

Group Strategy

Group Merchandising Strategy

To promote optimization of the entire supply chain, in March 2019, the Company established the Group Merchandise Strategy & Planning Division, which oversees the Seven Premium Development Strategy & Planning Dept., Procurement Strategy & Planning Dept. and Logistics Strategy & Planning Dept.

In regards to *Seven Premium* development and logistics strategies, we will continue to strengthen collaboration and maximize synergies within the Group. As part of our procurement strategy, regarded as one of the pillars of the Group strategy, we are moving ahead with resolving social issues from both social and economic aspects by reducing food loss, a challenge confronting the entire Group.



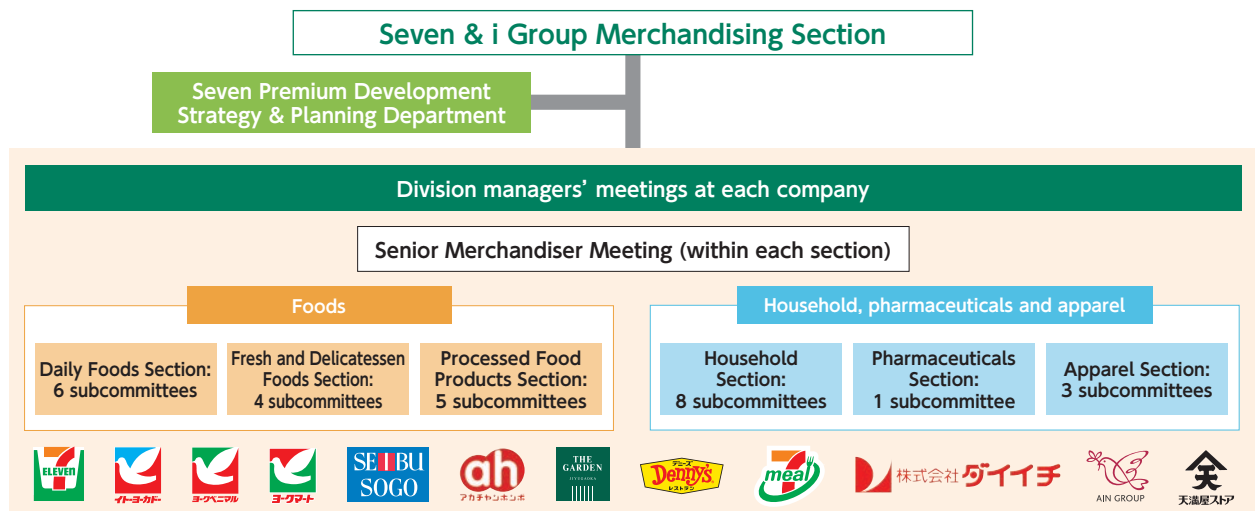
Seven Premium Product Strategy

Under its private brand, *Seven Premium*, the Group has developed products leveraging the methods for original product development cultivated by Seven-Eleven Japan, and concentrating the infrastructure, product development expertise, and sales capabilities of its Group companies.

Seven Premium used its 10th anniversary as the momentum to aim for greater success based on the three policies of further improvement of quality, new value creation and taking on challenges in new domains.

Product Development and Supply System

Product development staff in Seven & i Group companies are organized into 6 sections and 27 subcommittees to conduct joint product development with product manufacturers. As of February 28, 2019, they supply 12 companies in total.



Seven Premium

The *Seven Premium* brand continues to evolve. We will continue to propose products that customers require. We will respond in detail to the increasing diversification of lifestyle needs including women's advancement in society, the aging population, interest in the environment, healthy living, and safety and security. *Seven Premium* will support your efforts to create more enjoyable, richer meals by providing better taste and better value.

Seven Premium Gold

Seven Premium Gold is our most luxurious brand. Products are prepared from the finest quality ingredients using meticulous technologies. We will enrich all customers' meals by providing satisfying flavors.

Seven Premium Fresh

Seven Premium Fresh is a safe and reliable fresh food brand offering a lineup of vegetables, fruits, meats, eggs and fish. The brand connects producers—who have labored long, taking the time to rigorously manage details of where and when food was produced, and carefully nurtured their products—with customers' needs for fresh and tasty foods.

SEVEN CAFÉ

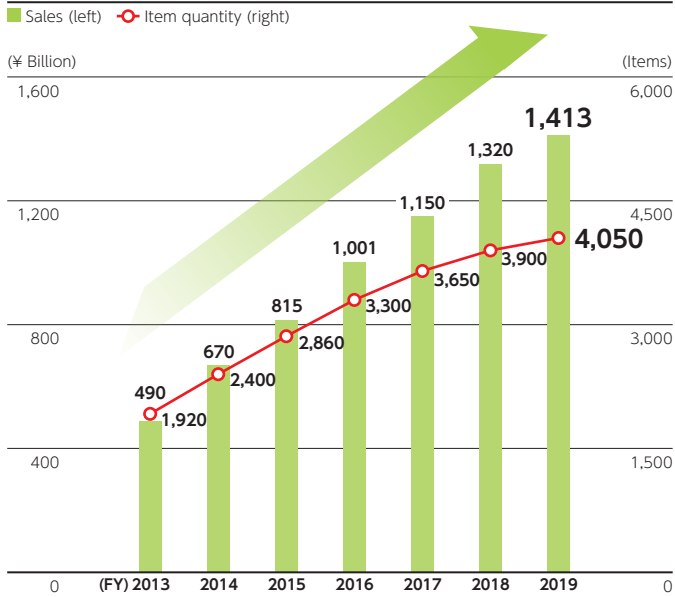
The *SEVEN CAFÉ* brand offers elegant experiences. We will provide relaxing moments in your life with freshly brewed coffee, made using the finest quality ingredients, and delicious authentic baked goods and desserts.

Seven Premium Lifestyle

With *Seven Premium Lifestyle*, we seek to enrich customers' lives. Products backed by sound technology and quality are provided conveniently in an easy-to-use manner, without burdening the environment. A substantial lineup supports people's lifestyles.

