



Q1 FY2021 Financial Results Presentation

July 9, 2020

Seven & i Holdings Co., Ltd.
President and Representative Director

Ryuichi Isaka

— TODAY'S

AGENDA

1

COVID-19:
Impacts and Countermeasures

2

Q1 Results

3

Full-Year Forecasts

— TODAY'S

AGENDA

1

COVID-19:
Impacts and Countermeasures

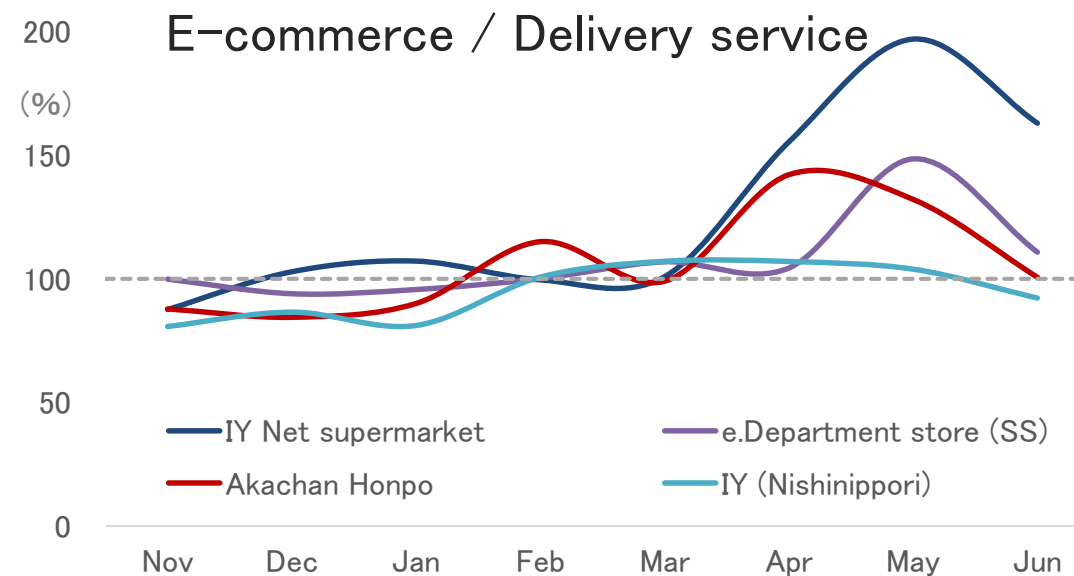
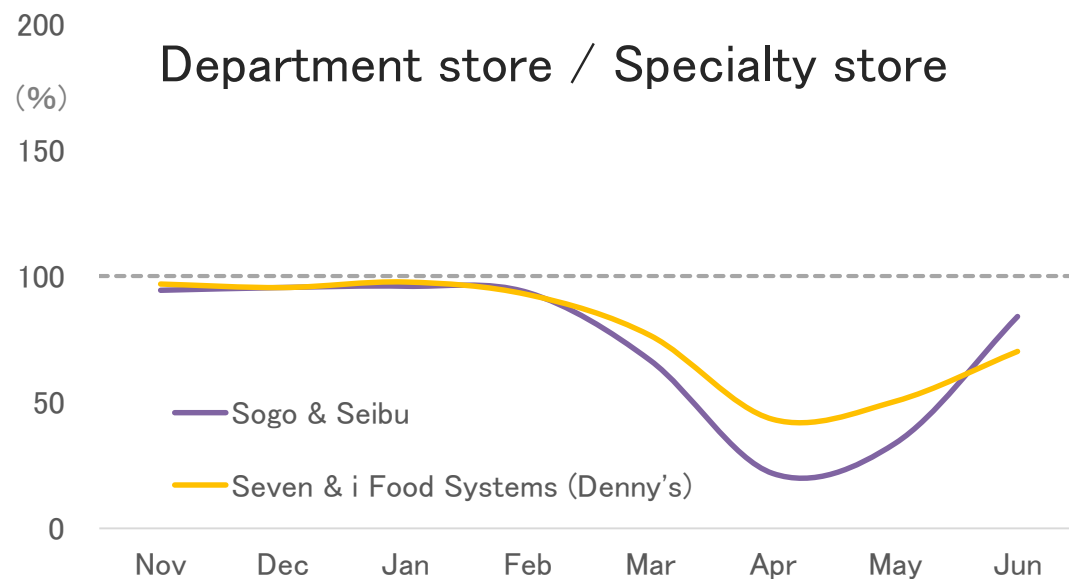
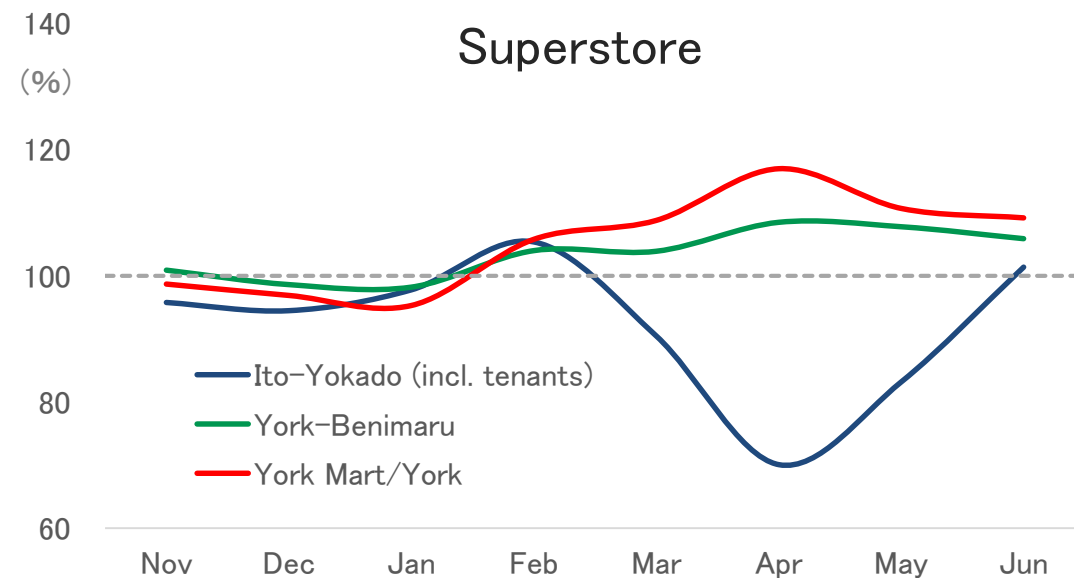
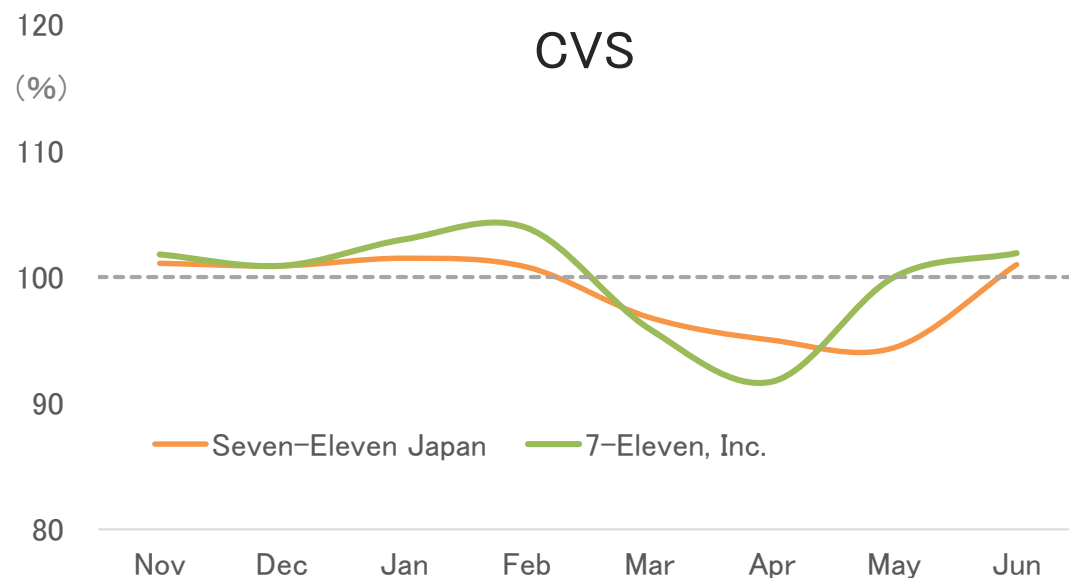
2

Q1 Results

3

Full-Year Forecasts

YOY Change in Existing Store Sales (Figures on June are preliminary estimates)



Countermeasure Policies

1. Guarantee safety and security of customers and employees
2. Maintain business continuity as necessary social infrastructure
3. Ensure that countermeasures focus on “With Corona” and “After Corona” scenarios

Countermeasures (Support for Franchisees/Employees)



Seven-Eleven Japan

- Monetary rewards to franchisee owners/part-time workers for their sales efforts
- Franchisee support according to rate of revenue decline (April/May)
- Financing support for franchisee owners, etc.



7-Eleven, Inc.

