

# Group Strategy

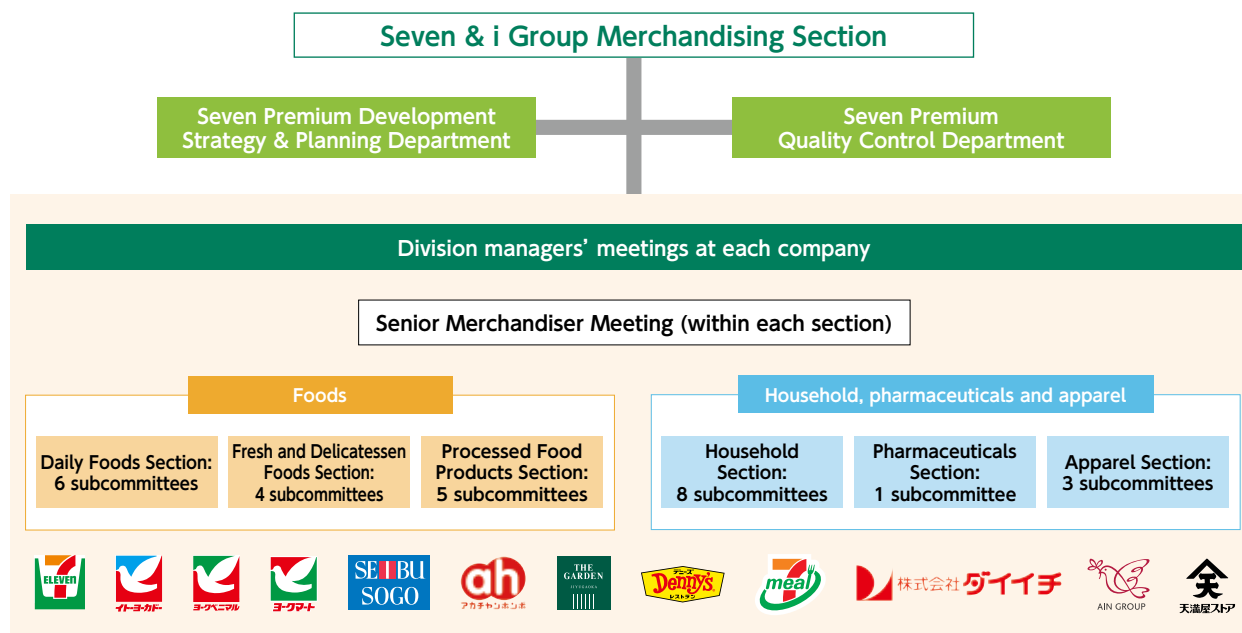
## 《Seven Premium Product Strategy》

### 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.

#### ■ 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 29, 2020, 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 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 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 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.

#### ■ 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.

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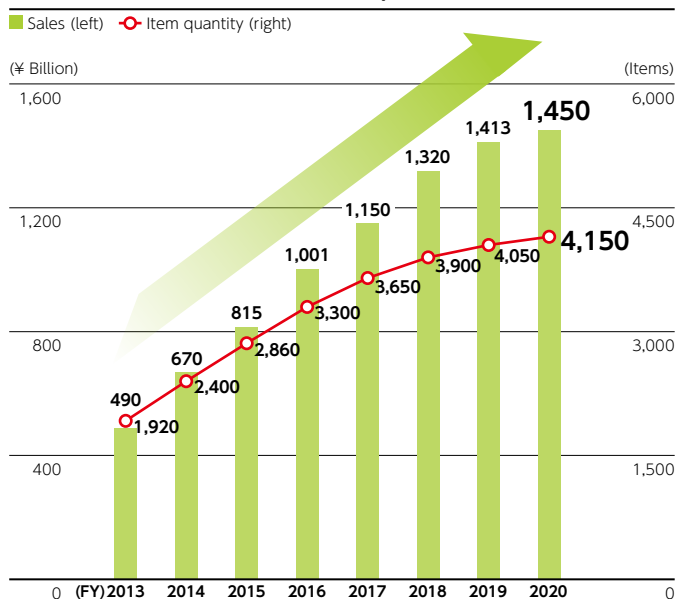
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## 《Seven Premium Product Strategy》