Group Merchandising Strategy

SEVEN PREMIUM SALES AND ITEM QUANTITY



Development of Seven Premium

2006	Nov.	Launched the "Group Merchandising Reform Project"
2007	May	Started sales of <i>Seven Premium</i>
	Aug.	Started sales at Seven-Eleven Japan
	Nov.	Started sales of household goods
2008	Mar.	Started sales of processed fresh foods
2009	Jan.	Received the "Most Excellent Award, Nikkei Award" at the 2008 Nikkei Superior Products and Services Awards
	Feb.	Started sales at SEIBU Ikebukuro
	July	Launched the "Premium Life Enhancement Committee," a website community for product development that invites customers to participate
	Nov.	Started sales of wine simultaneously in Japan and North America as the Group's first private-brand product for the global market
2010	Sept.	Started sales of <i>Seven Gold</i>
2011	May	Launched a new brand strategy Sweeping overhaul of product content, logo, and packaging
2012	May	Started sales of miscellaneous goods private-brand <i>Seven Lifestyle</i>
	July	Started sales of apparel
	Nov.	Launched private-brand beer product developed by a major Japanese brewer
2013	Apr.	Launched <i>Golden Bread</i>
2014	Aug.	Started sales of eco-friendly <i>Seven Premium</i> products using timber from forest thinning and recycled PET bottle film
2015	Dec.	Acquired certification from the U.S. Organic Content Standard and launched sales of environmentally and socially considerate products
2016	Feb.	Achieved ¥1 trillion in <i>Seven Premium</i> sales in FY2016
2017	Mar.	Start of sales of <i>Seven Premium Fresh</i>
	May	<i>Seven Premium</i> 's 10th anniversary
2018	Oct.	Launched the first <i>Seven Premium</i> sustainable seafood product certified by the Marine Stewardship Council

PROMOTING RENEWAL OF SEVEN PREMIUM

Around 50% of *Seven Premium*'s higher-selling existing products are renewed each year.

Through the Seven Premium Enhancement Committee, a website community for product development that invites customers to participate, we research customers' opinions, create test products and conduct monitoring trials until we are satisfied. This process enables us to develop products that offer high quality at an agreeable price.

PRODUCTS THAT SELL OVER ¥1 BILLION PER YEAR

The number of products that sold over ¥1 billion per year in FY2019 was 274 items, an increase of 31 items year on year.



Procurement and Logistics Strategies

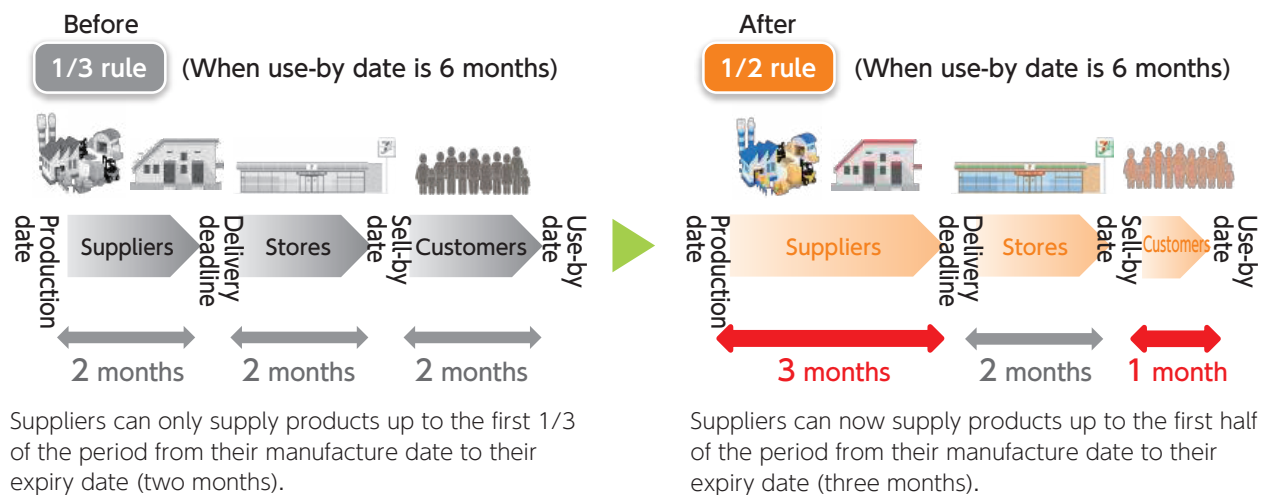
To resolve the problem of food loss and issues such as reduction of the working population and increased delivery fees due to driver shortages, we will review the business strategy for the entire supply chain to create a new, sustainable growth strategy. This means we need to thoroughly scrutinize existing procurement methods and logistical problems. We will build a structure for strategic procurement with the aim of delivering products with value that truly please our customers.

Create Systems without Losses

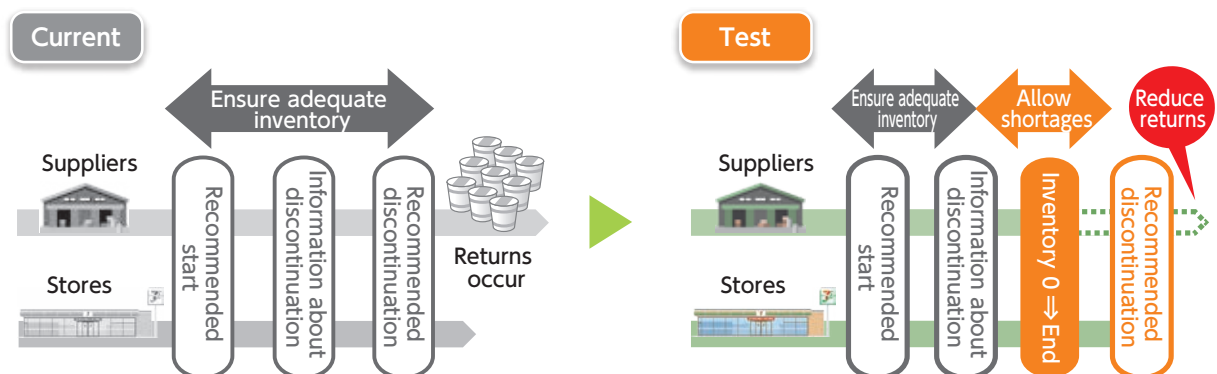
The retail industry is now facing increasingly harsh competition as assorted business formats have emerged in the market and the occurrence of various types of losses such as disposal have become a problem. In competition with businesses from different industries in particular, the Group needs to be rigorous about avoiding wasteful or inconsistent strategies for procuring and selling products, and strive to create lossless systems.

Initiatives

Revision of Business Practice



Reduce Supplier Returns (Example of Seven-Eleven Japan)



The stores are advised to discontinue products three weeks before the recommended discontinuation date, but the logistics center retains inventory during this period to ensure items do not sell out. This causes wasteful returns of items to suppliers.

Allowing stock to sell out after receiving advice of discontinuation eliminated the need to hold inventory at the logistics center and reduces the rate of returns to suppliers.