- Continuous operation incentive payment
- “Thank You Pay” (hourly wage increase for employees of directly managed stores)
- Financing support for franchisee owners



Ito-Yokado

- Hardship allowance for all employees/part-time workers
- Additional paid leave



York (formerly York Mart)

- Hardship allowance for all employees/part-time workers



SHELL GARDEN

- Hardship allowance for all employees/part-time workers

Countermeasures (Cooperation among Group Companies)

Fully deployed Group strengths to deliver following items to companies requiring them

Masks	Face shields
 <p>3,450 thousand</p>	 <p>337 thousand</p>
Disinfectant (5-liter equivalent)	Disposable gloves
 <p>59 thousand</p>	 <p>16.7 million</p>

Provided environments where employees can work with peace of mind

* Figures are as of May 31, 2020

With/After COVID-19: “New Normal”

Keywords

Safety, security, and health	Online purchasing
Takeout / Delivery	At-home eating / drinking trend
Consumer spending restraint	Casualization of workforce
Shrinking commercial areas	Remote work
Social distancing	Touchless (non-contact)
ESG / Sustainability	Rise in unemployment rate; alleviation of labor shortage



Countermeasures

- Strengthen e-commerce / last mile delivery (BOPIS, lockers)
- Store strategy: Office buildings, inside railway stations, front of railway stations, residential areas
- Merchandise strategy: Breadth / capacity of product lineup, health-related products
- Customer service and counseling
- Cashless payment, self-checkout
- Promotion of digital transformation
- Optimal tenant mix
- Strengthen supply chain

Management Policy for With/After Corona

Corporate creed

We aim to be a sincere company that our stakeholders trust

Slogan

Responding to change while strengthening fundamentals

Vision

Group that is indispensable to customers' lives

Essential businesses



Strengthen the food value chain

Tokyo Metropolitan Area food strategy, last mile

Business continuity and growth opportunities

Review store strategy and growth areas

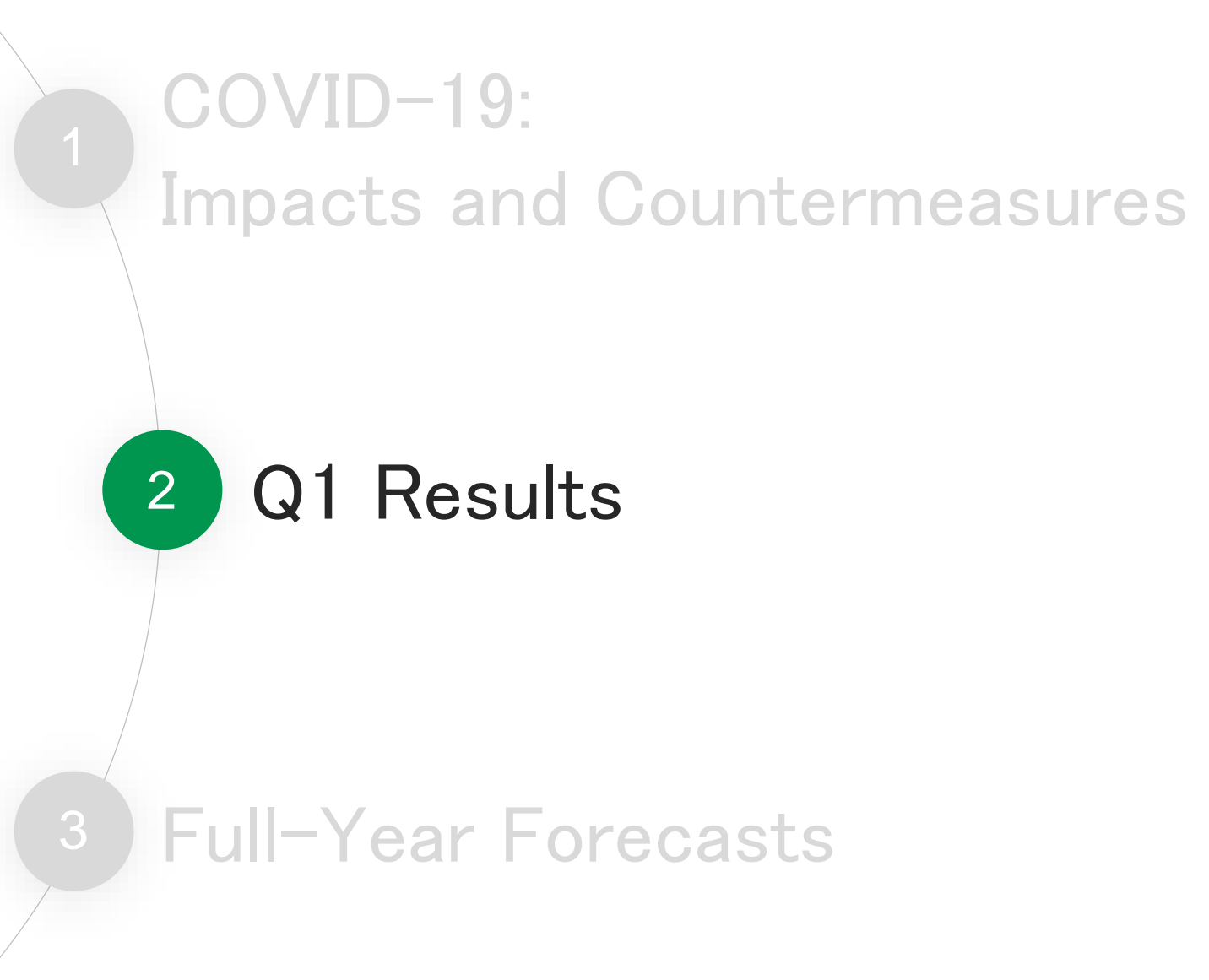
Effectively utilize human resources

Tasks that only humans can perform, digitization

Find balance between corporate value and social value

— TODAY'S

AGENDA



Q1 FY2021 Consolidated Financial Results Highlights

Declined in sales and income due to COVID-19

(Billions of yen)

	FY2020	FY2021		
			YOY(%)	Variance
Group's total sales*	2,894.8	2,660.7	91.9	(234.1)
Revenues from operations	1,596.4	1,391.8	87.2	(204.6)
Operating income	90.3	71.3	79.0	(18.9)
Net income attributable to owners of parent	52.0	13.9	26.8	(38.1)
EBITDA (Operating income + Depreciation and amortization + Amortization of goodwill)	151.8	136.1	89.7	(15.6)

*Group's total sales include the sales of Seven-Eleven Japan, Seven-Eleven Okinawa and 7-Eleven, Inc. franchisees.

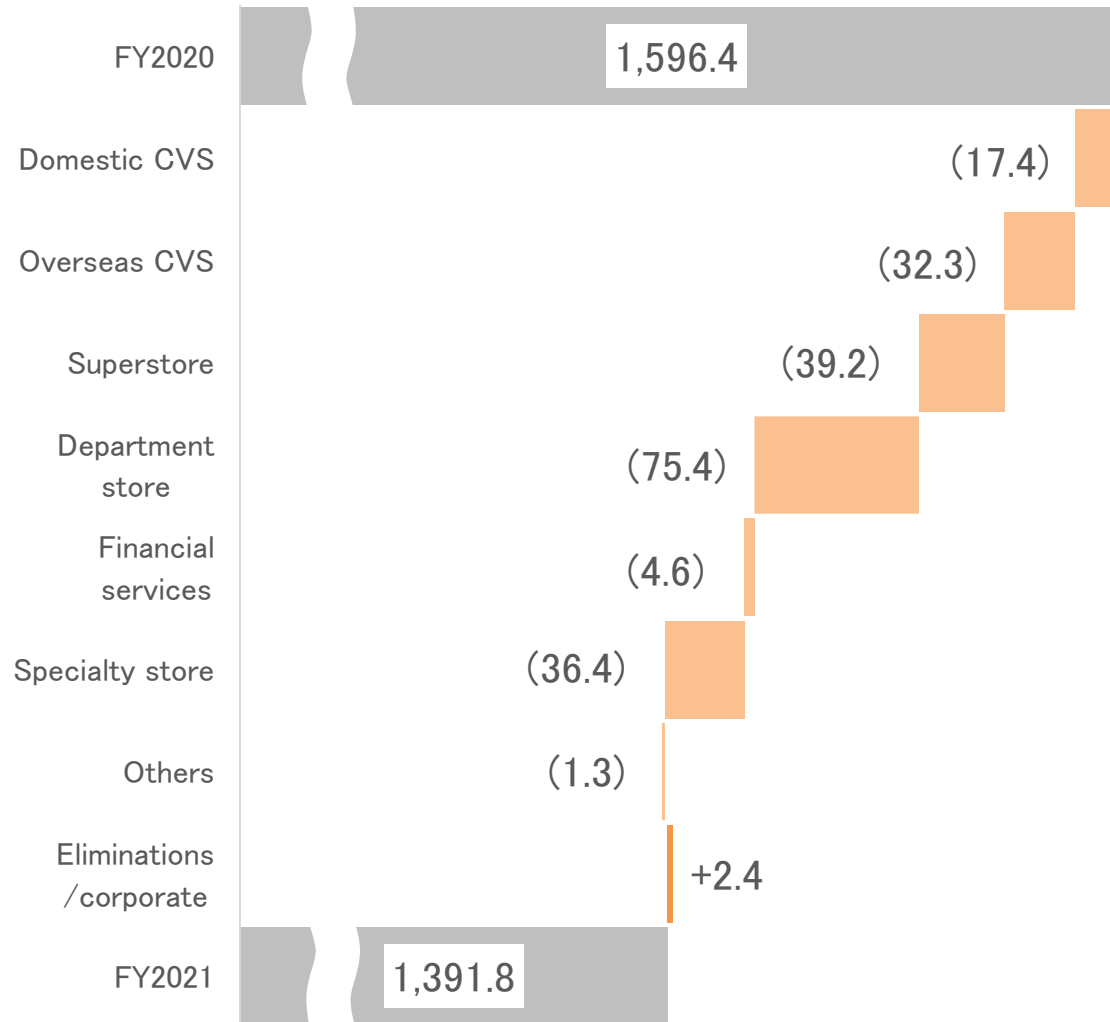
Exchange rate: 1USD = 108.86 JPY, 1CNY = 15.59 JPY

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Q1 YOY Change by Business Segment