### SEVEN PREMIUM SALES AND ITEM QUANTITY



### Development of Seven Premium

2006	Nov.	Launched the "Group Merchandising Reform Project"
	May	Started sales of <i>Seven Premium</i>
2007	Aug.	Started sales at Seven-Eleven Japan
	Nov.	Started sales of household goods
2008	Mar.	Started sales of processed fresh foods
	Jan.	Received the "Most Excellent Award, Nikkei Award" at the 2008 Nikkei Superior Products and Services Awards
	Feb.	Started sales at SEIBU Ikebukuro
2009	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
	May	Started sales of miscellaneous goods private-brand <i>Seven Lifestyle</i>
2012	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
2019	Sept.	Overhauled nutritional component labeling on packaging to make it more easily understandable in consideration of customers' health
2020	May	Announced the " <i>Seven Premium</i> Connect Declaration" to establish the brand as one that leads for 100 years

### 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 FY2020 was 290 items, an increase of 16 items year on year.

#### Daily food products

185 items



#### Beverages and alcohol

53 items



Total  
290 items  
(+16 items)

#### Confectionery

26 items



#### Processed food and sundries

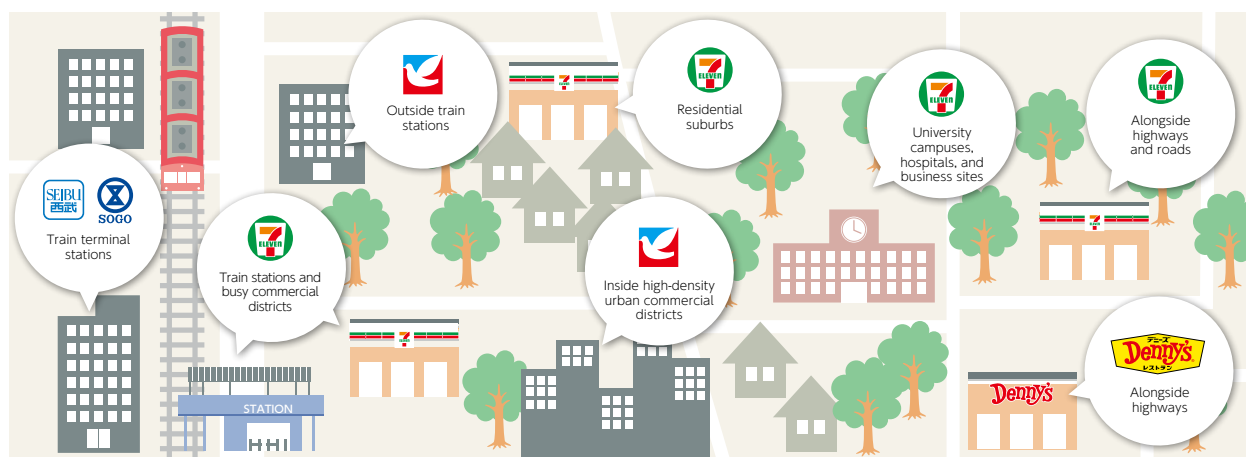
26 items



## 《Store-Development Policy》

### Group Store-Development 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-development strategy across the different formats.



### Store-Development Policy by Store Format

Format	Store brand	Development status
Convenience store	7-Eleven	<ul style="list-style-type: none"> <li>Operated mainly in residential areas in the 1990s and in urban areas after 2000</li> <li>Implemented scrap-and-build strategy for revitalizing existing stores</li> <li>In addition to the standard roadside-type stores, extended store openings in special locations, including train stations, business sites and universities</li> <li>From November 2010, provision of support for store development by franchisees who will operate two or more stores</li> <li>Operates stores in all 47 prefectures</li> </ul>
Superstore	Ito-Yokado	<ul style="list-style-type: none"> <li>Operates stores in 19 prefectures nationwide, primarily in the Kanto region</li> <li>Implemented store structure reform to make efficient use of major specialty stores both inside and outside of the Group</li> </ul>
Shopping center	Ario and others	<ul style="list-style-type: none"> <li>Operates 20 mall-type shopping centers</li> <li>Assembled tenants with Ito-Yokado as the anchor tenant</li> </ul>
Supermarket	York-Benimaru York Mart	<ul style="list-style-type: none"> <li>York-Benimaru operates in the southern Tohoku and northern Kanto regions</li> <li>York Mart is operated centered on Tokyo and three prefectures</li> </ul>
Department store	SEIBU SOGO	<ul style="list-style-type: none"> <li>Developed two department store brands, SEIBU and Sogo</li> <li>According to their characteristics, stores are classified into "major stores" or "regional and suburban stores"</li> <li>Six major stores are Ikebukuro, Yokohama, Chiba, Hiroshima, Shibuya, and Omiya</li> </ul>
Restaurant	Denny's	<ul style="list-style-type: none"> <li>Operates stores in 16 prefectures, primarily in the Kanto region</li> </ul>
Specialty store	Akachan Honpo	<ul style="list-style-type: none"> <li>Operates stores in 36 prefectures</li> <li>Opened 42 stores primarily in Ito-Yokado, Ario, and other stores operated by Group companies</li> </ul>
	Loft	<ul style="list-style-type: none"> <li>Operates stores primarily in department stores and shopping centers in 37 prefectures</li> <li>Opened 38 stores in SEIBU, Sogo, Ito-Yokado, Ario, and other stores operated by Group companies</li> </ul>