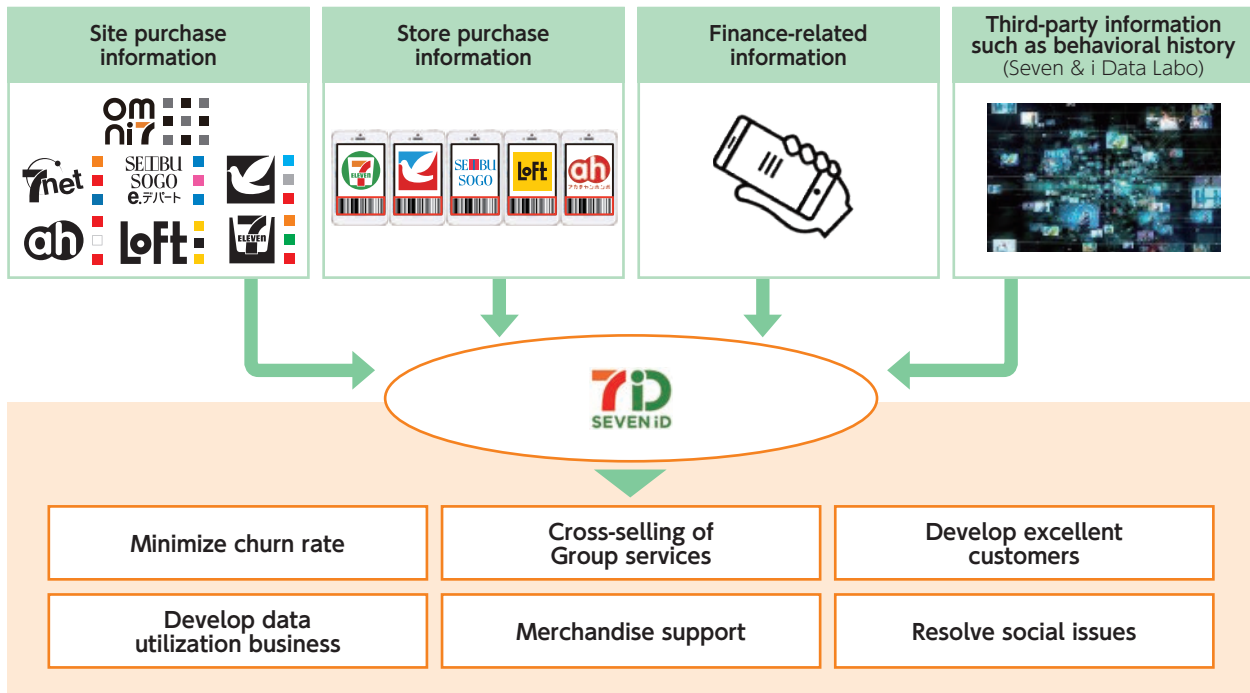
Note: Recommendation—Seven-Eleven Japan proposes product lineups for franchised stores.

Digital and Financial Strategies

The Group is a real channel platformer, which means it has a contact point with customers in the real world during their daily lives. Through the synergistic effects of our digital strategy and real business, we will improve services unique to the Group and build new added value through collaborations with other companies.

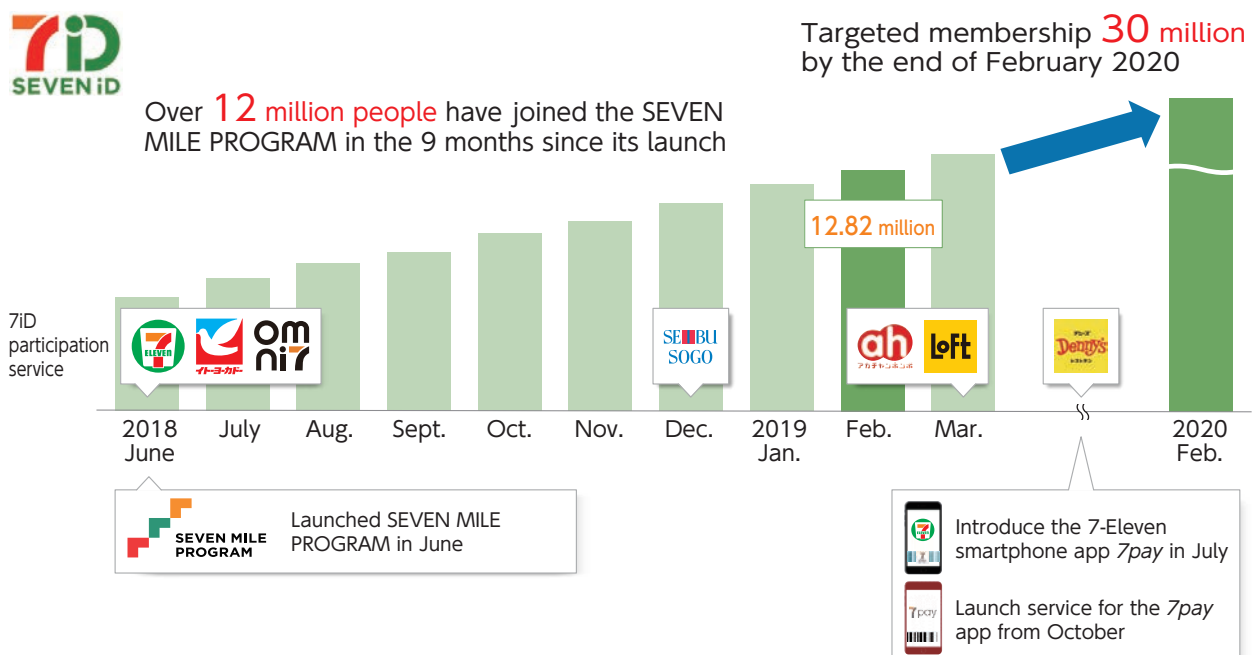
CRM Strategy

This strategy focuses on the 24 million customers that enter Group stores in Japan every day. In addition to the Groupwide loyalty program SEVEN MILE PROGRAM that enables customers to enjoy shopping, the Group introduced 7iD, a unified Group ID, to integrate customer information that had until now been dispersed throughout the Group. In the future, consideration may be given to data collaboration with external parties and utilized for various types of marketing and product development.