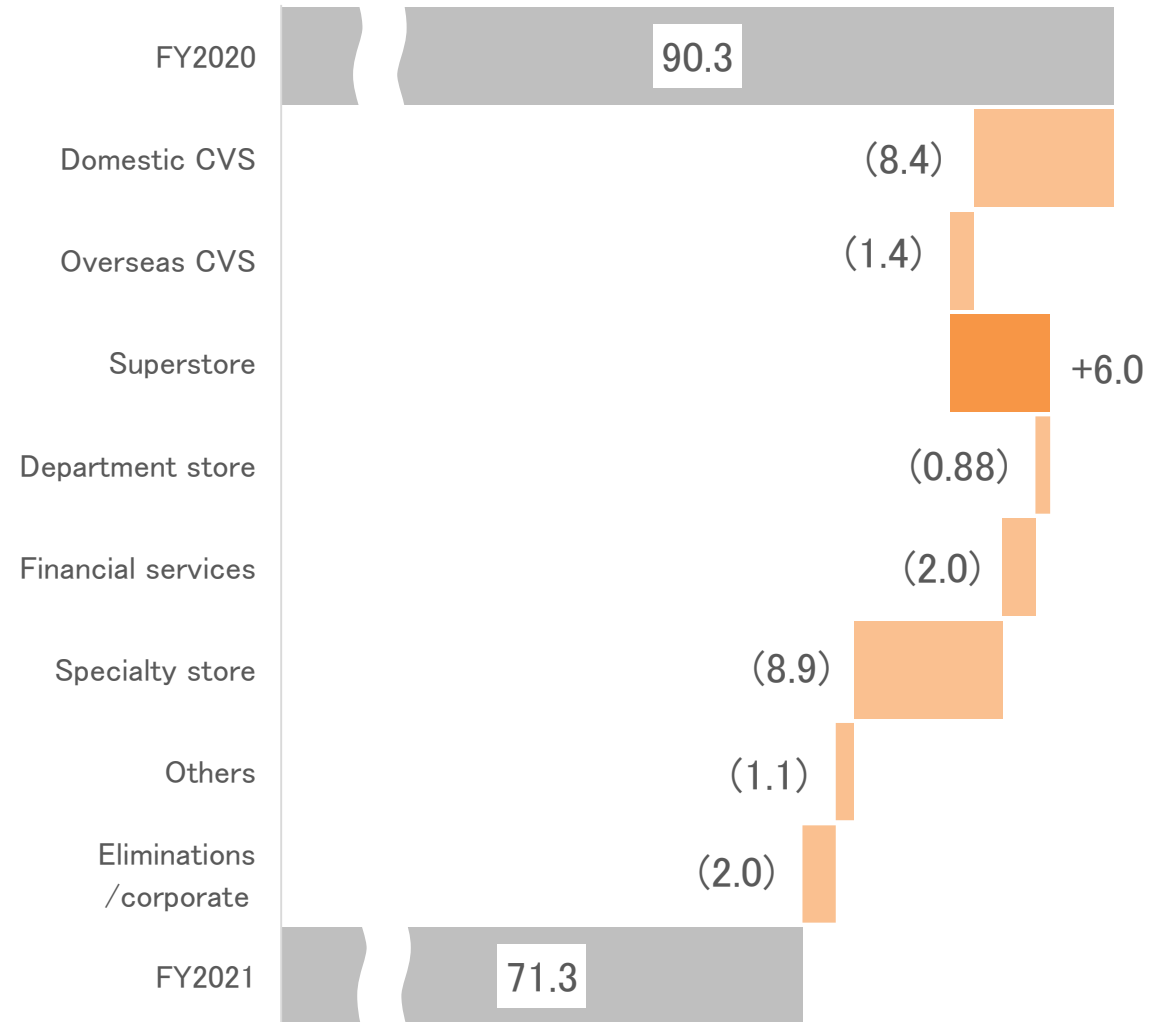
Revenues from operations

(Billions of yen)



Operating income

(Billions of yen)



Q1 Special Losses

Special losses increased significantly due to COVID-19

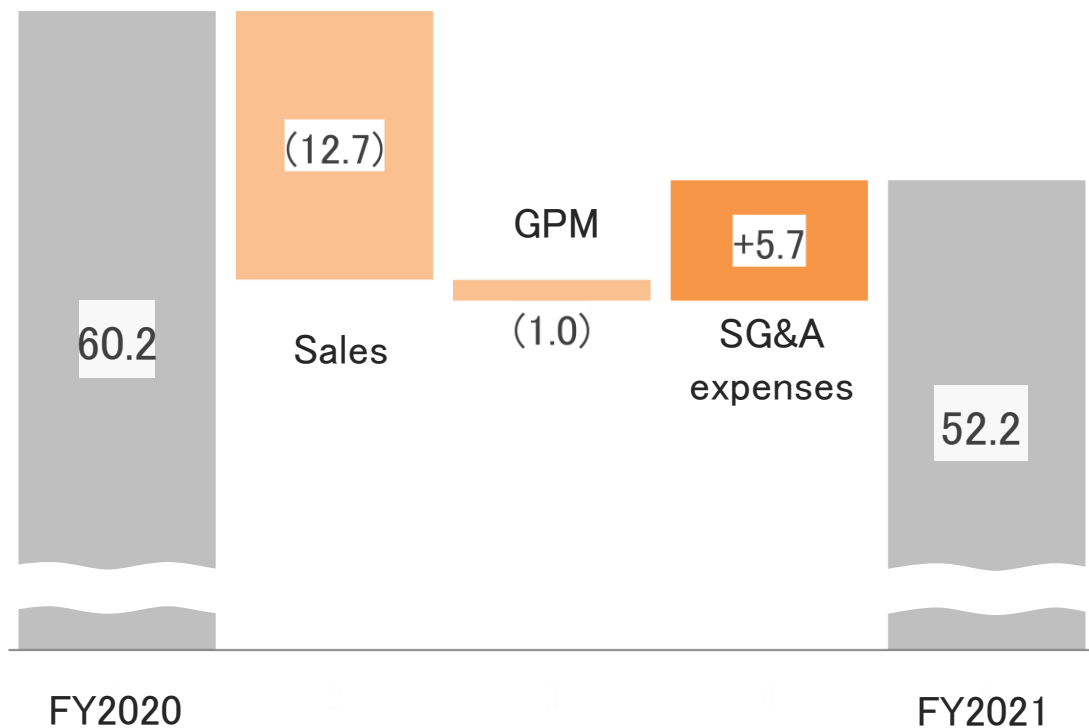
(Billions of yen)

	FY2020	FY2021	Variance	Major factors for the change
Special losses	7.6	40.6	+33.0	Losses mainly due to COVID-19
Loss on disposals of property and equipment	3.3	2.4	(0.86)	Delay of remodels due to COVID-19, etc.
Impairment loss	1.8	3.6	+1.8	FOC* [1.4]: Business restructuring associated with Tokyo Metropolitan Area food strategy
Restructuring expenses	0.38	1.5	+1.1	IY [+1.0]: Impact of closure of 2 stores
Loss related to novel coronavirus (COVID-19)	–	29.5	+29.5	SEJ [5.8] Franchisee support money [4.5], Cancellation of events [0.69], etc. IY [6.8] Transfer of fixed costs [6.4], Payment of employee allowances [0.26], etc. SS [10.1] Transfer of fixed costs [9.9], Cancellation of events [0.17], etc. Others SEI [0.54], YB [0.54], 7FS [1.2], THE LOFT [1.4]

*FOC: Forecast Co., Ltd.

Domestic CVS Operations: Seven-Eleven Japan (1)

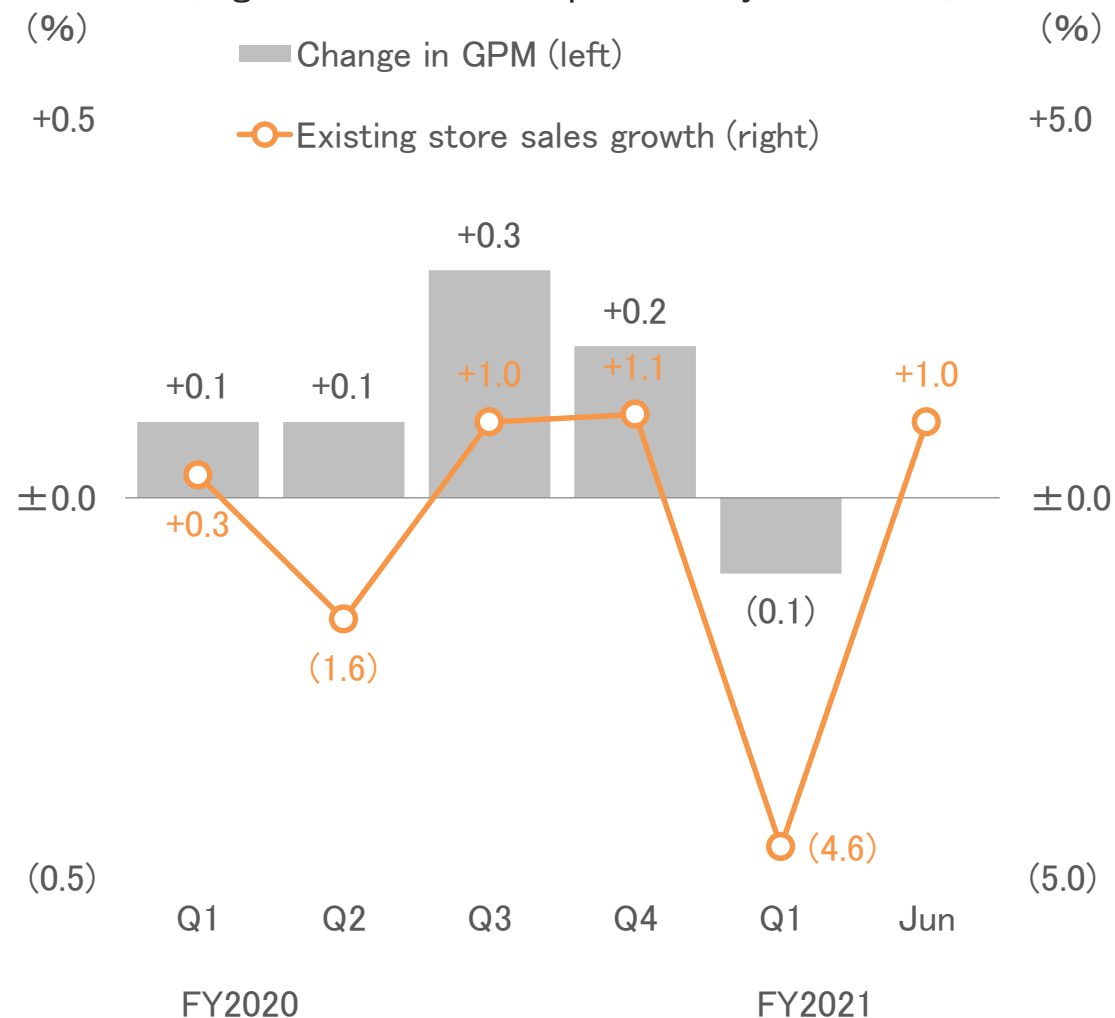
YOY Change of operating income (Billions of yen)



