435
2.500% unsecured straight bonds, due February 10, 2041	104,512	116,657	115,561	740,775
2.800% unsecured straight bonds, due February 10, 2051	174,974	195,208	193,274	1,238,935
Seven Bank, Ltd.:				
0.536% unsecured straight bonds, due December 20, 2024	15,000	–	–	–
0.390% unsecured straight bonds, due September 17, 2027	30,000	30,000	–	–
0.385% unsecured straight bonds, due December 20, 2028	20,000	20,000	–	–
	2,729,158	2,597,848	2,138,886	13,710,807
Current portion of long-term debt	(495,677)	(528,872)	(456,352)	(2,925,333)
	¥2,233,480	¥2,068,975	¥1,682,534	\$10,785,474

Notes:

- (a) The total amounts of long-term debt with collateral as of February 29, 2024, February 28, 2025 and February 28, 2026 were ¥6,335 million, ¥5,752 million and ¥nil, 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) Seven Bank, Ltd. was excluded from the scope of consolidation and became an equity method affiliate for the fiscal year ended February 28, 2026.
- (d) 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:	Thousands of	
	Millions of yen	U.S. dollars (Note 3)
2027	¥456,352	\$2,925,333
2028	391,770	2,511,346
2029	331,875	2,127,403
2030	107,269	687,621
2031	127,613	818,032
Thereafter	724,005	4,641,057
	¥2,138,886	\$13,710,807

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 29, 2024, February 28, 2025 and February 28, 2026 are as follows:

As lessee:

	Millions of yen			Thousands of
	2024	2025	2026	U.S. dollars (Note 3)
Due within one year	¥18,405	¥16,188	¥2,087	\$13,378
Due after one year	102,686	76,085	2,353	15,083
Total	¥121,092	¥92,274	¥4,441	\$28,467

As lessor:

	Millions of yen			Thousands of
	2024	2025	2026	U.S. dollars (Note 3)
Due within one year	¥12,112	¥12,821	¥14,004	\$89,769
Due after one year	28,493	31,659	37,221	238,596
Total	¥40,605	¥44,480	¥51,226	\$328,371

15. ASSET RETIREMENT OBLIGATIONS

Fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026:

(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

The Group estimates terms of use ranging from one to 32 years based on the lease contract period and uses a discount rate between 0% and 8.3% to calculate the asset retirement obligations.

(3) Changes in the total amounts of applicable asset retirement obligations for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Balance at beginning of year	¥157,324	¥168,599	¥237,721	\$1,523,852
Increase due to acquisition of property and equipment	5,536	20,399	4,978	31,910
Adjustment due to passage of time	2,787	3,444	4,910	31,474
Decrease due to settlement of asset retirement obligations	(4,838)	(10,488)	(5,694)	(36,500)
Increase due to change in estimation	11,546	48,148	10,269	65,826
Decrease due to exclusion of consolidated subsidiaries ^(a)	(7,898)	(233)	(24,772)	(158,794)
Others ^(b)	4,140	7,850	(1,392)	(8,923)
Balance at end of year	¥168,599	¥237,721	¥226,021	\$1,448,852

Notes:

- (a) "Decrease due to exclusion of consolidated subsidiaries" mainly presents a decrease due to the exclusion of Sogo & Seibu Co., Ltd. and its subsidiaries and the subsidiaries of YORK Holdings Co., Ltd. for the fiscal years ended February 29, 2024 and February 28, 2026, respectively.
- (b) Others are mainly due to fluctuations in foreign currency rates.

(4) Change in the estimation of asset removal obligations

For the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, 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 ¥11,546 million, ¥48,148 million and ¥10,269 million (\$65,826 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 income taxes and tax effects for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 are as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Unrealized (losses) gains on available-for-sale securities, net of taxes:				
Increase during the fiscal year	¥20,064	¥9,709	¥15,171	\$97,250
Reclassification adjustments	(2,655)	(1,777)	(7,802)	(50,012)
Amount before income taxes and tax effects	17,408	7,932	7,368	47,230
Income taxes and tax effects	(6,196)	(2,313)	(4,484)	(28,743)
Subtotal	11,212	5,618	2,883	18,480
Unrealized gains on hedging derivatives, net of taxes:				
Increase (decrease) during the fiscal year	14	789	(551)	(3,532)
Reclassification adjustments	–	(11)	(0)	(0)
Amount before income taxes and tax effects	14	777	(551)	(3,532)
Income taxes and tax effects	5	(79)	138	884
Subtotal	19	697	(412)	(2,641)
Foreign currency translation adjustments:				
Increase (decrease) during the fiscal year	165,163	294,534	(22,985)	(147,339)
Remeasurements of defined benefit plans, net of taxes:				
Increase during the fiscal year	22,881	6,017	25,741	165,006
Reclassification adjustments	(3,121)	(3,880)	(15,263)	(97,839)
Amount before income taxes and tax effects	19,760	2,137	10,478	67,166
Income taxes and tax effects	(6,914)	278	(2,596)	(16,641)
Subtotal	12,845	2,416	7,881	50,519
Share of other comprehensive income (loss) of entities accounted for using equity method:				
(Decrease) increase during the fiscal year	(133)	70	9,935	63,685
Reclassification adjustments	–	–	(133)	(852)
Subtotal	(133)	70	9,802	62,833
Total other comprehensive income	¥189,107	¥303,336	¥(2,830)	\$(18,141)

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.

A year-end cash dividend amounting to ¥57,869 million (\$370,955 thousand) is proposed and to be approved at the annual shareholders' meeting planned to be held on May 27, 2026. Such appropriations have not been accrued in the consolidated financial statements as of February 28, 2026 because those are recognized in the period in which they are approved by the shareholders. The total amount of cash dividends includes ¥75 million (\$480 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 ¥7 million, ¥19 million and ¥8 million (\$51 thousand) for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively.

Amounts recorded as other income due to forfeitures resulting from not exercising subscription rights to shares were ¥0 million, ¥0 million and ¥0 million (\$0 thousand) for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively.

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 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 28, 2026. The number of stock options is translated into the number of shares.