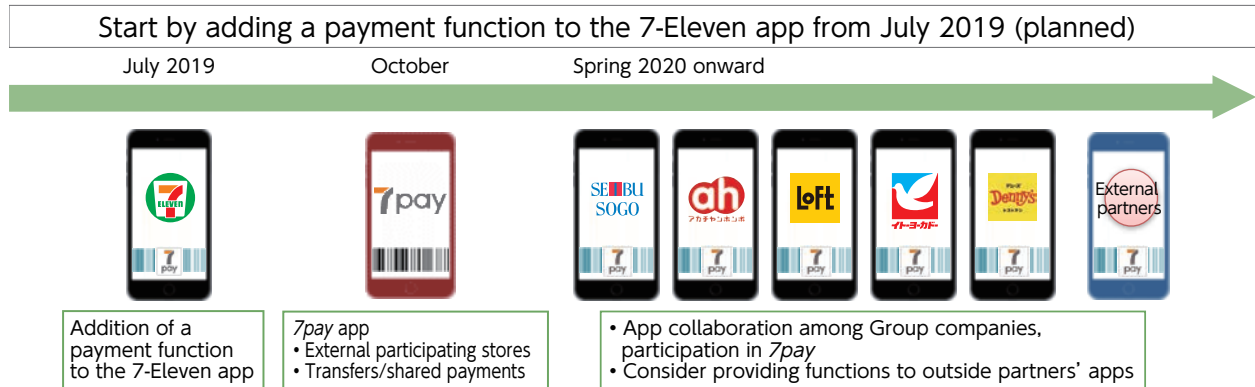
7iD Membership

In June 2018, Seven-Eleven Japan and Ito-Yokado launched a new app along with the shared Group ID, 7iD. Subsequently, the service was rolled out at Sogo & Seibu, Akachan Honpo, and THE LOFT. Moreover, the introduction of the new settlement service, 7pay, will offer even greater convenience for customers. We aim to acquire 30 million 7iD members by the end of February 2020.



7pay

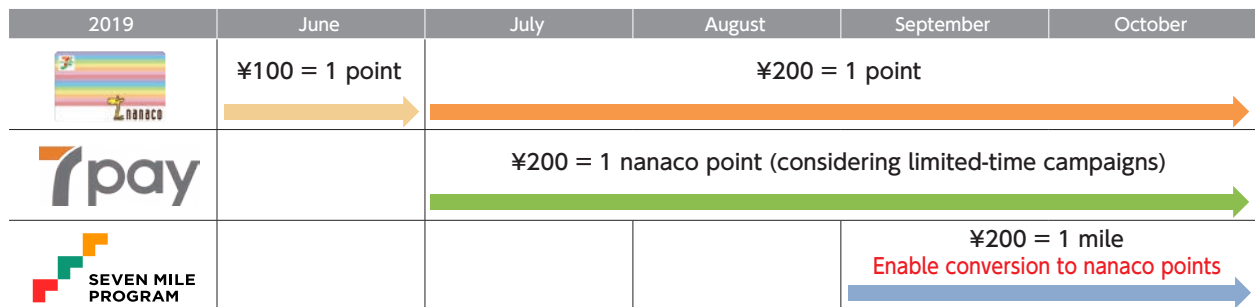
The 7pay smartphone settlement service will start by providing a settlement function within the 7-Eleven app, which is scheduled for July 2019. Following on in October, we will launch a standalone 7pay app to allow members to use 7pay at affiliated stores outside the Group. The 7pay app will also add new functions, such as money transfer services. Then, in the spring of 2020, we will begin linking the service with the apps of other Group companies.



Group Strategy

Point Program

Meanwhile, in September 2019, we plan to launch the new SEVEN MILE PROGRAM, which will allow customers to convert accumulated miles into nanaco points whenever they want. The new program will also introduce events and preferential treatment and services as rewards that can be exchanged for points.

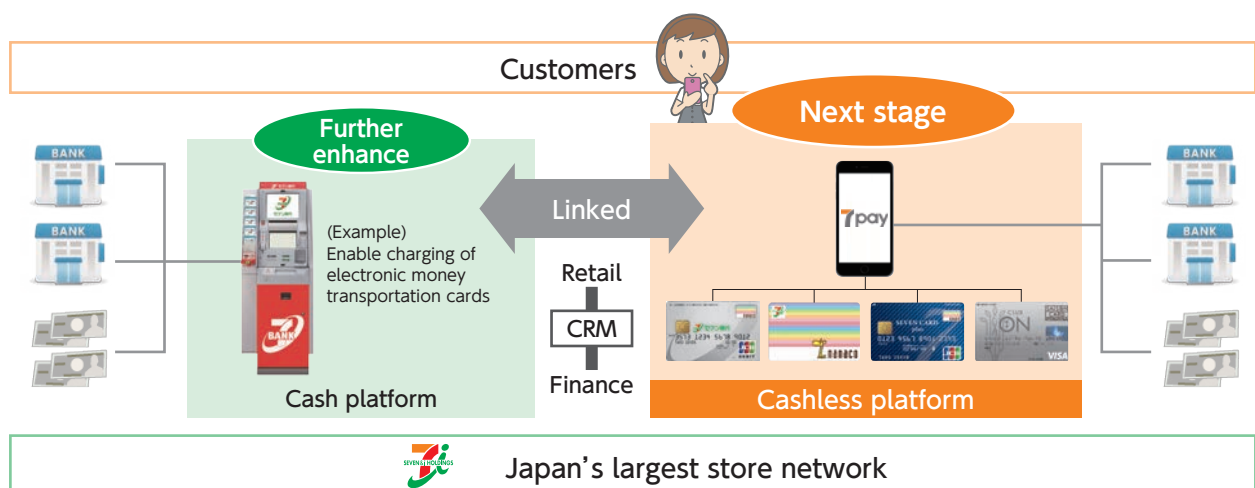


Note: Amounts do not include tax

Creating a Cashless Platform

The environment is changing dramatically with the spread of smartphone use, diversification in settlement methods, and joint efforts by government and the private sector to promote a cashless society.

In this environment, the Seven & i Group has built a cash settlement platform based on its network of over 24,000 ATMs owned by Seven Bank. We plan to utilize this strength and build a cashless platform through the 7pay system scheduled to be launched in July 2019.

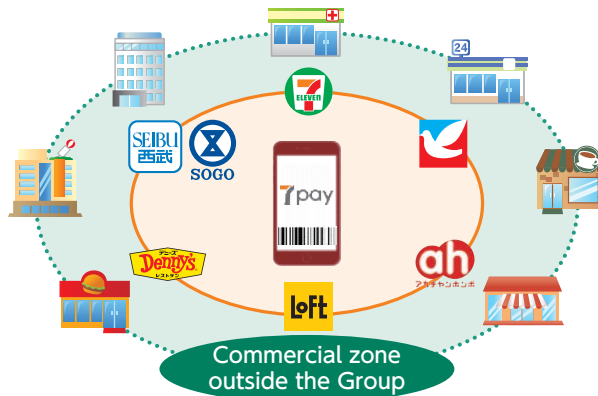


Digital and Financial Strategies

■ Increase Use of Group Products and Services

By expanding the scope of availability of 7pay services in and outside the Group, we aim to create “the handiest smartphone settlement service” that can be used anywhere. In this way, we aim to achieve increased usage across the entire Group via the settlement platform.