Impact of royalties revision	approx. (2.5) billion yen
Impact of COVID-19	approx. (9.5) billion yen

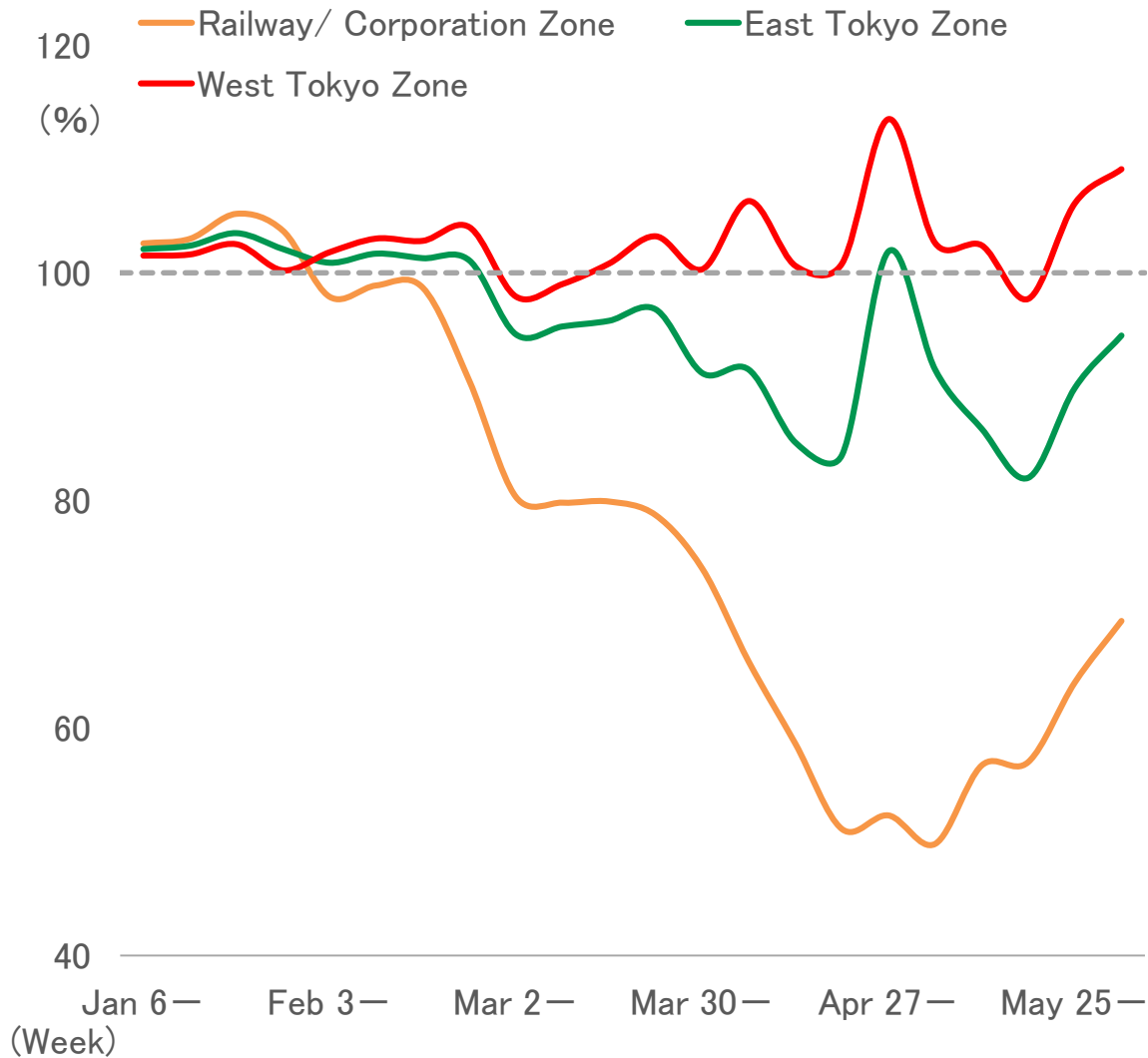
Existing store sales & GPM

(Figures on June are preliminary estimates)

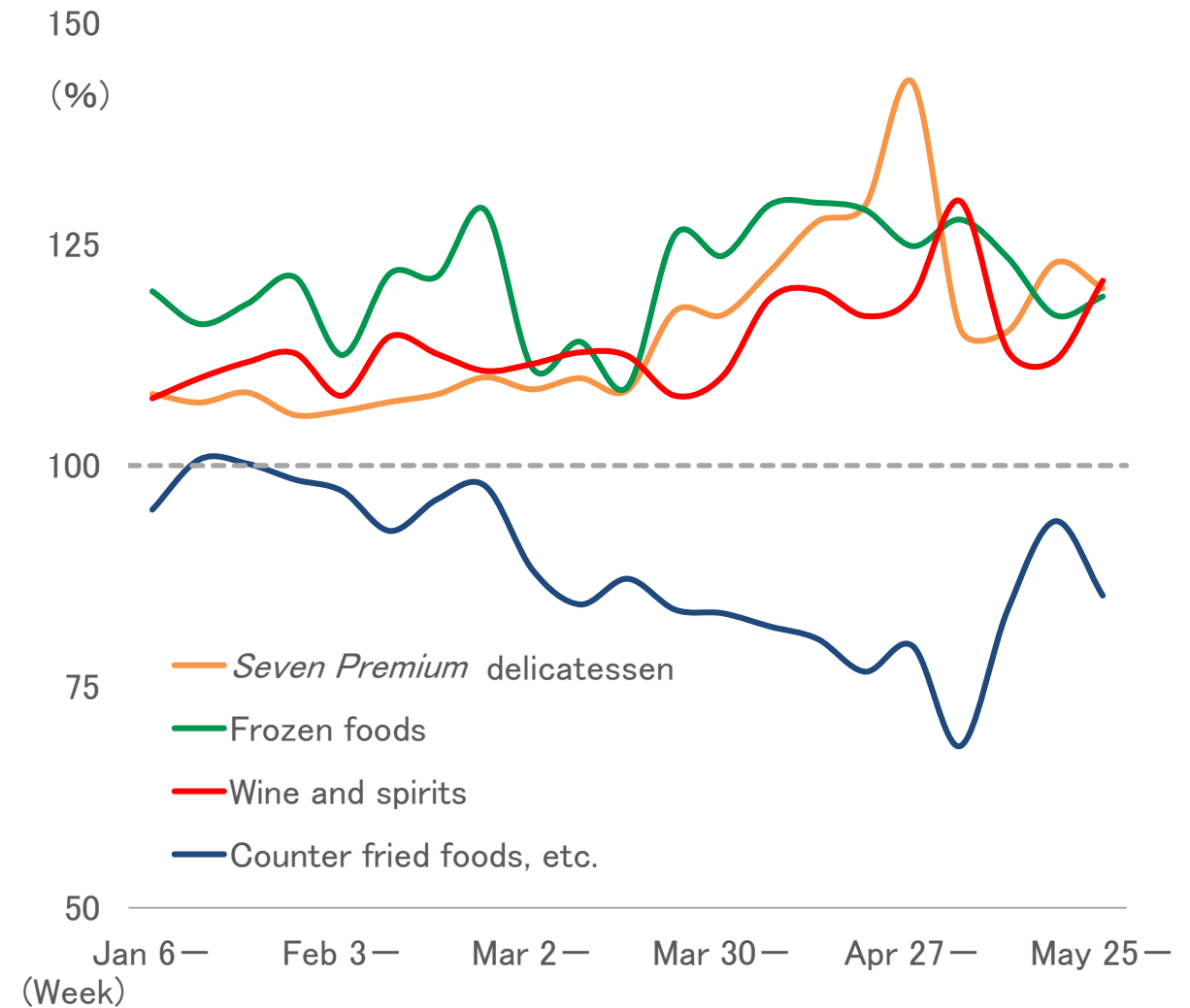


Domestic CVS Operations: Seven-Eleven Japan (2)