Fiscal year ended February 28, 2026:**Number of stock options**

	Fifteenth grant	Seventeenth grant	Nineteenth grant	Twenty-first grant
Before vested:				
As of February 28, 2025	–	–	–	–
Granted	–	–	–	–
Forfeited	–	–	–	–
Vested	–	–	–	–
Outstanding	–	–	–	–
After vested:				
As of February 28, 2025	9,000	9,000	9,000	9,000
Vested	–	–	–	–
Exercised	9,000	9,000	9,000	9,000
Forfeited	–	–	–	–
Outstanding	–	–	–	–

Price information

	Fifteenth grant	Seventeenth grant	Nineteenth grant	Twenty-first grant
Exercise price ^(a)	¥1 (\$0.006) per share	¥1 (\$0.006) per share	¥1 (\$0.006) per share	¥1 (\$0.006) per share
Average stock price at the time of exercising stock options	¥2,152 (\$13.79)	¥2,152 (\$13.79)	¥2,152 (\$13.79)	¥2,152 (\$13.79)
Fair value at the grant date ^(a)	¥533,000 (\$3,416) per subscription to share	¥361,300 (\$2,316) per subscription to share	¥369,800 (\$2,370) per subscription to share	¥380,600 (\$2,439) per subscription to share

Note:

(a) 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.

(c) Valuation method for estimating per share fair value of stock options

No items required to report.

(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, only the number of options forfeited is reflected in the adopted method.

19. COMMITMENTS AND CONTINGENT LIABILITIES

(1) Guarantees

As of February 29, 2024

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

As of February 28, 2025

The Group is contingently liable as guarantors for employees' housing loans from certain financial institutions totaling ¥21 million.

As of February 28, 2026

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

(2) Pledged assets

(a) The amount of assets pledged as collateral by the Group for their loans from certain financial institutions as of February 29, 2024, February 28, 2025 and February 28, 2026 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Buildings and structures	¥1,197	¥1,077	¥-	\$-
Land	1,258	1,258	-	-
Investments in securities	101,596	97,682	-	-
Total	¥104,052	¥100,018	¥-	\$-

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

Debts for the pledged assets above as of February 28, 2025 are as follows: long-term loans (including current portion), ¥5,752 million.

Debts for the pledged assets above as of February 28, 2026 are as follows: long-term loans (including current portion), ¥nil.

(b) Other

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 and ¥6,500 million, respectively. The amount of assets pledged as collateral for real estate business is ¥20 million. In addition, nil of assets are pledged as collateral to secure the amount of prepaid tickets issued.

As of February 28, 2025

The amounts of investments in securities and long-term leasehold deposits pledged as collateral for fund transfer are ¥nil and ¥7,000 million, respectively. The amount of assets pledged as collateral for real estate business is ¥20 million. In addition, nil of assets are pledged as collateral to secure the amount of prepaid tickets issued.

As of February 28, 2026

The amounts of investments in securities and long-term leasehold deposits pledged as collateral for fund transfer are ¥nil and ¥nil, respectively. The amount of assets pledged as collateral for real estate business is ¥nil. 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 29, 2024, February 28, 2025 and February 28, 2026 is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Credit availability of cash loan business	¥801,857	¥767,987	¥326,004	\$2,089,769
Outstanding balance	(55,155)	(66,979)	(7,079)	(45,378)
Unused credit balance	¥746,701	¥701,008	¥318,924	\$2,044,384

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. Financial subsidiaries may cease finance services or reduce credit limits based on the change in the credit status of the customers or other legitimate 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. As of June 24, 2025, Seven Bank, Ltd. was excluded from the scope of consolidation.

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 (including 7-Eleven Stores Pty Ltd'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)
	2024	2025	2026	2026
SEVEN-ELEVEN JAPAN CO., LTD.	¥824,401	¥818,141	¥828,927	\$5,313,634
7-Eleven, Inc.	402,054	440,600	451,113	2,891,750
Total	¥1,226,455	¥1,258,741	¥1,280,041	\$8,205,391

Net sales of franchised stores

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
SEVEN-ELEVEN JAPAN CO., LTD.	¥5,278,502	¥5,313,789	¥5,419,947	\$34,743,250
7-Eleven, Inc.	2,268,878	2,493,394	2,490,304	15,963,487
Total	¥7,547,381	¥7,807,183	¥7,910,252	\$50,706,743

(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)
	2024	2025	2026	2026
Buildings and structures	¥2,575	¥42,495	¥34,310	\$219,935
Land	7,989	51,997	59,252	379,820
Others	463	559	1,036	6,641
Total	¥11,027	¥95,052	¥94,599	\$606,403

Notes:

- (a) ¥1,660 million (Buildings and structures), ¥1,458 million (Land) and ¥(0) 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, 2025.
- (b) In conjunction with a sale-leaseback it carried out in November 2024 and in December 2025, U.S. consolidated subsidiary 7-Eleven, Inc. recorded ¥88,210 million and ¥51,413 million (\$329,570 thousand) as gain on sales of property and equipment, respectively.

(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)
	2024	2025	2026	2026
Buildings and structures	¥7,791	¥10,564	¥7,599	\$48,711
Furniture, fixtures and equipment	4,497	5,767	4,175	26,762
Software	171	371	9,622	61,679
Removal expenses	3,116	7,677	1,662	10,653
Others	13	363	62	397
Total	¥15,590	¥24,744	¥23,122	\$148,217

Note: ¥265 million (Buildings and structures), ¥64 million (Furniture, fixtures and equipment) and ¥1,248 million (Removal expenses) are included in "Restructuring expenses" in the consolidated statements of income for the fiscal year ended February 28, 2025. ¥157 million (\$1,006 thousand) (Buildings and structures), ¥11 million (\$70 thousand) (Furniture, fixtures and equipment) and ¥427 million (\$2,737 thousand) (Removal expenses) are included in "Restructuring expenses" in the consolidated statements of income for the fiscal year ended February 28, 2026.

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

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Advertising and decoration expenses	¥103,036	¥93,224	¥81,673	\$523,544
Salaries and wages	699,665	723,719	615,086	3,942,858
Provision for allowance for bonuses to employees	14,769	14,276	14,953	95,852
Retirement benefit costs	13,833	12,765	10,856	69,589
Legal welfare expenses	82,957	88,532	65,718	421,269
Land and building rent	450,944	480,095	451,985	2,897,339
Depreciation and amortization	388,036	422,032	370,926	2,377,730
Utility expenses	183,411	192,189	172,591	1,106,352
Store maintenance and repair expenses	164,886	182,536	152,505	977,596

22. LOSS ON BUSINESS OF SUBSIDIARIES AND ASSOCIATES

The Group recognized loss on business of subsidiaries and associates caused by withdrawal of online supermarket business for the fiscal year ended February 28, 2025. A breakdown of loss on business of subsidiaries and associates is shown below.