Aim for “the handiest smartphone settlement service”



Aims for the System

Available anywhere

Increase opportunities for use

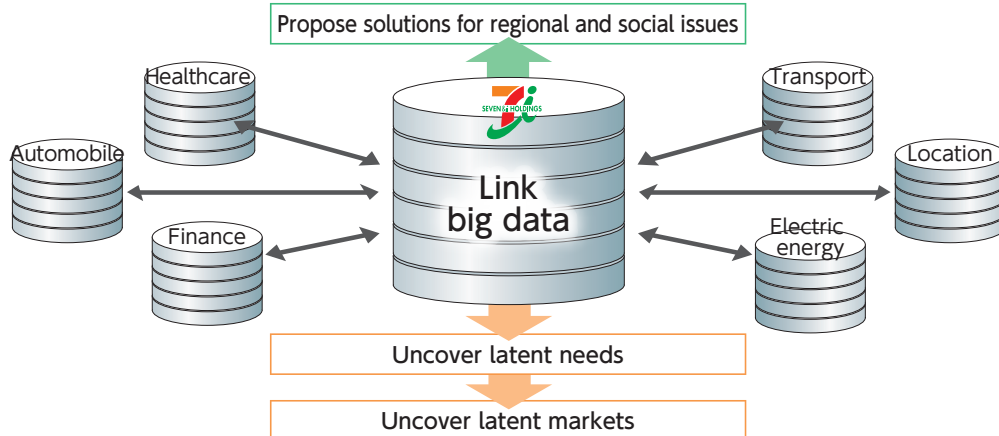
Increase 7pay balances

Increase use of Group products and services

■ Seven & i Data Labo

Seven & i Data Labo provides opportunities for various operating companies and research organizations within and outside of the Group to collaborate with big data and create new business and resolve social issues through such means as data analysis. Seven & i Data Labo started with participation from diverse backgrounds. It will expand operations going forward.

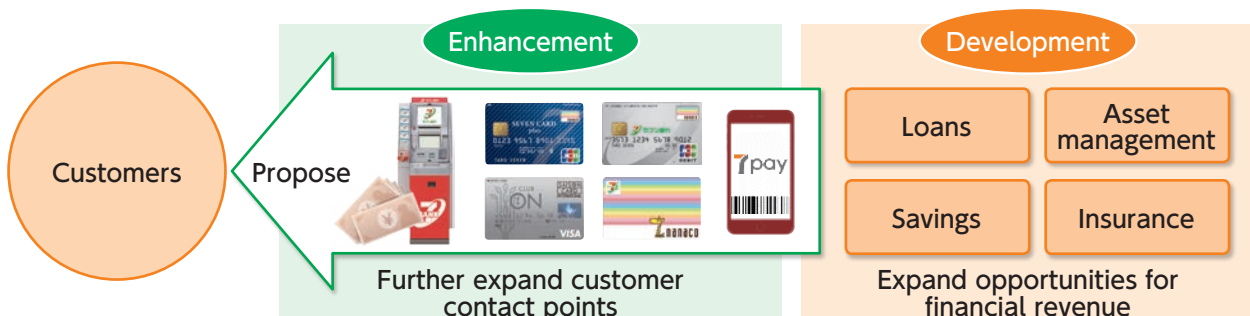
Launch of Seven & i Data Labo, a study group using data shared among multiple companies



■ Development of Products Spanning Retail and Finance

We will use the payment platform to expand contact points with customers, enabling us to understand them at a deeper level. The information gained in this process will be used to promote the development of proprietary Seven & i Group financial products and services that contribute to customer convenience, such as loans, asset management, savings, and insurance.

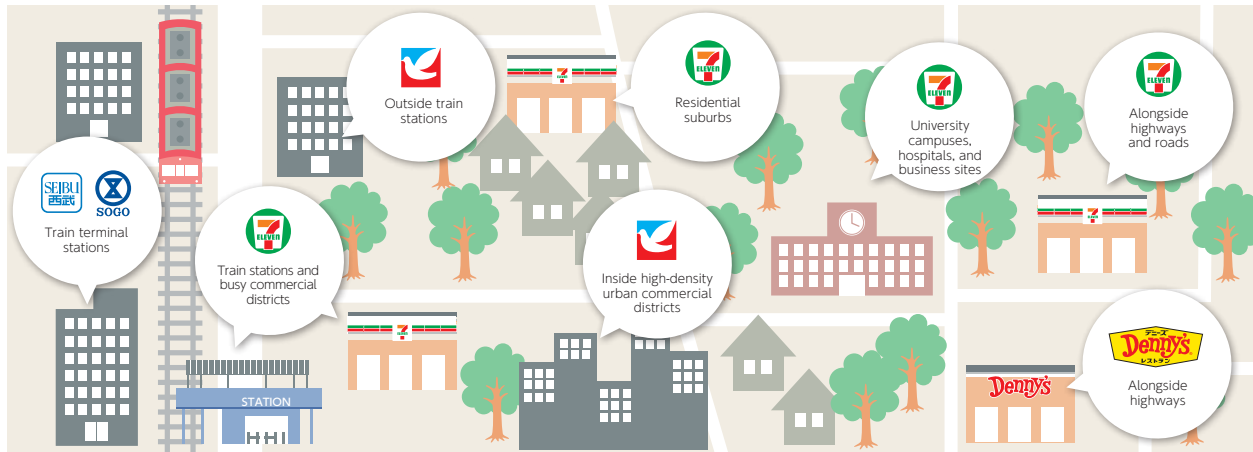
Using the settlement platform to develop specific proprietary Seven & i Group products



Store-Opening Policy

Group Store-Opening Strategy

The Seven & i Group develops stores in several formats within an area. Since each format has its own customer motivation factors and catchment area, the Group can achieve a high-density store-opening strategy across the different formats.



Group
Strategy

Store-Opening Policy by Store Format

Format	Store brand	Store development
Convenience store	7-Eleven	<ul style="list-style-type: none"> Operated mainly in residential areas in the 1990s and in urban areas after 2000 Implemented scrap-and-build strategy for revitalizing existing stores In addition to the standard roadside-type stores, extended store openings in special locations, including train stations, business sites and universities From November 2010, provision of support for store openings by franchisees who will operate two or more stores Stores in 46 prefectures
Superstore	Ito-Yokado	<ul style="list-style-type: none"> Operates stores in 20 prefectures nationwide, primarily in the Kanto region Implemented store structure reform to make efficient use of key specialty stores both inside and outside of the Group
Shopping center	Ario and others	<ul style="list-style-type: none"> Operate 19 mall-type shopping centers Assembled tenants with Ito-Yokado as the anchor tenant
Supermarket	York-Benimaru York Mart	<ul style="list-style-type: none"> York-Benimaru operates in the southern Tohoku and northern Kanto regions York Mart is operated centered on Tokyo and three prefectures
Department store	SEIBU Sogo	<ul style="list-style-type: none"> Developed two department store brands, Seibu and Sogo According to their characteristics, stores are classified into "key stores" or "regional and suburban stores" Six key stores are Ikebukuro, Yokohama, Chiba, Hiroshima, Shibuya, and Omiya
Restaurant	Denny's	<ul style="list-style-type: none"> Operates stores in 16 prefectures, primarily in the Kanto region
Specialty store	Akachan Honpo	<ul style="list-style-type: none"> Operate stores primarily in shopping centers in 34 prefectures Open 43 stores primarily in Ito-Yokado, Ario, and other stores operated by Group companies
	LOFT	<ul style="list-style-type: none"> Operate stores primarily in department stores and shopping centers in 34 prefectures Open 37 stores in SEIBU, Sogo, Ito-Yokado, Ario, and other stores operated by Group companies

Note: The number of stores and store development areas are as of February 28, 2019.