Note: The number of stores and store development areas are as of February 29, 2020.

### 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

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## 《Store-Development 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 FY2020



7-Eleven



Ito-Yokado



York-Benimaru



York Mart



Sogo



SEIBU



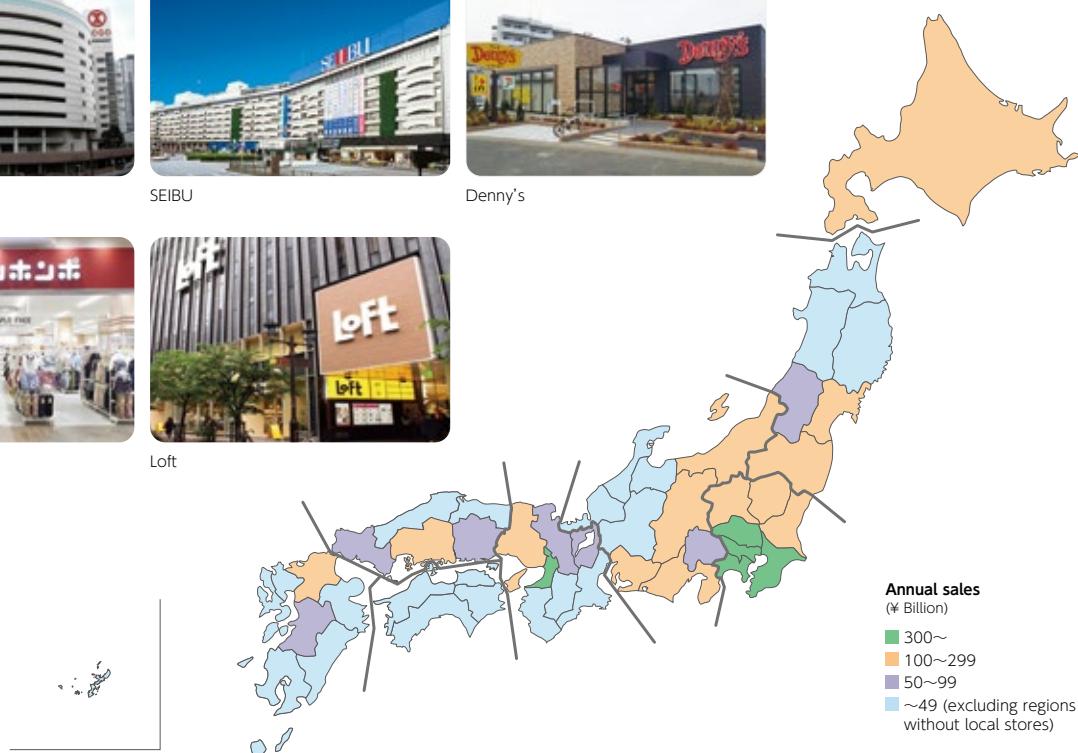
Denny's



Akachan Honpo



Loft



#### Domestic Store Network

(Stores)