Sales by area

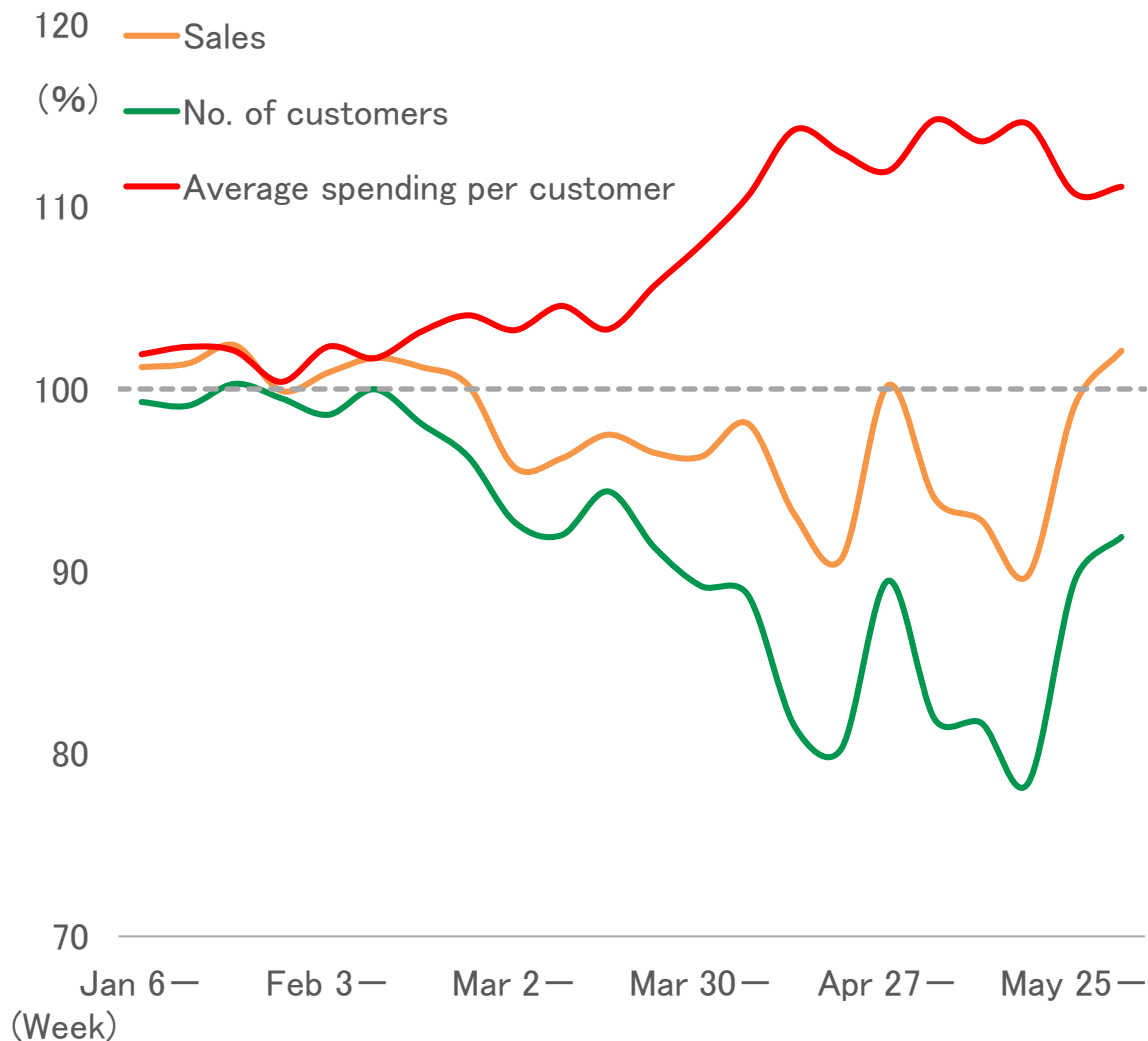


Sales by product category



Domestic CVS Operations: Seven-Eleven Japan (3)

Growth in average spending per customer



Towards “With/After Corona” era

Further enhance new store layouts

Introduce store layouts with enlarged liquor sales space

Strengthen last mile capability

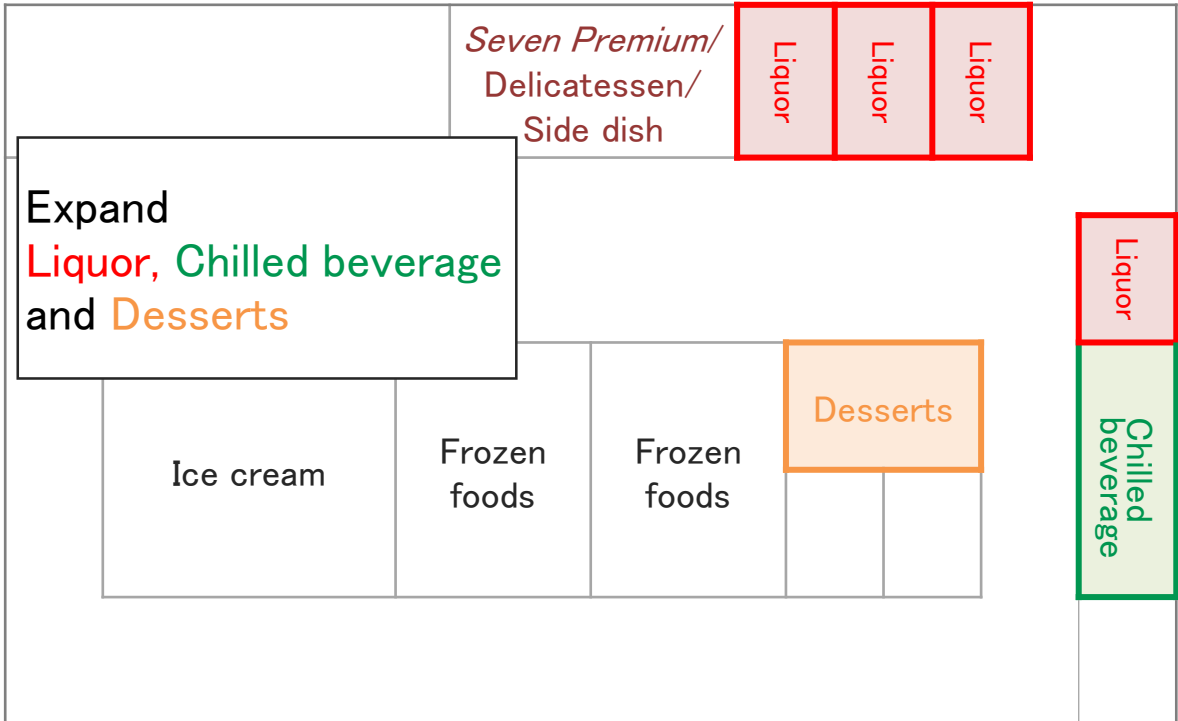
Test-run online convenience store service in the Tokyo Metropolitan Area (from July)

Contactless transactions/ social distancing

Introduce semi-self-checkout at all stores (by the first half of FY2022)

Domestic CVS Operations: Seven-Eleven Japan (4)

Results of new layout introduction test (with enlarged liquor sales space)



January sales at 43 tested stores (compare with prior to implementation)

	District average	Test store	Variance
Sales excl. cigarettes (thousands of yen)	+12.2	+27.7	+15.5
No. of customers (people)	+9	+37	+28

Expansion plan for current term

The customers' way of using the stores changed due to COVID-19, bringing further sales growth recently