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Impairment loss	¥-	¥26,540	¥-	\$-
Early termination fee	-	14,278	-	-
Others	-	5,597	-	-
Total	¥-	¥46,416	¥-	\$-

23. RESTRUCTURING EXPENSES

The Group recognized restructuring expenses for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 to pursue the Group Growth Strategy. A breakdown of restructuring expenses is as follows:

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2024	2025	2026	2026
Loss on disposals of property and equipment	¥-	¥1,578	¥597	\$3,826
Impairment loss	14,069	19,192	-	-
Early retirement benefit	9,155	1,125	-	-
Others	5,632	3,708	276	1,769
Total	¥28,858	¥25,605	¥873	\$5,596

24. BUSINESS COMBINATIONS

Matters regarding significant business combinations for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026 were described as follows:

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

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
Non-current assets	¥326,331 million
<u>Total assets</u>	<u>¥413,043 million</u>
Current liabilities	¥292,665 million
Non-current liabilities	¥22,654 million
<u>Total liabilities</u>	<u>¥315,320 million</u>

(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
Operating income:	¥412 million

Fiscal year ended February 28, 2025

I 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 a meeting of the Board of Directors held on November 30, 2023. In addition, 7IN executed the agreement relating to the Transaction on April 1, 2024 (March 31, 2024 in the U.S.). The details are as follows.

1. Overview

(1) 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

(2) Main reason for the business combination

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

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

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

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

(a) Expansion of store network in Australia

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

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

(b) ESG leadership

In May 2019, the 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.

(3) Date of the business combination

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

(4) Legal form of the business combination

Acquisition of shares

(5) The acquired company’s name after the business combination

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

(6) Ratio of voting rights acquired

100%

(7) Reason for determining the acquired company

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

2. Period of performance of the acquired company included in the consolidated financial statements
From April 1, 2024 to December 31, 2024

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

Consideration for acquisition: Cash A\$1,989,098 thousand (¥196,145 million)

Acquisition cost: A\$1,989,098 thousand (¥196,145 million)

Note: The amount of cash and cash equivalents held by the acquiree was A\$302,155 thousand (¥29,795 million).
Converted at the rate of A\$1 = ¥98.61 (as of March 29, 2024).

4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigations: \$15,578 thousand (¥2,363 million)

Note: Converted at the rate of \$1 = ¥151.69 (average exchange rates)

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

(1) Amount of goodwill

A\$1,450,122 thousand (¥142,996 million)

(2) Reason for recognition of goodwill

Future excess earning power expected from future business development.

(3) 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	A\$578,218 thousand	(¥57,018 million)
Non-current assets	A\$2,281,729 thousand	(¥225,001 million)
Total assets	A\$2,859,948 thousand	(¥282,019 million)
Current liabilities	A\$777,379 thousand	(¥76,657 million)
Non-current liabilities	A\$1,543,592 thousand	(¥152,213 million)
Total liabilities	A\$2,320,972 thousand	(¥228,871 million)

Note: Converted at the rate of A\$1 = ¥98.61 (as of March 29, 2024)

7. Estimated amount of impact on the consolidated statements of income for the current fiscal year, assuming the business combination had been completed on the start date of the fiscal year, and method of calculating the estimated amount

Net sales:	A\$1,324,164 thousand	(¥132,376 million)
Operating income:	A\$(8,485) thousand	(¥(848) million)
Ordinary income:	A\$(5,932) thousand	(¥(593) million)
Income before income taxes:	A\$(5,932) thousand	(¥(593) million)
Net income attributable to owners of parent:	A\$(9,256) thousand	(¥(925) million)
Net income per share:	A\$(0.00)	(¥(0.36))

Method of calculating the estimated amount

The estimated amount of the impact is the difference between the net sales and profit/loss information calculated assuming that the business combination was completed at the beginning of the fiscal year, and the net sales and profit/loss information in the acquired company's consolidated statements of income. In addition, the estimated amount includes adjustments for the amortization of goodwill, etc., on the assumption that the goodwill, etc., recognized at the time of the business combination occurred on the first day of the current fiscal year.

This note has not been received audit attestation.

Note: Converted at the rate of A\$1 = ¥99.97 (average exchange rates)

II Business combination by acquisition

The Company's Board of Directors resolved on January 11, 2024 that the Company's consolidated subsidiary 7-Eleven, Inc. ("SEI") would acquire stores and other assets constituting most of the convenience store business and gasoline retail business of U.S. company Sunoco LP ("the Transaction"). In addition, the Transaction has been completed on April 16, 2024. The details are as follows.

1. Overview

(1) Name and main business of the other company

Name: Sunoco LP

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

(2) 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 the 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. 7-Eleven, Inc., mainly operating in North America, will focus on the four key strategic areas in the medium-term, and aim for a continuous growth and improved efficiency in the business.

(a) Expanding the development and distribution of its proprietary products (fresh foods, proprietary beverages, and private brands) to 34% of sales by 2025 while growing overall merchandise margins and continuing to strengthen the value chain.

(b) In the 7NOW delivery business, aim for revenue of 1 billion dollars by 2025 by accelerating growth through our value proposal of high-value quality food and immediate consumables delivered fast (national average 28 minutes).

(c) Complete the overall integration with Speedway and realize 800 million dollars synergies in 2023, aiming for further synergy expansion.

(d) Continue to pursue growth in the fragmented North American market through both M&A opportunities and organic new build stores.

Since acquiring 1,030 stores of Sunoco LP's convenience store and gasoline business in 2018, SEI has expanded its store network and enhanced user convenience in Texas and East Coast area of the United States, improving profitability.

Through the Transaction, SEI will newly acquire 204 stores in western Texas, New Mexico, and Oklahoma, which will connect our 7-Eleven and Speedway store network alongside the interstate highway, contribute to increase our regional market share, and SEI will accelerate the growth in North America market by leading to the associated 123 restaurant chain enhancing / accelerating our restaurant strategy.

(3) Date of the business combination

April 16, 2024

(4) Legal form of the business combination

Acquisition of business

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

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

(6) Reason for determining the acquired company

The Company's subsidiary acquired the businesses with all consideration paid in cash.

2. Period of performance of the acquired business included in the consolidated financial statements

From April 16, 2024 to December 31, 2024

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

Consideration for acquisition:	Cash	\$995,608 thousand	(¥152,786 million)
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Acquisition cost:		\$995,608 thousand	(¥152,786 million)
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Note: Converted at the rate of \$1 = ¥153.46 (as of April 15, 2024)

4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigations: \$5,916 thousand (¥897 million)

Note: Converted at the rate of \$1 = ¥151.69 (average exchange rates)

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

(1) Amount of goodwill

\$697,677 thousand (¥107,065 million)

(2) Reason for recognition of goodwill

Future excess earning power expected from future business development.