Effect of Market Concentration Strategy (Example of Seven-Eleven Japan)

- Increase familiarity of the chain with customers
- Efficient construction of production bases
- Effective sales promotions
- Efficient construction of distribution structures
- Improved quality of management consultation services for franchised stores
- Increasing store-visit frequency

Store-Opening Policy

Store Network in Japan

The Seven & i Group focuses on the business factors that will make each and every store a success, creating stores to suit regional characteristics, rather than simply expanding the number of stores.

Total Sales of Major Group Companies by Prefecture for FY2019



7-Eleven



Ito-Yokado



York-Benimaru



York Mart



Sogo



SEIBU



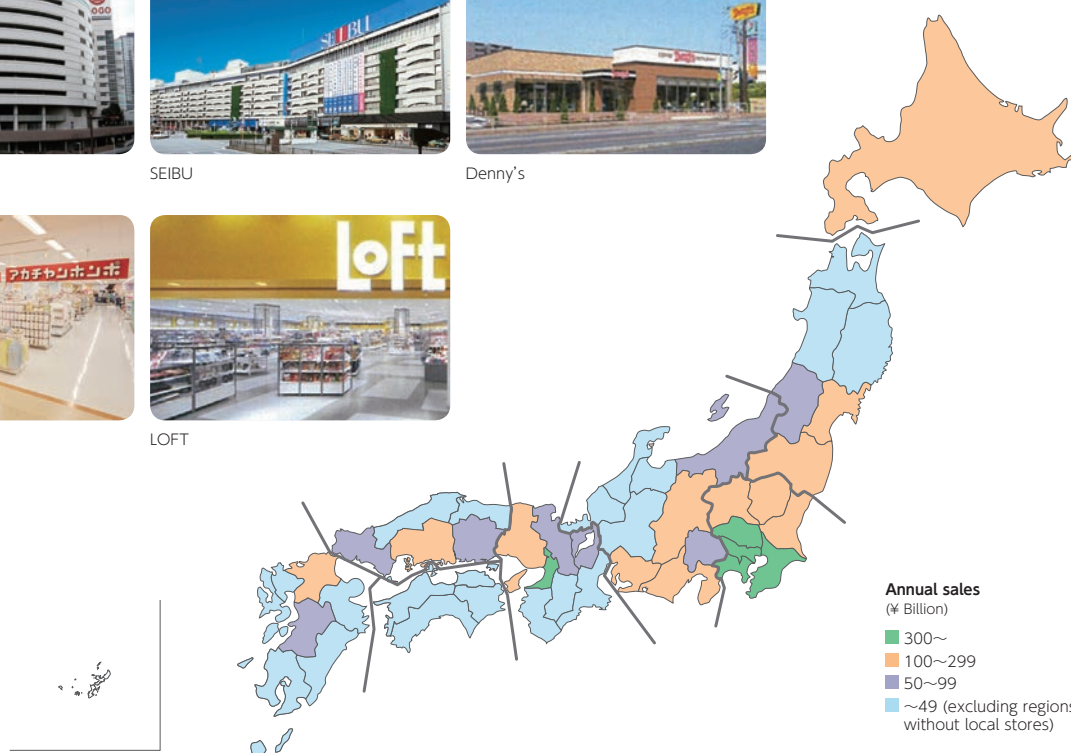
Denny's



Akachan Honpo











LOFT



Domestic Store Network

(Stores)

	7-Eleven 	Ito-Yokado 	York-Benimaru 	York Mart 	SEIBU Sogo 	Denny's 	Akachan Honpo 	LOFT 
Hokkaido	1,009	10	–	–	–	–	3	1
Tohoku	1,388	10	157	–	1	12	4	5
Kanto	8,065	118	68	79	8	272	45	59
Chubu	3,449	14	–	–	2	72	18	14
Kinki	2,957	7	–	–	2	15	22	18
Chugoku	1,329	–	–	–	1	–	7	8
Shikoku	349	–	–	–	1	–	2	4
Kyushu	2,330	–	–	–	–	–	9	6
Total	20,876	159	225	79	15	371	110	115