	7-Eleven*	Ito-Yokado	York-Benimaru	York Mart	SEIBU Sogo	Denny's	Akachan Honpo	Loft
Hokkaido	1,003	9	-	-	-	-	3	1
Tohoku	1,399	10	160	-	1	12	4	6
Kanto	8,127	118	72	78	8	272	46	63
Chubu	3,420	13	-	-	2	73	20	16
Kinki	2,940	7	-	-	2	15	23	19
Chugoku	1,338	-	-	-	1	-	8	8
Shikoku	352	-	-	-	1	-	2	4
Kyushu, Okinawa	2,376	-	-	-	-	-	11	7
Total	20,955	157	232	78	15	372	117	124

Note: As of February 29, 2020

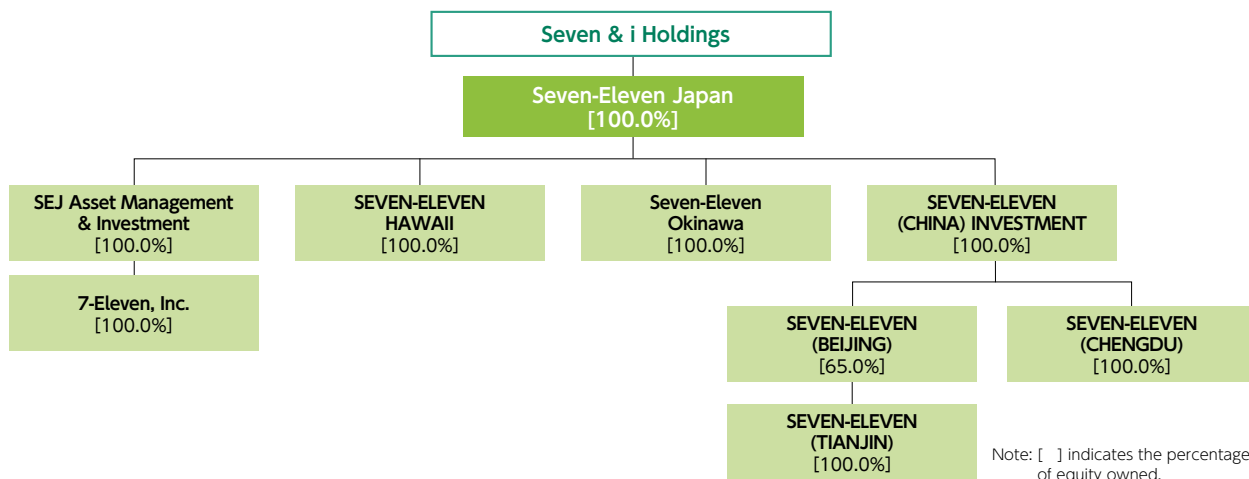
\* Seven-Eleven Okinawa is included.

## 《Global Strategy》

### ■ Capital Relationships in the Group's Convenience Store Operations

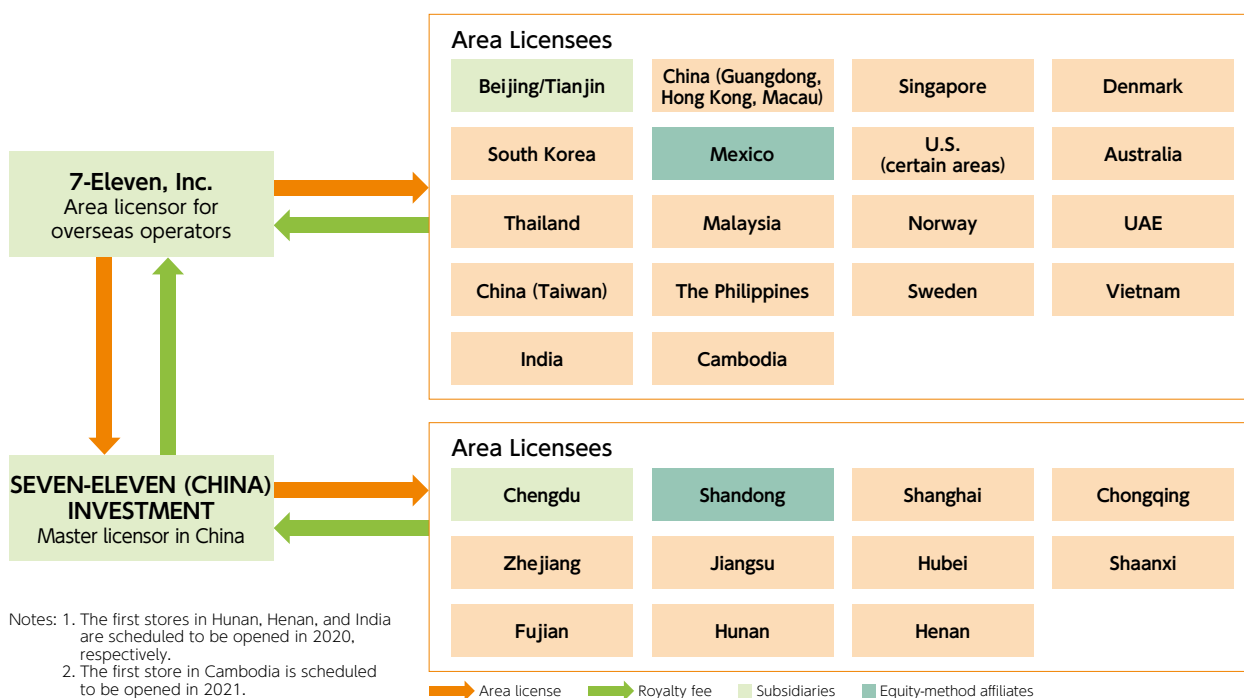
Seven & i Holdings' subsidiaries operate 7-Eleven convenience stores in Japan, North America, and China (Beijing, Tianjin, and Chengdu). In countries and regions where the Company has no local subsidiaries, leading local corporate groups operate 7-Eleven stores as area licensees.