(3) 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	\$42,115 thousand	(¥6,462 million)
Non-current assets	\$327,257 thousand	(¥50,220 million)
Total assets	\$369,372 thousand	(¥56,683 million)
Non-current liabilities	\$71,441 thousand	(¥10,963 million)
Total liabilities	\$71,441 thousand	(¥10,963 million)

Note: Converted at the rate of \$1 = ¥153.46 (as of April 15, 2024)

7. Estimated amount of impact on the consolidated statements of income for the current fiscal year, assuming the business combination had been completed on the start date of the fiscal year, and method of calculating the estimated amount

Net sales:	\$122,699 thousand	(¥18,612 million)
Operating income:	\$8,007 thousand	(¥1,214 million)
Ordinary income:	\$8,007 thousand	(¥1,214 million)
Income before income taxes:	\$8,007 thousand	(¥1,214 million)
Net income attributable to owners of parent:	\$5,990 thousand	(¥908 million)
Net income per share:	\$0.00	(¥0.35)

Method of calculating the estimated amount

The estimated amount of the impact is the difference between the net sales and profit/loss information calculated assuming that the business combination was completed at the beginning of the fiscal year, and the net sales and profit/loss information in the acquired company's consolidated statements of income. In addition, the estimated amount includes adjustments for the amortization of goodwill, etc., on the assumption that the goodwill, etc., recognized at the time of the business combination occurred on the first day of the current fiscal year.

This note has not been received audit attestation.

Note: Converted at the rate of \$1 = ¥151.69 (average exchange rates)

Fiscal year ended February 28, 2026

I Business divestiture

Transfer of subsidiary shares

The Company resolved, at the meeting of the Board of Directors held on March 6, 2025, to transfer the rights and obligations relating to the head office functions, subsidiary management functions of a total of 29 companies - comprising 22 of the Company's consolidated subsidiaries and 7 equity method affiliates engaged in the Group's food supermarket, specialty store, and other businesses ("SST Business Group") - along with all other businesses held by the Company's wholly-owned subsidiary, YORK Holdings Co., Ltd. ("YORK HD"), to K.K. BCJ-96 ("SPC (2)"), which will be newly established as a wholly-owned subsidiary of K.K. BCJ-95 ("SPC (1)"), an acquisition purpose company established by Bain Capital Private Equity, L.P. and its affiliates (collectively, "Bain Capital"). The transfer, which includes all shares of the Transferred Companies (referring to Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., THE LOFT CO., LTD., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd. (currently known as Denny's Japan Co., Ltd.), Seven & i Create Link Co., Ltd. (currently known as Create Link Co., Ltd.), and SHELL GARDEN CO., LTD.) held directly by YORK HD, will be executed through an absorption-type split ("Absorption-type Split"). On September 1, 2025, the procedures for the Absorption-type Split were completed.

The Company planned to invest in SPC (1) so that the Company's shareholding ratio would be 35.07% after the Absorption-type Split became effective ("Reinvestment"). The Reinvestment was completed as of the same date.

As a result, the subsidiaries which are engaged in the SST Business Group were excluded from the scope of consolidation, and SPC (1) became an equity method affiliate of the Company.

1. Outline of the business divestiture

(1) Name of the successor entity

K.K. BCJ-96 (currently changed its trade name to "YORK Holdings Co., Ltd.")

(2) Description of the divested businesses

Superstore operations, etc.

(3) Main objectives of the business divestiture

The Company has engaged in extensive discussions with Bain Capital to maximize value for its shareholders and stakeholders. As a result, the Company determined that leveraging Bain Capital's expertise in the consumer and retail industry and financial strength, backed by its strong investment track record as one of the world's leading private equity fund, will contribute to the sustainable growth of the SST Business Group.

(4) Date of the business divestiture

September 1, 2025

(5) Outline of the business divestiture including the legal form thereof

An absorption-type split with YORK HD was the company splitting in the absorption-type split and SPC

(2) was the company succeeding.

2. Overview of the accounting treatment

(1) Amount of gain on change in equity

¥26,946 million (\$172,730 thousand)

The amount of gain on change in equity is presented net of transaction costs related to the business transfer.

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

	Millions of yen	Thousands of U.S. dollars (Note 3)
Current assets	¥326,088	\$2,090,307
Non-current assets	825,324	5,290,538
Total assets	¥1,151,413	\$7,380,852
Current liabilities	¥258,262	\$1,655,525
Non-current liabilities	114,934	736,756
Total liabilities	¥373,197	\$2,392,288

(3) Accounting treatment

The difference between the sale price and the consolidated carrying amounts of the assets and liabilities are included in special gains as “Gain on change in equity in superstore business”.

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

Superstore operations and Others

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

	Millions of yen	Thousands of U.S. dollars (Note 3)
Revenues from operations	¥837,994	\$5,371,756
Operating income	23,032	147,641

II Business divestiture

Partial transfer of subsidiary shares

SEVEN-ELEVEN JAPAN CO., LTD. (“Seven-Eleven Japan”), Ito-Yokado Co., Ltd., and York-Benimaru Co., Ltd. which are wholly owned subsidiaries of the Company (hereinafter referred to as “the Company’s Subsidiaries”) have decided to tender some or all of their shares in Seven Bank, Ltd. (“Seven Bank”) in response to the share repurchase announced by Seven Bank on June 19, 2025 (the “Transfers”), and the change of subsidiaries was completed on June 24, 2025 due to the implementation of the Transfers.

As a result of the Transfers, the ratio of voting rights for Seven Bank by the Group became 39.9%. As a result, Seven Bank and its 9 subsidiaries have been excluded from the scope of consolidation and Seven Bank has become an equity method affiliate of the Company.

1. Outline of the business divestiture

(1) Name of the successor entity

Seven Bank, Ltd.

(2) Description of the divested businesses

Financial services

(3) Main objectives of the business divestiture

The Company discussed with Seven Bank and considered all possible measures that would enable sustainable growth while maintaining synergies in the businesses for both the Company and Seven Bank. As a result, based on the judgment that Seven Bank will be able to collaborate with a broader range of partners, develop high value-added businesses, and achieve further growth by establishing a management structure with more autonomy than ever before, and it will also contribute to enhancing the corporate value and shareholder value of Seven Bank by enabling the flexible implementation of various capital policies in response to changes in the business environment, Seven Bank announced that it will purchase its own shares on June 19, 2025 (the “Share Buyback”) and the Company’s Subsidiaries have decided to tender some or all of the shares of Seven Bank held by each of them in response to the Share Buyback.

Although Seven Bank and its subsidiaries will be excluded from the Company's consolidated subsidiaries as a result of the Share Buyback, the Company believes that the Company will be able to retain synergies with the financial business and further focus on the convenience store business to accelerate growth and maximize corporate and shareholder value by continuing to hold a certain amount of Seven Bank shares through Seven-Eleven Japan.