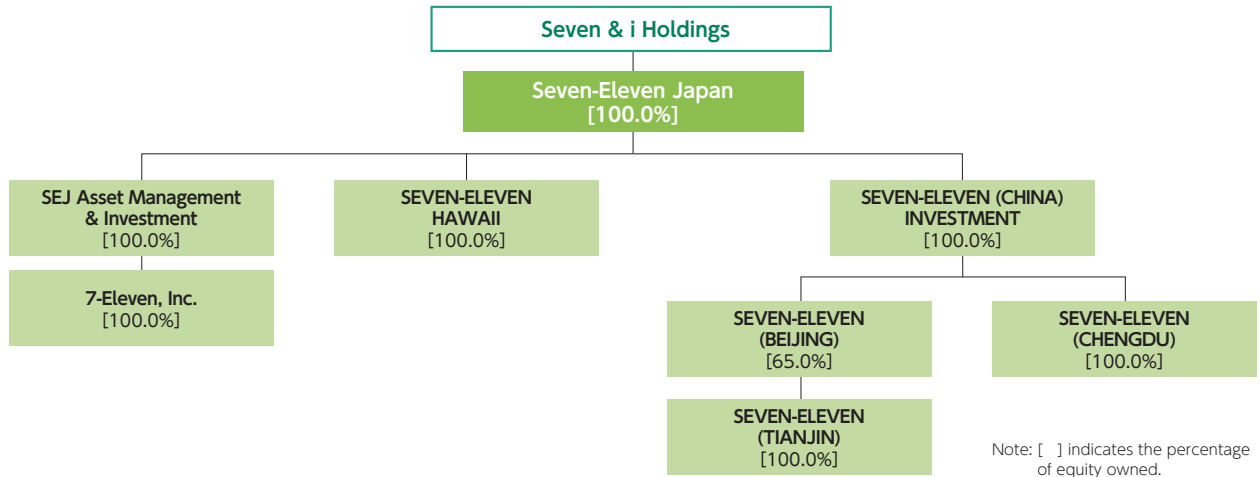
Note: As of February 28, 2019

Global Strategy

Capital Relationships in the Group's Convenience Store Operations

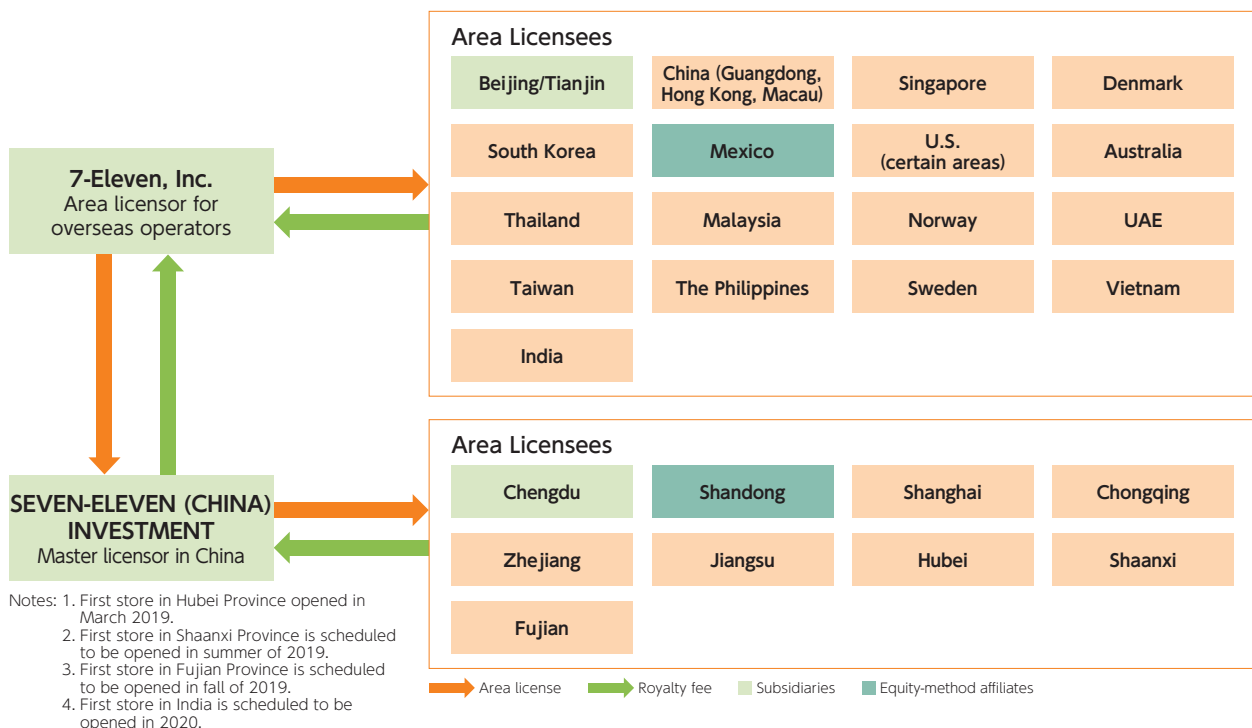
Seven & i Holdings' subsidiaries operate 7-Eleven convenience stores in Japan, North America, and China (Beijing, Tianjin, and Chengdu). In countries and regions where the Company has no local subsidiaries, leading local corporate groups operate 7-Eleven stores as area licensees.

(As of February 28, 2019)



Overseas Licensing Scheme

7-Eleven, Inc. is responsible for granting area licenses to overseas operators of 7-Eleven stores excluding Japan and Hawaii. Royalty fees paid by area licensees are included in other income of 7-Eleven, Inc.



Trend in the 7-Eleven Stores Worldwide

	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Japan	12,753	13,232	14,005	15,072	16,319	17,491	18,572	19,422	20,260	20,876
Thailand	5,270	5,790	6,276	6,822	7,429	8,127	8,832	9,542	10,268	10,988
U.S. and Canada	6,972	7,188	7,752	8,545	8,641	8,646	8,868	9,077	9,061	9,974
South Korea	2,186	3,145	5,249	6,986	7,085	7,231	8,000	8,556	9,231	9,400
Taiwan	4,744	4,750	4,801	4,852	4,919	5,040	5,029	5,107	5,221	5,369
China	1,670	1,711	1,792	1,919	2,001	2,064	2,182	2,357	2,599	2,816
Others	4,101	4,477	5,110	5,563	6,039	6,682	7,228	7,744	7,960	8,233
Total	37,696	40,293	44,985	49,759	52,433	55,281	58,711	61,805	64,600	67,656

Note: As of the end of December, excluding figures for Japan, which are as of the end of February of the following year.

Global Strategy

7-Eleven Store Operators around the World

Country or region	Operator	Number of stores
Thailand	CP ALL Public Company Ltd. [Charoen Pokphand Group]	10,988
South Korea	Korea-Seven Co., Ltd. [Lotte Group]	9,400
Taiwan/China (Shanghai)	PRESIDENT CHAIN STORE CORP. [Uni-President Enterprises Corp.]	5,487
The Philippines	Philippine Seven Corporation [PRESIDENT CHAIN STORE CORP.]	2,550
Malaysia	7-Eleven Malaysia Sdn. Bhd. [Berjaya Retail Berhad]	2,287
China (Guangdong, Hong Kong, Macau)	The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]	2,034
Mexico	7-Eleven Mexico S.A. de C.V. [Valso, S.A. de C.V.]	1,801
Australia	7-Eleven Stores Pty. Ltd.	692
Norway/Sweden/Denmark	Reitan Convenience [Reitangruppen AS]	469
Singapore	Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited]	393
U.S.	Resort Retailers, Inc.	337
	Southwest Convenience Stores, Inc.	
China (Shandong)	SHAN DONG ZHONG DI CONVENIENCE CO., LTD. [Zhongdi Group Co., Ltd.]	67
China (Chongqing)	New Nine Business Development Co., Ltd. [New Hope Group Co., Ltd.]	63
China (Zhejiang)	PRESIDENT CHAIN STORE (ZHEJIANG) LTD. [PRESIDENT CHAIN STORE CORP.]	28
Vietnam	Seven System Viet Nam JSC	27
UAE	SEVEN EMIRATES INVESTMENT L.L.C.	14
China (Jiangsu)	Nanjing Golden Eagle Convenience Store and Supermarket Management Co., Ltd. [GOLDEN EAGLE RETAIL GROUP LIMITED]	8
China (Hubei)	Hubei Oriental Meilin CVS CO., LTD.	-
China (Shaanxi)	Shaan Xi Sai Wen Tick Convenience Chain CO., LTD. [SHAANXI TICKMART TRADING CO., LTD.]	-
China (Fujian)	Fujian Rong Ning CVS Management CO., LTD. [FUJIAN SANFU APPAREL CO., LTD.] [FUJIAN RONGNING CONVENIENCE STORE MANAGEMENT CO., LTD.]	-
India	SHME Food Brands Private Limited [Future Group]	-

Notes: 1. Number of stores as of December 31, 2018

2. Company names in brackets are those of the corporate groups affiliated with the companies listed.

3. First store in Hubei Province opened in March 2019.

4. First store in Shaanxi Province is scheduled to be opened in summer of 2019.

5. First store in Fujian Province is scheduled to be opened in fall of 2019.

6. First store in India is scheduled to be opened in 2020.

Support Program for Existing Area Licensees

To enhance the value of the 7-Eleven brand, Seven-Eleven Japan and area licensor 7-Eleven, Inc. have developed a program to improve the operation level of area licensees around the world. The support program is currently in place for existing area licensees for Singapore, Hong Kong and Macau, UAE, Vietnam, Thailand, and Taiwan. We plan to expand the program going forward.