(As of February 29, 2020)



### ■ 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

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Japan	13,232	14,005	15,072	16,319	17,491	18,572	19,422	20,260	20,876	20,955
Thailand	5,790	6,276	6,822	7,429	8,127	8,832	9,542	10,268	10,988	11,712
South Korea	3,145	5,249	6,986	7,085	7,231	8,000	8,556	9,231	9,400	10,016
U.S. and Canada	7,188	7,752	8,545	8,641	8,646	8,868	9,077	9,061	9,974	10,000
China (Taiwan)	4,750	4,801	4,852	4,919	5,040	5,029	5,107	5,221	5,369	5,647
China	1,711	1,792	1,919	2,001	2,064	2,182	2,357	2,599	2,816	3,156
Others	4,477	5,110	5,563	6,039	6,682	7,228	7,744	7,960	8,233	8,688
Total	40,293	44,985	49,759	52,433	55,281	58,711	61,805	64,600	67,656	70,174

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

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## 《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]	11,712
South Korea	Korea-Seven Co., Ltd. [Lotte Group]	10,016
China (Taiwan/Shanghai)	PRESIDENT CHAIN STORE CORP. [Uni-President Enterprises Corp.]	5,763
The Philippines	Philippine Seven Corporation [PRESIDENT CHAIN STORE CORP.]	2,864
Malaysia	7-Eleven Malaysia Sdn. Bhd. [Berjaya Retail Berhad]	2,411
China (Guangdong, Hong Kong, Macau)	The Dairy Farm Company, Limited [Dairy Farm International Holdings Limited]	2,290
Mexico	7-Eleven Mexico S.A. de C.V. [Valso, S.A. de C.V.]	1,829
Australia	7-Eleven Stores Pty. Ltd.	708
Singapore	Cold Storage Singapore (1983) Pte. Ltd. [Dairy Farm International Holdings Limited]	411
Norway/Sweden/Denmark	Reitan Convenience [Reitangruppen AS]	409
U.S.	Resort Retailers, Inc.	252
	Southwest Convenience Stores, Inc.	
China (Shandong)	SHAN DONG ZHONG DI CONVENIENCE CO., LTD. [Zhongdi Group Co., Ltd.]	93
Vietnam	Seven System Viet Nam JSC	44
China (Zhejiang)	PRESIDENT CHAIN STORE (ZHEJIANG) LTD. [PRESIDENT CHAIN STORE CORP.]	39
China (Chongqing)	New Nine Business Development Co., Ltd. [New Hope Group Co., Ltd.]	37
China (Shaanxi)	Shaan Xi Sai Wen Tick Convenience Chain CO., LTD. [SHAANXI TICKMART TRADING CO., LTD.]	21
China (Jiangsu)	Nanjing Golden Eagle Convenience Store and Supermarket Management Co., Ltd. [GOLDEN EAGLE RETAIL GROUP LIMITED]	16
UAE	SEVEN EMIRATES INVESTMENT L.L.C.	12
China (Hubei)	Hubei Oriental Meilin CVS CO., LTD.	12
China (Fujian)	Fujian Rong Ning CVS Management CO., LTD. [FUJIAN SANFU APPAREL CO., LTD.] [FUJIAN RONGNING CONVENIENCE STORE MANAGEMENT CO., LTD.]	4
China (Hunan)	Hunan Friendship & Apollo CVS Co., LTD. [Hunan Friendship & Apollo Commercial Co., Ltd.]	-
China (Henan)	Henan Sanyi Convenience Store Chain CO., LTD. [Sanquan Food Co., Ltd.]	-
India	SHME Food Brands Private Limited [Future Group]	-
Cambodia	CP ALL (Cambodia) Co., Ltd. [Charoen Pokphand Group]	-