(4) Date of the business divestiture
June 24, 2025 (deemed transfer date: August 31, 2025)

(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 gain on the transfer
¥1,889 million (\$12,108 thousand)

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

	Millions of yen	Thousands of U.S. dollars (Note 3)
Current assets	¥1,362,660	\$8,735,000
Non-current assets	236,942	1,518,858
Total assets	¥1,599,602	\$10,253,858
Current liabilities	¥1,259,742	\$8,075,269
Non-current liabilities	52,343	335,532
Total liabilities	¥1,312,086	\$8,410,807

(3) Accounting treatment

The difference between the sale price and the book value of the transferred shares are included in other income (expenses) as "Other, net".

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

Financial services

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

	Millions of yen	Thousands of U.S. dollars (Note 3)
Revenues from operations	¥81,982	\$525,525
Operating income	15,303	98,096

25. RELATED PARTIES TRANSACTIONS

1. Transactions with related parties

(1) Transactions between the Company and related parties

(a) Unconsolidated subsidiaries and affiliates

Fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026

No items required to report.

(b) A director of the Company and primary shareholders (limited to individuals)

Fiscal year ended February 29, 2024

No items required to report.

Fiscal year ended February 28, 2025

Millions of yen										
Attribution	Name of Company or Name	Address	Capital or investments	Business or title	Voting rights held by the Company / Holding of voting rights of the Company (%)	Business relationship	Details of transaction	Transaction amount	Account	Year-end balance
Director	Junro Ito	-	-	Representative Director and Vice President	(Holding) Directly 0.36	-	Donations received	500	-	-

Notes:

(a) The amount of transaction does not include consumption taxes, etc.

(b) The Company has received the cash as funds for the development of human resources who are expected to actively participate in the further global expansion of the Group.

Fiscal year ended February 28, 2026

No items required to report.

2. Notes about the parent company and the important affiliates

Fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026

No items required to report.

26. 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 29, 2024

	Reportable segment					Total	Adjustments ^(b)	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others ^(a)			
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

Fiscal year ended February 28, 2025

	Reportable segment					Total	Adjustments (b)	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others ^(a)			
Japan	¥898,374	¥-	¥1,392,791	¥119,059	¥283,894	¥2,694,119	¥634	¥2,694,754
North America	-	8,416,261	-	11,221	-	8,427,482	-	8,427,482
Others ^(c)	-	466,571	33,463	11,857	2,268	514,160	-	514,160
Revenue arising from contracts with customers	¥898,374	¥8,882,832	¥1,426,254	¥142,137	¥286,163	¥11,635,762	¥634	¥11,636,397
Other revenues ^(d)	¥3,814	¥285,601	¥2,282	¥43,493	¥1,172	¥336,365	¥-	¥336,365
Operating revenues from outside customers	¥902,189	¥9,168,434	¥1,428,536	¥185,631	¥287,336	¥11,972,128	¥634	¥11,972,762

Fiscal year ended February 28, 2026

	Reportable segment					Total	Adjustments (b)	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others ^(a)			
Japan	¥908,437	¥-	¥670,848	¥66,999	¥149,305	¥1,795,590	¥1,302	¥1,796,892
North America	-	7,660,380	-	6,428	-	7,666,808	-	7,666,808
Others ^(c)	-	601,408	15,823	5,931	1,333	624,497	-	624,497
Revenue arising from contracts with customers	¥908,437	¥8,261,788	¥686,671	¥79,359	¥150,639	¥10,086,897	¥1,302	¥10,088,199
Other revenues ^(d)	¥3,722	¥294,399	¥951	¥42,455	¥540	¥342,069	¥-	¥342,069
Operating revenues from outside customers	¥912,159	¥8,556,188	¥687,623	¥121,815	¥151,180	¥10,428,966	¥1,302	¥10,430,269

	Reportable segment					Total	Adjustments (b)	Operating revenues from outside customers
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others ^(a)			
Japan	\$5,823,314	\$-	\$4,300,307	\$429,480	\$957,083	\$11,510,192	\$8,346	\$11,518,538
North America	-	49,105,000	-	41,205	-	49,146,205	-	49,146,205
Others ^(c)	-	3,855,179	101,429	38,019	8,544	4,003,185	-	4,003,185
Revenue arising from contracts with customers	\$5,823,314	\$52,960,179	\$4,401,737	\$508,711	\$965,634	\$64,659,596	\$8,346	\$64,667,942
Other revenues ^(d)	\$23,858	\$1,887,173	\$6,096	\$272,147	\$3,461	\$2,192,750	\$-	\$2,192,750
Operating revenues from outside customers	\$5,847,173	\$54,847,358	\$4,407,839	\$780,865	\$969,102	\$66,852,346	\$8,346	\$66,860,698

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. for the fiscal year ended February 29, 2024, and such as specialty store operations and real estate operations, etc. for the fiscal years ended February 28, 2025 and February 28, 2026.
- (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. for the fiscal year ended February 29, 2024, and in Australia and the People's Republic of China, etc. for the fiscal years ended February 28, 2025 and February 28, 2026.
- (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.

(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, (12) 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, 2023	February 29, 2024
Receivables arising from contracts with customers		
Notes receivable	¥66	¥2
Accounts receivable	421,179	463,022
Others	133,351	130,901
Contract assets	¥531	¥5
Contract liabilities	¥211,356	¥188,890

	Millions of yen	
	March 1, 2024	February 28, 2025
Receivables arising from contracts with customers		
Notes receivable	¥2	¥-
Accounts receivable	463,022	440,269
Others	130,901	124,706
Contract assets	¥5	¥4
Contract liabilities	¥188,890	¥178,031

	Millions of yen		Thousands of U.S. dollars (Note 3)
	March 1, 2025	February 28, 2026	February 28, 2026
Receivables arising from contracts with customers			
Accounts receivable	¥440,269	¥296,747	\$1,902,224
Others	124,706	84,037	538,698
Contract assets	¥4	¥-	\$-
Contract liabilities	¥178,031	¥70,667	\$452,993

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.

The decrease in contract liabilities by ¥107,364 million (\$688,230 thousand) is mainly due to the exclusion of Seven Bank, Ltd. and its subsidiaries and the subsidiaries of YORK Holdings Co., Ltd. from the scope of consolidation.

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 29, 2024, February 28, 2025 and February 28, 2026 were ¥142,025 million, ¥122,367 million and ¥107,633 million (\$689,955 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 ¥227,142 million, ¥224,937 million and ¥70,145 million (\$449,647 thousand) as of February 29, 2024, February 28, 2025 and February 28, 2026, 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.

27. 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.