Contents of the support program

1. Provide support and advice for store operations, etc.

- Methodologies for quality improvement of existing products and development of new products with a focus on fast food
- Methodologies for store operations by area and counseling skills of operation field consultants for forecasting product assortments
- Comprehensive support for store development, logistics, construction & equipment and IT systems, etc.

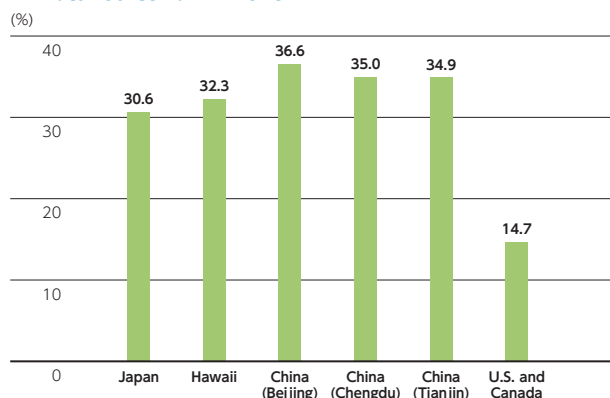
2. Establish a model store

- Remodel an existing store and execute enhanced product assortment and display, as well as friendly service in line with local characteristics, based on Seven-Eleven Japan's experience
- Roll out successful cases of model stores to other existing stores, build model areas, and support franchise business management methods

3. Management candidate training at Seven-Eleven Japan

- Conduct classroom and on-the-job training at each department

7-Eleven Fast Food Sales as a Percentage of Total Sales for FY2019



U.S. and Canada



China (Beijing)

Notes: 1. Percentages for Hawaii, the U.S., and Canada are calculated using merchandise sales.

2. The end of the fiscal year for overseas subsidiaries is December 31, 2018.

Operations in China

In China, we are operating convenience stores, superstores, and supermarkets. We are also working to exchange information between business formats and jointly develop products.

(December 31, 2018)

	Business category	Establishment	Opening date of the first store	Capital	Ownership ratio
SEVEN-ELEVEN (BEIJING) CO., LTD.	Convenience stores	Jan. 2004	Apr. 15, 2004	U.S.\$44 million	SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. 65.0% Beijing Wang fu jing Department Store Group Co., Ltd. 25.0% China National Sugar & Alcohol Group 10.0%
SEVEN-ELEVEN (CHENGDU) Co., Ltd.	Convenience stores	Dec. 2010	Mar. 17, 2011	CNY432.9 million	SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. 100.0%
SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.	Investment company and 7-Eleven's master licensor in China*	Sept. 2012	–	CNY876.2 million	Seven-Eleven Japan Co., Ltd. 100.0%
SEVEN-ELEVEN (TIANJIN) CO., LTD.	Convenience stores	Nov. 2012	Nov. 29, 2012	CNY200.0 million	SEVEN-ELEVEN (BEIJING) CO., LTD. 100.0%
SHAN DONG ZHONG DI CONVENIENCE CO., LTD.	Convenience stores	June 2012	Nov. 7, 2012	CNY210.0 million	Zhongdi Group Co., Ltd. 65.0% Seven-Eleven Japan Co., Ltd. 20.0% SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. 15.0%
Chengdu Ito-Yokado Co., Ltd.	Superstores and supermarkets	Dec. 1996	Nov. 21, 1997	U.S.\$23 million	Ito-Yokado (China) Investment Co., Ltd. 75.0% China National Sugar & Alcohol Group 12.0% ITOCHU Corporation 8.0% CITYWELL (CHENGDU) DEVELOPMENT CO., LTD. 5.0%
Hua Tang Yokado Commercial Co., Ltd.	Superstores	Sept. 1997	Apr. 28, 1998	U.S.\$65 million	Ito-Yokado (China) Investment Co., Ltd. 75.8% ITOCHU Corporation, ITOCHU (CHINA) HOLDING CO., LTD. 12.3% China National Sugar & Alcohol Group 12.0%
Ito-Yokado (China) Investment Co., Ltd.	Investment company in China	July 2012	–	U.S.\$47.25 million	Ito-Yokado Co., Ltd. 100.0%
Chengdu Ito-Yokado E-commerce Co., Ltd.	E-commerce	Apr. 2017	–	CNY50.0 million	Chengdu Ito-Yokado Co., Ltd. 70.0% Ito-Yokado (China) Investment Co., Ltd. 20.0% Chengdu-Vienna Rotation Investment Co., Ltd. 10.0%

* Excluding Beijing, Tianjin, and Hebei, as well as Guangdong, Hong Kong and Macau, which are already covered by an area license granted by 7-Eleven, Inc.

Sales Trend

(¥ Million)

	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018
Chengdu Ito-Yokado	41,192	48,048	50,672	53,513	62,788	70,650	79,686	67,276	71,638	73,632
Hua Tang Yokado	31,932	30,008	28,477	27,902	34,015	31,814	24,066	15,869	6,826	5,033
SEVEN-ELEVEN (BEIJING)	5,204	5,874	7,754	11,273	14,458	17,983	21,781	20,871	24,458	26,399
SEVEN-ELEVEN (TIANJIN)	–	–	–	–	3,136	3,783	4,623	4,551	5,364	5,190
SEVEN-ELEVEN (CHENGDU)	–	–	517	1,909	3,505	4,204	4,036	3,435	4,042	4,815
Exchange rate (CNY1=) (¥)	13.72	12.90	12.32	12.72	15.92	17.18	19.23	16.42	16.62	16.71

Notes: 1. Sales exclude value added tax.

2. All companies' fiscal year-ends are on December 31.



Chengdu Ito-Yokado



Hua Tang Yokado



SEVEN-ELEVEN (BEIJING)



SEVEN-ELEVEN (CHENGDU)