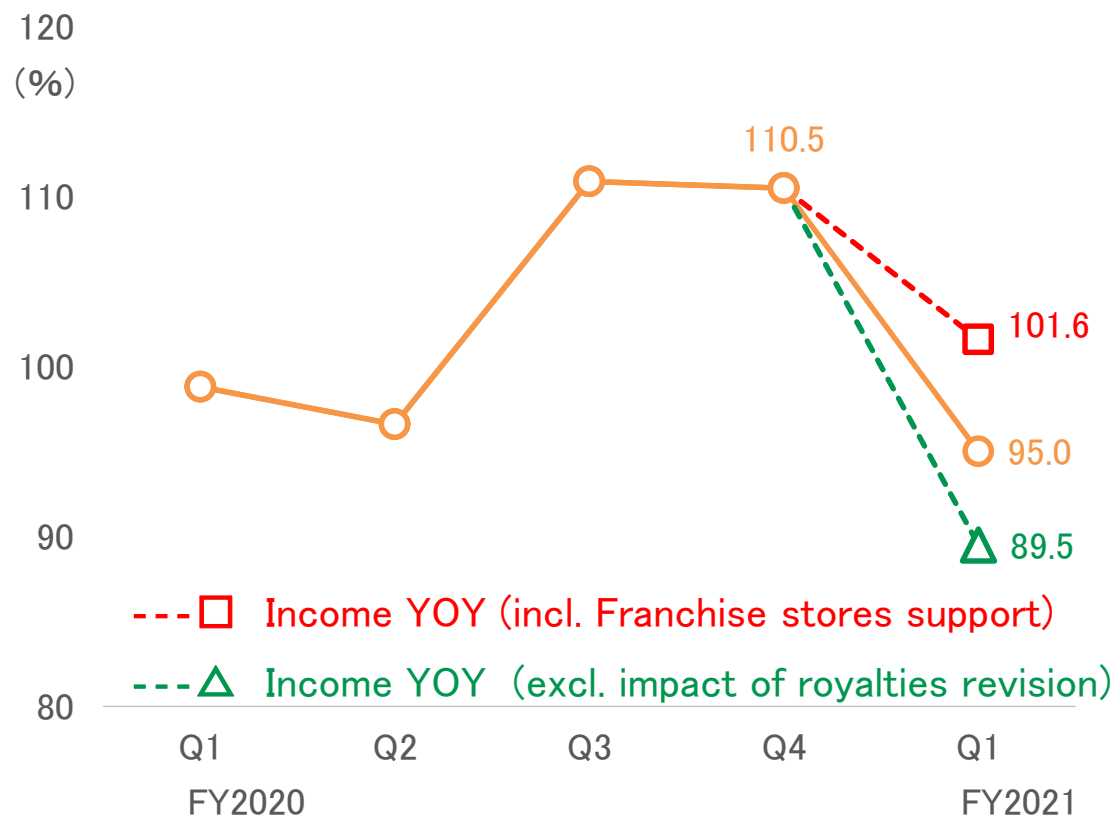


To be introduced at **8,000** stores

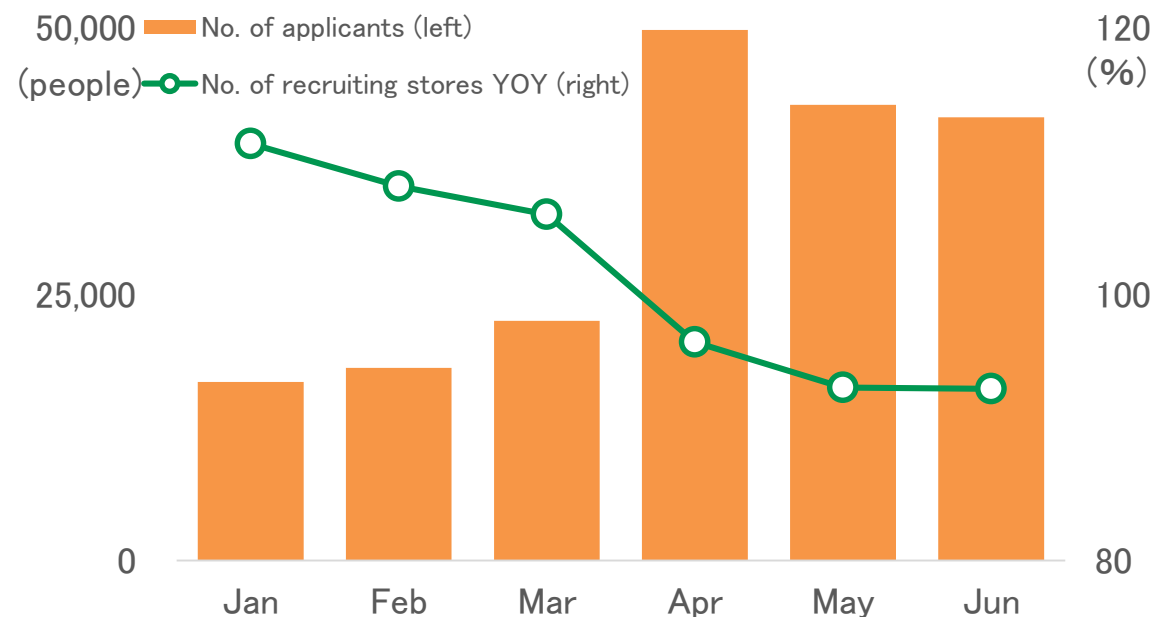
Investment amount: approx. **12.0** billion yen

Domestic CVS Operations: Seven-Eleven Japan (5)

Income YOY in type-C franchise stores



Easing of staff shortages (Web application)

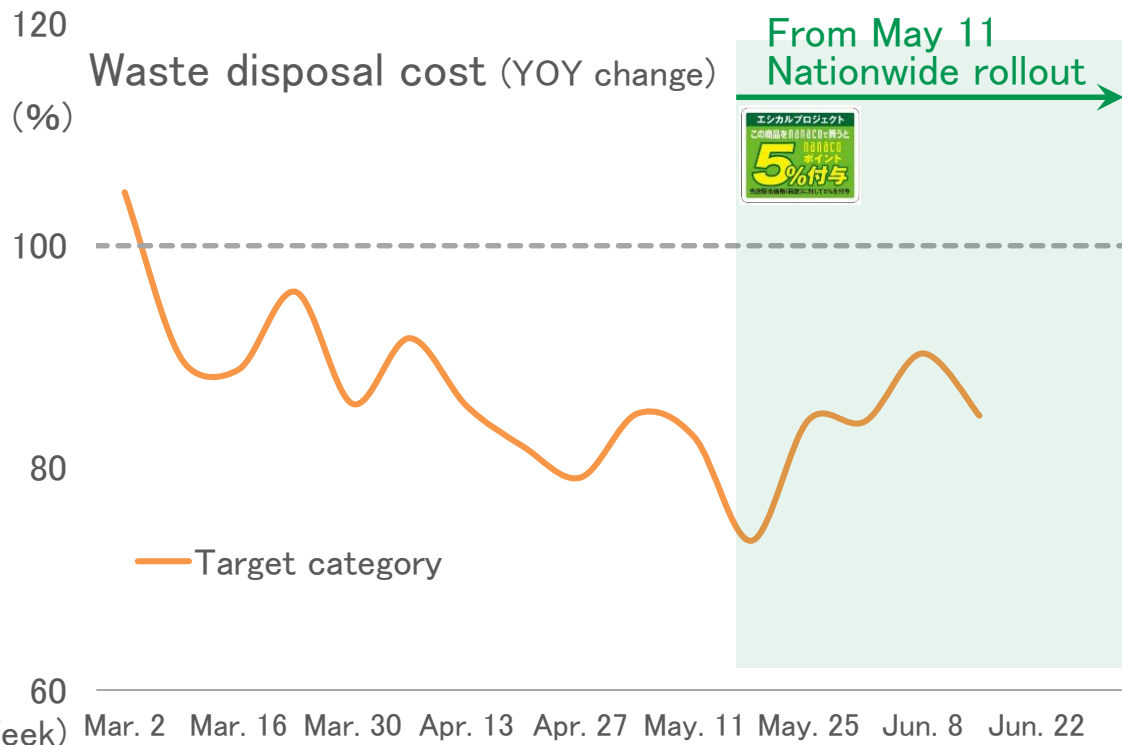


The number of applicants increased approx. 2.5 times from the previous year

Promote creating a system that enables franchise stores to concentrate on store management with peace of mind

Domestic CVS Operations: Seven-Eleven Japan (6)

Ethical project (Reduce food loss)



1 month after nationwide rollout (May 11–June 10)

Food waste reduction (YOY change)

Approx. **20%** reduction

Participants

(customers who purchased target products via *nanaco*)

5.92 million people in total

Reduce plastics

- (1) Charge for shopping bags
5 types of bags containing biomass plastic
From July 1: ¥3 per bag (¥5 for extra-large size)



Franchisee

Cost ⇒ Sales
⇒ Profitability improvement

Head office

Appropriate profits to reduce environmental impact

- (2) Collect plastic bottles

Increase the number of plastic bottle collection machines at stores

End of May 2020: 359

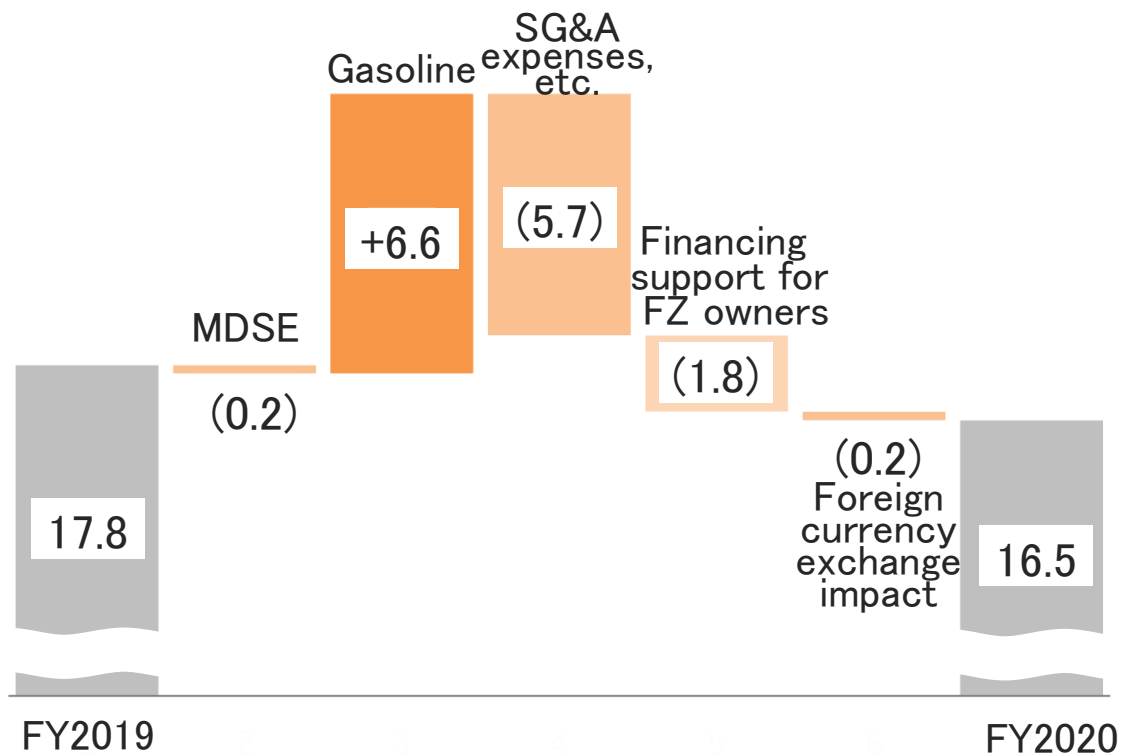
⇒ the current fiscal year-end (target): 1,000



Consider investing in recycler

Overseas CVS Operations: 7-Eleven, Inc. (1)