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. (including 7-Eleven Stores Pty Ltd). “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 29, 2024

Millions of yen

	Reportable segment					Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others			
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

Fiscal year ended February 28, 2025

Millions of yen

	Reportable segment					Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others			
Revenues from operations:								
Customers	¥902,189	¥9,168,434	¥1,428,536	¥185,631	¥287,336	¥11,972,128	¥634	¥11,972,762
Intersegment	1,962	2,347	3,589	26,496	33,578	67,974	(67,974)	—
Total revenues	¥904,152	¥9,170,782	¥1,432,126	¥212,127	¥320,914	¥12,040,102	¥(67,339)	¥11,972,762
Segment income (loss)	¥233,554	¥216,248	¥10,415	¥32,015	¥5,779	¥498,014	¥(77,023)	¥420,991
Segment assets	¥1,315,808	¥6,965,924	¥980,415	¥1,820,541	¥172,816	¥11,255,506	¥130,605	¥11,386,111
Segment liabilities (interest-bearing debt)	¥—	¥1,520,446	¥423	¥247,751	¥16,562	¥1,785,184	¥909,546	¥2,694,730
Other items:								
Depreciation	¥91,312	¥237,661	¥38,529	¥40,024	¥6,413	¥413,940	¥22,653	¥436,593
Amortization of goodwill	¥—	¥133,931	¥3,150	¥697	¥429	¥138,209	¥—	¥138,209
Investment in entities accounted for using the equity method	¥9,785	¥11,303	¥9,319	¥—	¥11,321	¥41,730	¥—	¥41,730
Impairment loss	¥9,655	¥64,874	¥40,095	¥1,640	¥1,679	¥117,945	¥26,048	¥143,993
Net increase in property and equipment, and intangible assets	¥104,520	¥290,785	¥63,216	¥58,784	¥7,156	¥524,462	¥11,339	¥535,802

Fiscal year ended February 28, 2026

Millions of yen

	Reportable segment					Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others			
Revenues from operations:								
Customers	¥912,159	¥8,556,188	¥687,623	¥121,815	¥151,180	¥10,428,966	¥1,302	¥10,430,269
Intersegment	2,423	643	1,854	15,382	28,536	48,840	(48,840)	—
Total revenues	¥914,583	¥8,556,832	¥689,478	¥137,197	¥179,716	¥10,477,807	¥(47,538)	¥10,430,269
Segment income (loss)	¥222,521	¥222,223	¥17,515	¥20,970	¥6,979	¥490,211	¥(67,218)	¥422,993
Segment assets	¥1,411,755	¥7,012,907	¥114,611	¥417,031	¥24,363	¥8,980,669	¥162,288	¥9,142,957
Segment liabilities (interest-bearing debt)	¥—	¥1,302,026	¥—	¥190,302	¥—	¥1,492,328	¥737,690	¥2,230,018
Other items:								
Depreciation	¥91,492	¥223,900	¥17,075	¥24,361	¥3,491	¥360,321	¥21,687	¥382,009
Amortization of goodwill	¥—	¥135,749	¥1,575	¥359	¥206	¥137,890	¥—	¥137,890
Investment in entities accounted for using the equity method	¥7,988	¥9,575	¥92,213	¥95,874	¥8,735	¥214,388	¥—	¥214,388
Impairment loss	¥9,084	¥18,446	¥1,201	¥275	¥128	¥29,137	¥3,692	¥32,829
Net increase in property and equipment, and intangible assets	¥110,490	¥226,277	¥16,253	¥28,535	¥4,320	¥385,876	¥4,190	¥390,067

Thousands of U.S. dollars (Note 3)

	Reportable segment					Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others			
Revenues from operations:								
Customers	\$5,847,173	\$54,847,358	\$4,407,839	\$780,865	\$969,102	\$66,852,346	\$8,346	\$66,860,698
Intersegment	15,532	4,121	11,884	98,602	182,923	313,076	(313,076)	—
Total revenues	\$5,862,711	\$54,851,487	\$4,419,730	\$879,467	\$1,152,025	\$67,165,429	\$(304,730)	\$66,860,698
Segment income (loss)	\$1,426,416	\$1,424,506	\$112,275	\$134,423	\$44,737	\$3,142,378	\$(430,884)	\$2,711,493
Segment assets	\$9,049,711	\$44,954,532	\$734,685	\$2,673,275	\$156,173	\$57,568,391	\$1,040,307	\$58,608,698
Segment liabilities (interest-bearing debt)	\$—	\$8,346,320	\$—	\$1,219,884	\$—	\$9,566,205	\$4,728,782	\$14,294,987
Other items:								
Depreciation	\$586,487	\$1,435,256	\$109,455	\$156,160	\$22,378	\$2,309,750	\$139,019	\$2,448,775
Amortization of goodwill	\$—	\$870,185	\$10,096	\$2,301	\$1,320	\$883,910	\$—	\$883,910
Investment in entities accounted for using the equity method	\$51,205	\$61,378	\$591,108	\$614,576	\$55,993	\$1,374,282	\$—	\$1,374,282
Impairment loss	\$58,230	\$118,243	\$7,698	\$1,762	\$820	\$186,775	\$23,666	\$210,442
Net increase in property and equipment, and intangible assets	\$708,269	\$1,450,493	\$104,185	\$182,916	\$27,692	\$2,473,564	\$26,858	\$2,500,429

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. for the fiscal year ended February 29, 2024, and such as specialty store operations and real estate operations, etc. for the fiscal years ended February 28, 2025 and February 28, 2026.
- (b) The adjustments of ¥(72,373) million, ¥(77,023) million and ¥(67,218) million (\$430,884) thousand for segment income (loss) are eliminations of intersegment transactions and corporate expenses for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively.

- (c) The adjustments of ¥280,805 million, ¥130,605 million and ¥162,288 million (\$1,040,307 thousand) for segment assets are eliminations of intersegment transactions and corporate assets for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively.
- (d) The adjustments of ¥868,974 million, ¥909,546 million and ¥737,690 million (\$4,728,782 thousand) for segment liabilities are corporate liabilities and the Company's bonds for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively. The amount of each segment liability does not include intersegment transactions.
- (e) The adjustment of ¥21,651 million, ¥22,653 million and ¥21,687 million (\$139,019 thousand) for depreciation is the depreciation of corporate assets for the fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026, respectively.
- (f) The adjustment of ¥24,613 million, ¥11,339 million and ¥4,190 million (\$26,858 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 29, 2024, February 28, 2025 and February 28, 2026, respectively.
- (g) Segment income (loss) is reconciled with the operating income in the consolidated statements of income.
- (h) ¥14,069 million and ¥19,192 million 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 29, 2024 and February 28, 2025, respectively. In addition, ¥26,540 million out of "Impairment loss" in the tables above is included in "Loss on business of subsidiaries and associates" in the consolidated statements of income for the fiscal years ended February 28, 2025.