Notes: 1. Number of stores as of December 31, 2019

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

3. The first stores in Hunan, Henan, and India are scheduled to be opened in 2020, respectively.

4. The first store in Cambodia is scheduled to be opened in 2021.

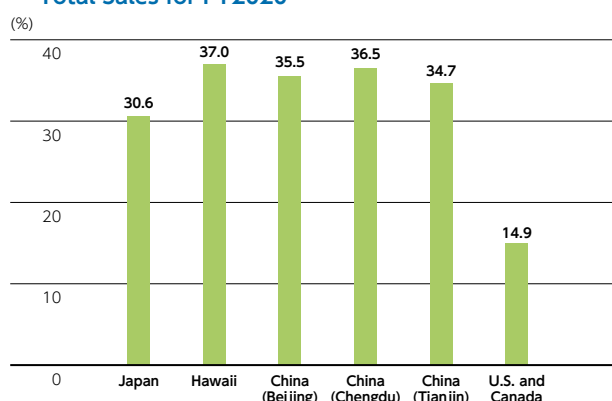
### ■ Support Program for Existing Area Licensees

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, China (Hong Kong and Macau), UAE, Vietnam, Thailand, China (Taiwan), and Korea. We plan to expand the program going forward.

#### Contents of the support program

1. Support the product development process and a product lineup with products that differentiate
  - Methods for improving quality of existing products and developing new products that differentiate, with a focus on fast food
  - Methods of communicating product information and connecting with operations divisions, training about merchandising
  - Support introduction of *Seven Premium* products
2. Support methods of store operation
  - Efficient store operation methods suited to the location environment
  - Counseling methods by management guidance staff and methods to collaborate with other divisions
3. Methods for selecting candidate sites for store openings, comprehensive support for distribution, construction of facilities, etc.
  - Concept of neighborhood development, methods for selecting high-quality candidate sites for store openings, methods for projecting sales
  - Create distribution systems to support improved sales and profits for stores

### ■ 7-Eleven Fast Food Sales as a Percentage of Total Sales for FY2020



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, 2019.

3. Seven-Eleven Okinawa is not included.

## 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, 2019)

	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	CNY472.9 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)

	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Chengdu Ito-Yokado	48,048	50,672	53,513	62,788	70,650	79,686	67,276	71,638	73,632	73,751
Hua Tang Yokado	30,008	28,477	27,902	34,015	31,814	24,066	15,869	6,826	5,033	4,882
SEVEN-ELEVEN (BEIJING)	5,874	7,754	11,273	14,458	17,983	21,781	20,871	24,458	26,399	26,859
SEVEN-ELEVEN (TIANJIN)	–	–	–	3,136	3,783	4,623	4,551	5,364	5,190	4,781
SEVEN-ELEVEN (CHENGDU)	–	517	1,909	3,505	4,204	4,036	3,435	4,042	4,815	4,517
Exchange rate (CNY1=) (¥)	12.90	12.32	12.72	15.92	17.18	19.23	16.42	16.62	16.71	15.78

Notes: 1. Sales exclude value added tax.

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

3. Figures exclude franchised store sales for SEVEN-ELEVEN (BEIJING), SEVEN-ELEVEN (TIANJIN) and SEVEN-ELEVEN (CHENGDU).



Chengdu Ito-Yokado



Hua Tang Yokado



SEVEN-ELEVEN (BEIJING)



SEVEN-ELEVEN (CHENGDU)

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