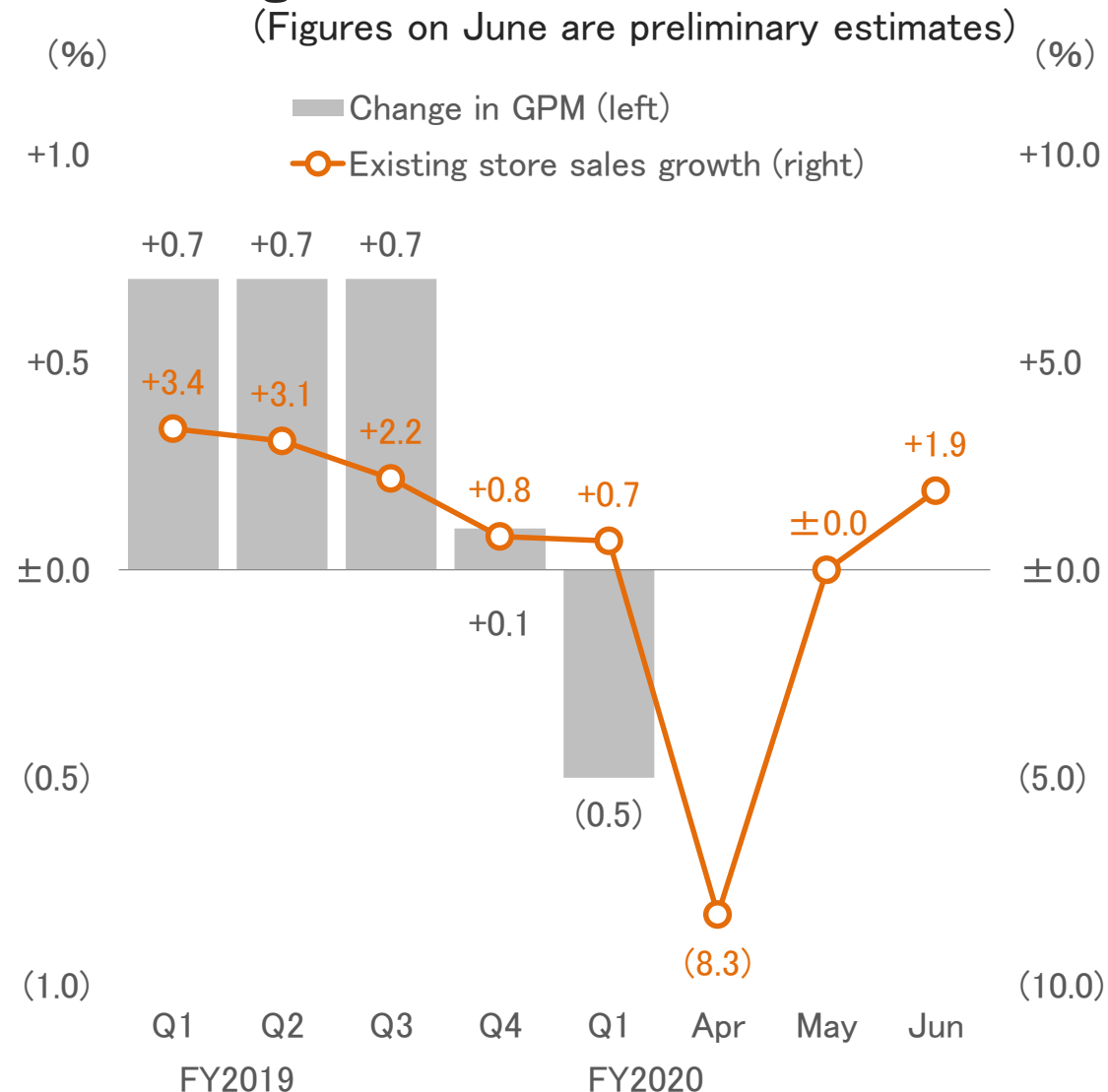
YOY Change of operating income (Billions of yen)



Category	Value (Billions of yen)
Income :	approx. (3.2) billion yen
Expenses :	approx. ±0.0 billion yen

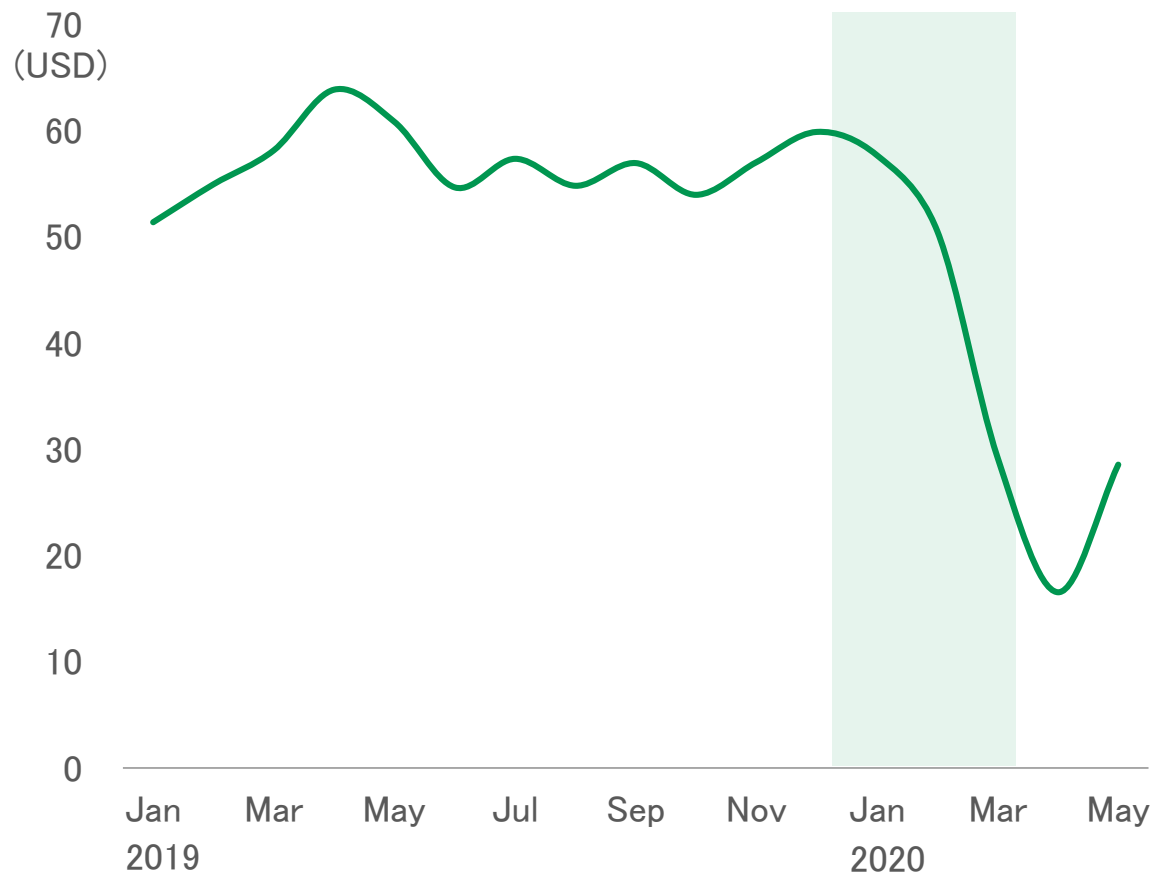
COVID-19 Impact

Existing store sales & GPM

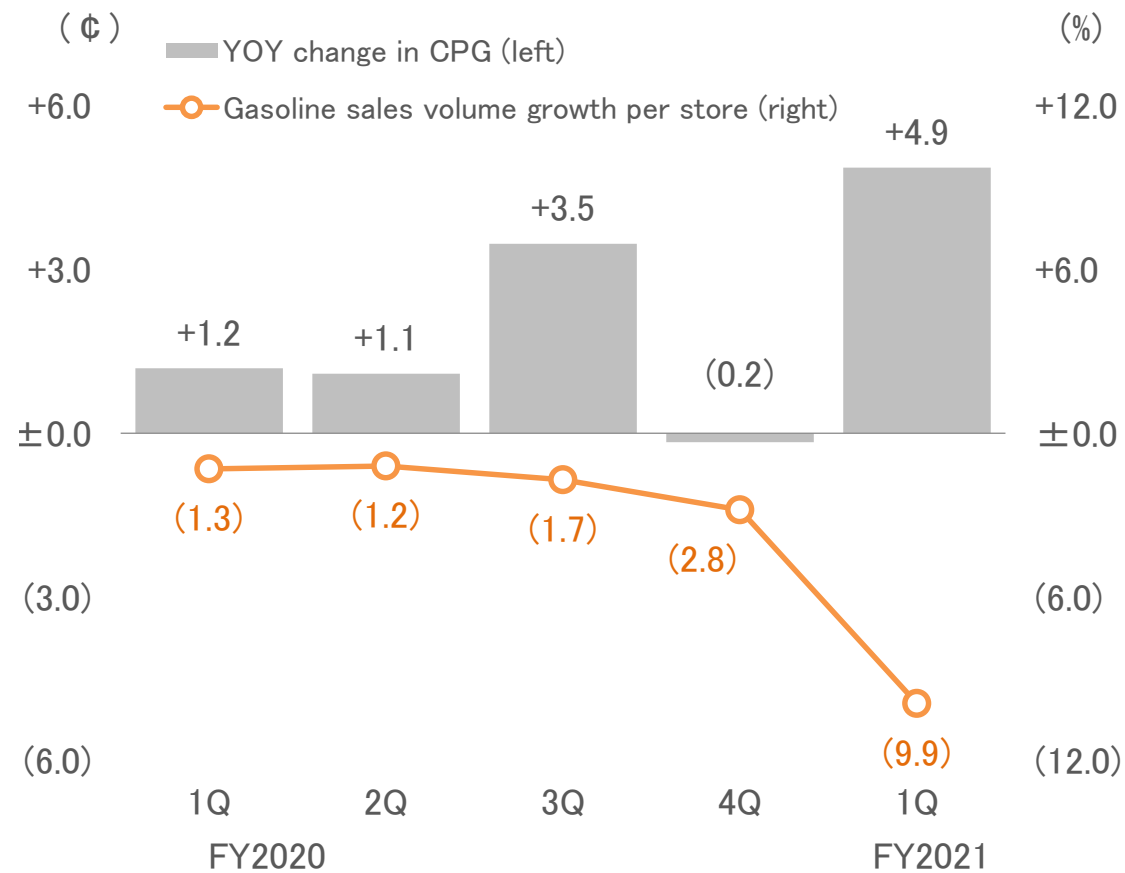


Overseas CVS Operations: 7-Eleven, Inc. (2)

Crude oil price (WTI)