(Reference)

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

Fiscal year ended February 29, 2024	Millions of yen					
	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

Fiscal year ended February 28, 2025	Millions of yen					
	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	¥2,744,719	¥8,713,222	¥514,820	¥11,972,762	¥-	¥11,972,762
Intersegment	16,488	1,858	79	18,426	(18,426)	-
Total revenues	¥2,761,208	¥8,715,080	¥514,900	¥11,991,189	¥(18,426)	¥11,972,762
Operating income (loss)	¥220,838	¥219,207	¥(4,402)	¥435,642	¥(14,651)	¥420,991

Fiscal year ended February 28, 2026	Millions of yen					
	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	¥1,844,286	¥7,960,998	¥624,984	¥10,430,269	¥-	¥10,430,269
Intersegment	13,983	2,292	17	16,293	(16,293)	-
Total revenues	¥1,858,269	¥7,963,291	¥625,002	¥10,446,562	¥(16,293)	¥10,430,269
Operating income (loss)	¥211,169	¥225,371	¥(1,177)	¥435,363	¥(12,370)	¥422,993

Fiscal year ended February 28, 2026	Thousands of U.S. dollars (Note 3)					
	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations:						
Customers	\$11,822,346	\$51,032,038	\$4,006,307	\$66,860,698	\$-	\$66,860,698
Intersegment	89,634	14,692	108	104,442	(104,442)	-
Total revenues	\$11,911,980	\$51,046,737	\$4,006,423	\$66,965,141	\$(104,442)	\$66,860,698
Operating income (loss)	\$1,353,647	\$1,444,685	\$(7,544)	\$2,790,788	\$(79,294)	\$2,711,493

Notes:

- (a) The classification of geographic area segments is determined according to geographical distances.
 (b) Others consist of the business results in the People's Republic of China, etc. for the fiscal year ended February 29, 2024, and in Australia and the People's Republic of China, etc. for the fiscal years ended February 28, 2025 and February 28, 2026.

Related Information

Fiscal years ended February 29, 2024, February 28, 2025 and February 28, 2026

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 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

Fiscal year ended February 28, 2025

Millions of yen			
Japan	North America [of which, the U.S.]	Others	Total
¥2,744,719	¥8,713,222 [¥8,344,154]	¥514,820	¥11,972,762

Fiscal year ended February 28, 2026

Millions of yen			
Japan	North America [of which, the U.S.]	Others	Total
¥1,844,286	¥7,960,998 [¥7,624,333]	¥624,984	¥10,430,269

Thousands of U.S. dollars (Note 3)

Japan	North America [of which, the U.S.]	Others	Total
\$11,822,346	\$51,032,038 [\$48,873,929]	\$4,006,307	\$66,860,698

(2) Property and equipment

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

Fiscal year ended February 28, 2025

Millions of yen			
Japan	North America [of which, the U.S.]	Others	Total
¥1,258,118	¥3,484,251 [¥3,387,807]	¥238,928	¥4,981,298

Fiscal year ended February 28, 2026

Millions of yen			
Japan	North America [of which, the U.S.]	Others	Total
¥670,268	¥3,606,165 [¥3,511,936]	¥221,533	¥4,497,967

Thousands of U.S. dollars (Note 3)

Japan	North America [of which, the U.S.]	Others	Total
\$4,296,589	\$23,116,442 [\$22,512,410]	\$1,420,083	\$28,833,121

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

Fiscal year ended February 29, 2024	Reportable segment						Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others				
	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	

Fiscal year ended February 28, 2025	Reportable segment						Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others				
	Goodwill								
Amortization	¥-	¥133,931	¥3,150	¥697	¥429	¥138,209	¥-	¥138,209	
Balance at the end of year	1,782	2,253,978	5,669	2,185	826	2,264,441	-	2,264,441	

Fiscal year ended February 28, 2026	Reportable segment						Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others				
	Goodwill								
Amortization	¥-	¥135,749	¥1,575	¥359	¥206	¥137,890	¥-	¥137,890	
Balance at the end of year	1,406	2,106,574	-	1,825	-	2,109,806	-	2,109,806	

Fiscal year ended February 28, 2026	Reportable segment						Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Financial services	Others				
	Goodwill								
Amortization	\$-	\$870,185	\$10,096	\$2,301	\$1,320	\$883,910	\$-	\$883,910	
Balance at the end of year	9,012	13,503,679	-	11,698	-	13,524,397	-	13,524,397	

(Significant changes in the amount of goodwill)

In the fiscal year ended February 28, 2025, the acquisition of the shares of Convenience Group Holdings Pty Ltd was completed through the 7-Eleven International LLC's wholly-owned subsidiary, AR BidCo Pty Ltd. Due to the acquisition, the Company has included CONVENIENCE HOLDINGS PTY LTD and other 20 companies in the scope of consolidation. As a result, the amount of goodwill in overseas convenience store operations has increased by ¥142,996 million.

6. Information regarding gain on negative goodwill by reportable segment

None

28. DETAILS OF AUDIT-RELATED COMPENSATION

(1) Compensation for auditing certified public accountants

Category	Millions of yen		Thousands of U.S. dollars (Note 3)	
	2026		2026	
	Compensation for audit attestation	Compensation for non-auditing attestation	Compensation for audit attestation	Compensation for non-auditing attestation
The Company	¥222	¥27	\$1,423	\$173
Consolidated subsidiaries	453	10	2,903	64
Total	¥675	¥37	\$4,326	\$237

(Fiscal year ended February 28, 2026)

Details of non-auditing services for the Company are an accounting related service.

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		Thousands of U.S. dollars (Note 3)	
	2026		2026	
	Compensation for audit attestation	Compensation for non-auditing attestation	Compensation for audit attestation	Compensation for non-auditing attestation
The Company	¥—	¥120	\$—	\$769
Consolidated subsidiaries	695	70	4,455	448
Total	¥695	¥190	\$4,455	\$1,217

(Fiscal year ended February 28, 2026)

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.

29. SUBSEQUENT EVENTS

I. Cash dividend

Subsequent to February 28, 2026, the Company's Board of Directors declared a year-end cash dividend of ¥57,869 million (\$370,955 thousand) to be payable on May 28, 2026 to shareholders on record as of February 28, 2026. The amount of cash dividends includes ¥75 million (\$480 thousand) of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust. The dividend per share is ¥25.00 (\$0.16).

The cash dividends are proposed and to be approved at the annual shareholders' meeting planned to be held on May 27, 2026.

II. Change in segment classification

The Company resolved, at a meeting of the Board of Directors held on April 9, 2026, to change its operating segments. The details of the resulting changes to segment classification are as follows:

1 "Superstore operations" and "Financial services" have been reclassified to "Others"

2 Certain companies within "Others" (PIA Corporation, Tower Records Japan Inc.) have been reclassified to "Domestic convenience store operations"

Revenues from operations and income or losses for each reportable segments for the fiscal year ended February 28, 2026 based on the new segment classification are as follows:

Fiscal year ended February 28, 2026

Information on revenues from operations and income or loss for each reportable segment

	Millions of yen					
	Reportable segment		Others	Total	Adjustments (a)	Consolidated total (b)
	Domestic convenience store operations	Overseas convenience store operations				
Revenues from operations:						
Customers	¥912,159	¥8,556,188	¥960,618	¥10,428,966	¥1,302	¥10,430,269
Intersegment	2,423	643	17,998	21,066	(21,066)	—
Total revenues	¥914,583	¥8,556,832	¥978,617	¥10,450,033	¥(19,763)	¥10,430,269
Segment income (loss)	¥222,521	¥222,223	¥44,060	¥488,805	¥(65,812)	¥422,993

	Thousands of U.S. dollars (Note 3)					
	Reportable segment		Others	Total	Adjustments (a)	Consolidated total (b)
	Domestic convenience store operations	Overseas convenience store operations				
Revenues from operations:						
Customers	\$5,847,173	\$54,847,358	\$6,157,807	\$66,852,346	\$8,346	\$66,860,698
Intersegment	15,532	4,121	115,371	135,038	(135,038)	—
Total revenues	\$5,862,711	\$54,851,487	\$6,273,185	\$66,987,391	\$(126,685)	\$66,860,698
Segment income (loss)	\$1,426,416	\$1,424,506	\$282,435	\$3,133,365	\$(421,871)	\$2,711,493

Notes:

- (a) The adjustments of ¥(65,812) million (\$(421,871) thousand) for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- (b) Segment income (loss) is reconciled with the operating income in the consolidated statements of income.

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 28, 2026, February 28, 2025 and February 29, 2024, 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 28, 2026, February 28, 2025 and February 29, 2024, 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 of public interest entities 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 Accounting Treatment for the Absorption-type split of York Holdings Co., Ltd. and the Investment in K.K. BCJ 95	
The key audit matter	How the matter was addressed in our audit
As described in “I Business divestiture (Transfer of subsidiary shares)” under Note 24 “Business Combinations” to the Consolidated financial statements, Seven & i Holdings Co., Ltd. (the “Company”) resolved to transfer, through an absorption-type split, the rights and obligations relating to the head office functions of York Holdings Co., Ltd., a wholly owned subsidiary of the Company, and subsidiary management functions of 29 companies (22 consolidated subsidiaries and 7 equity method affiliates) engaged in the food supermarket, specialty stores and other businesses (the “SST Business Group”) held by the Company’s group to K.K. BCJ 96, a wholly owned subsidiary of K.K. BCJ 95	The primary procedures we performed to assess the appropriateness of the Company’s accounting treatment for the Transaction included the following: (1) Internal control testing We tested the design and operating effectiveness of certain of the Company’s internal controls relevant to the accounting treatment for the Transaction, including controls over the determination of the consideration for the absorption-type split. (2) Assessment of the reasonableness of the consideration for the absorption-type split and the appropriateness of the accounting treatment

<p>(“SPC(1)”), an acquisition purpose company established by Bain Capital Private Equity, L.P. and its affiliates. The process for the absorption-type split was completed on September 1, 2025. On the same date, the Company also completed an investment in SPC(1) so that the Company’s ownership interest in SPC(1) would become 35.07% following the effectiveness of the absorption-type split. The absorption-type split and the investment are collectively referred to as the “Transaction.”</p> <p>As a result of the Transaction, the consolidated subsidiaries comprising the SST Business Group were excluded from the scope of consolidation, and SPC(1) has become an equity method affiliate of the Company. Accordingly, the Company recognized an investment in securities of ¥88,191 million and recorded a gain of ¥26,946 million arising from changes in equity in superstore business.</p> <p>The accounting treatment for the Transaction was determined in accordance with the Accounting Standard for Business Divestitures and the Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures. In measuring the investment in securities in SPC(1) and the gain on changes in equity in superstore business, the Company considered various adjustments to the investment amount, including the post-acquisition retained earnings of the SST Business Group that had been recognized in the consolidated financial statements as of the date of loss of control.</p> <p>The accounting treatment involved a number of significant audit considerations, including, among others, the reasonableness of the consideration for the absorption-type split and the appropriateness of the accounting treatment such as the measurement of the carrying amounts of the assets and liabilities of the transferred businesses in the consolidated financial statements, and the determination of the initial measurement of the investment in SPC(1). In addition, as the Transaction was non-recurring and quantitatively material, it had a significant effect on the consolidated financial statements.</p> <p>We, therefore, determined that the appropriateness of the accounting treatment for the Transaction was of most significance in the audit of the consolidated financial statements for the current fiscal year, and accordingly, a key audit matter.</p>	<ul style="list-style-type: none"> • We obtained an understanding of the Transaction by inspecting relevant materials from the Board of Directors’ and Management meetings, inspecting related documents, including the absorption-type split agreement, and making inquiries of relevant officers. • We assessed the reasonableness of the consideration for the absorption-type split with the involvement of valuation specialists within our domestic network firms, by reviewing the results of the business valuation prepared by a third-party expert engaged by management. • To evaluate the appropriateness of the carrying amounts of the assets and liabilities of the transferred businesses in the consolidated financial statements, we determined the audit procedures to be performed by the component auditors on the financial information as of the date of loss of control, provided appropriate instructions to them, and evaluated whether sufficient and appropriate audit evidence had been obtained based on the component auditors’ procedures performed. • To evaluate the appropriateness of the carrying amounts of the assets and liabilities of the transferred businesses in the consolidated financial statements, we compared adjustments to the investment amount, including post-acquisition retained earnings recognized in the consolidated financial statements by the Company as of the date of loss of control, with relevant consolidation journal entries. • We assessed the appropriateness of the initial measurement of the investment in SPC(1) by comparing the initially measured amount with the supporting documentation underlying the consolidated financial information of SPC(1).
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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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for the purpose 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 28 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 28, 2026 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

Susumu Komiyama
Designated Engagement Partner
Certified Public Accountant

KPMG AZSA LLC
Tokyo Office, Japan
May 20, 2026

Notes to the Reader of Independent Auditor's Report:

This is a copy of the Independent Auditor's Report and the original copies are kept separately by the Company and KPMG AZSA LLC.