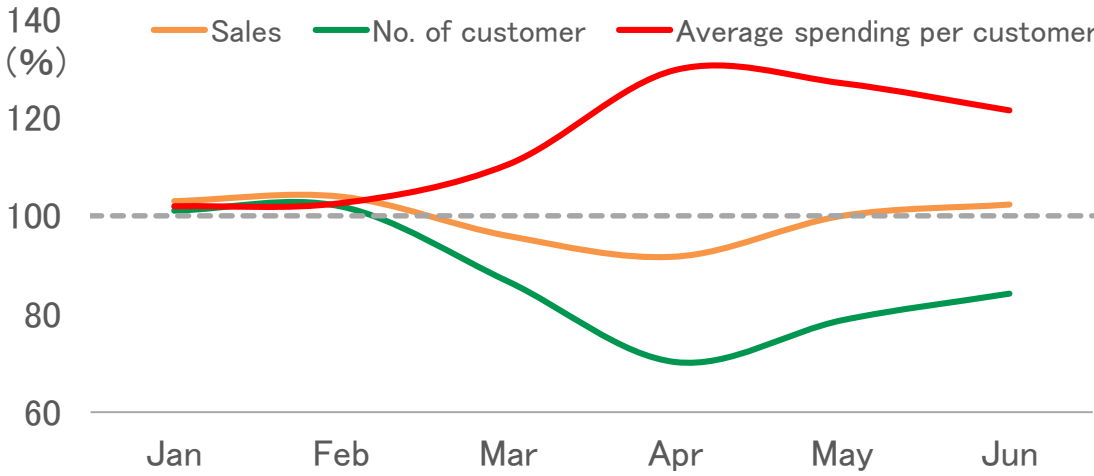
Gasoline sales volume & GP(CPG)



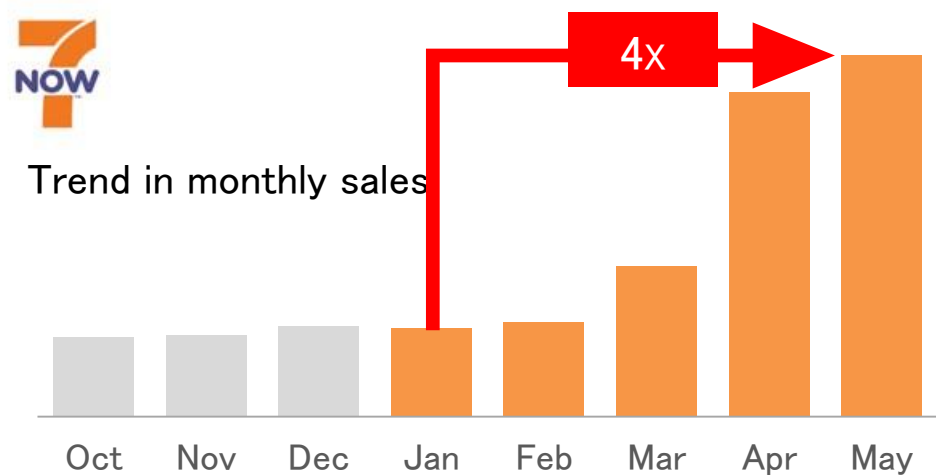
Q1 Gasoline GP : +\$60M (117.5%)

Overseas CVS Operations: 7-Eleven, Inc. (3)

Changes in consumption behavior



Merchandise delivery service



Key category sales in May (YOY change in amount)

Alcoholic beverages	132.2%	Growth in sales through bulk purchases in boxes
Frozen foods	115.3%	Growth in sales of pizzas, single dishes, etc.
Ice cream	137.1%	Growth in sales of family-type products

Results in May

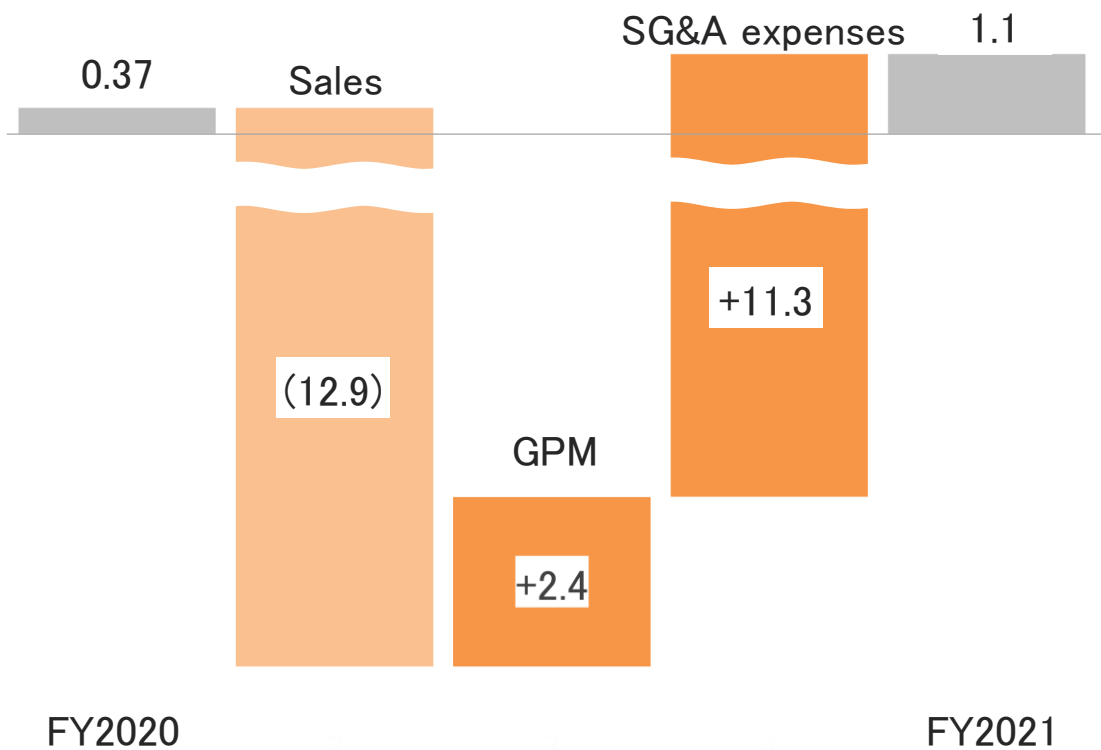
No. of stores implementing delivery service	960	⇒ Planned to add 900 (until the end of August)
No. of transactions per day per store	Approx. 24	Nearly four times that of January
Average spending per customer	\$15.50	Approx. twice the amount of in-store sales

One-stop shopping on behalf of supermarkets

Strengthen sales of fresh foods and age restricted items (alcoholic beverages and cigarettes)

Superstore Operations (1): Ito-Yokado

YOY Change of operating income (Billions of yen)



Towards “With/After Corona” era

Store policy	Re-examine future potential and profitability of all stores
Reinforce food offerings	Strengthen supply chain (process center / side dish factories)
Last mile	Strengthen online supermarkets and promote Tokushi-Marui collaboration

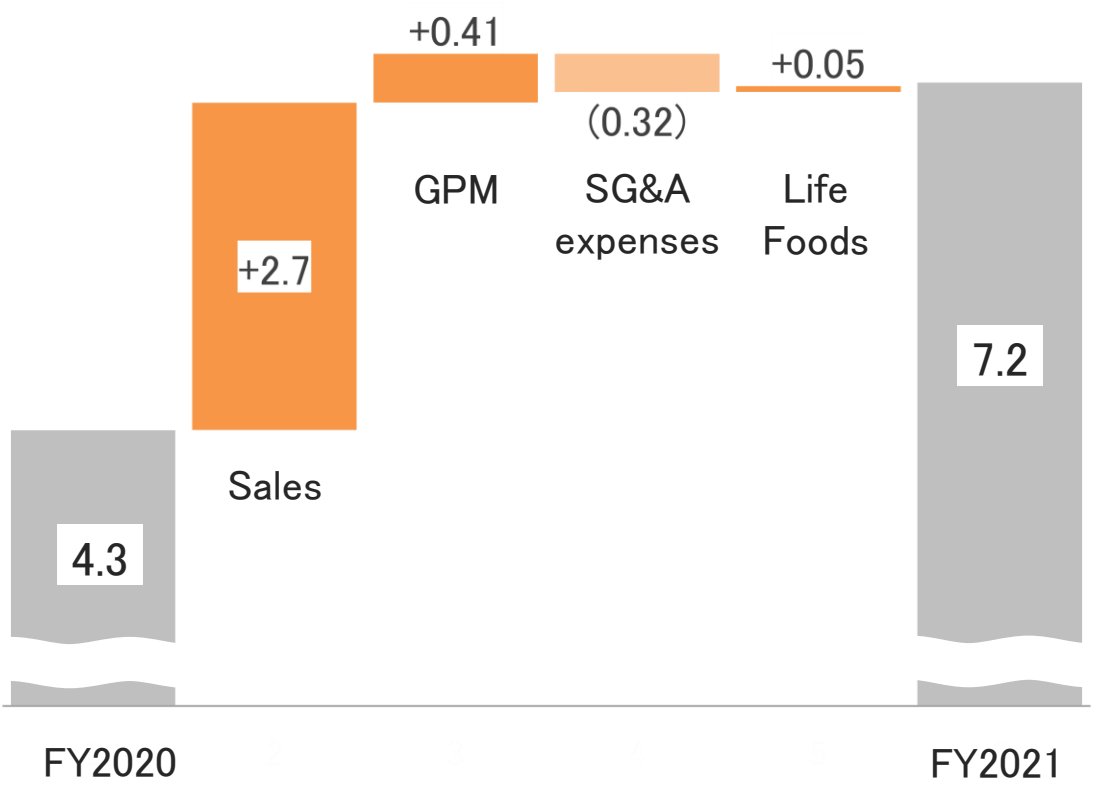
Implement structural reforms

<i>Shokuhinkan</i> /THE PRICE	From June 1, Transfer 20 stores to York Effects of increasing earnings in FY2021: approx. +1.2 billion yen
Reduced Head Office expenses	From July 8, Reorganization Optimize Head Office personnel Reductions of expenses in FY2022: approx. (3.5) billion yen [variance from previous year]

COVID-19 Impact	Income:	approx. (8.3) billion yen
	Expenses:	approx. +8.4 billion yen

Superstore Operations (2): York-Benimaru

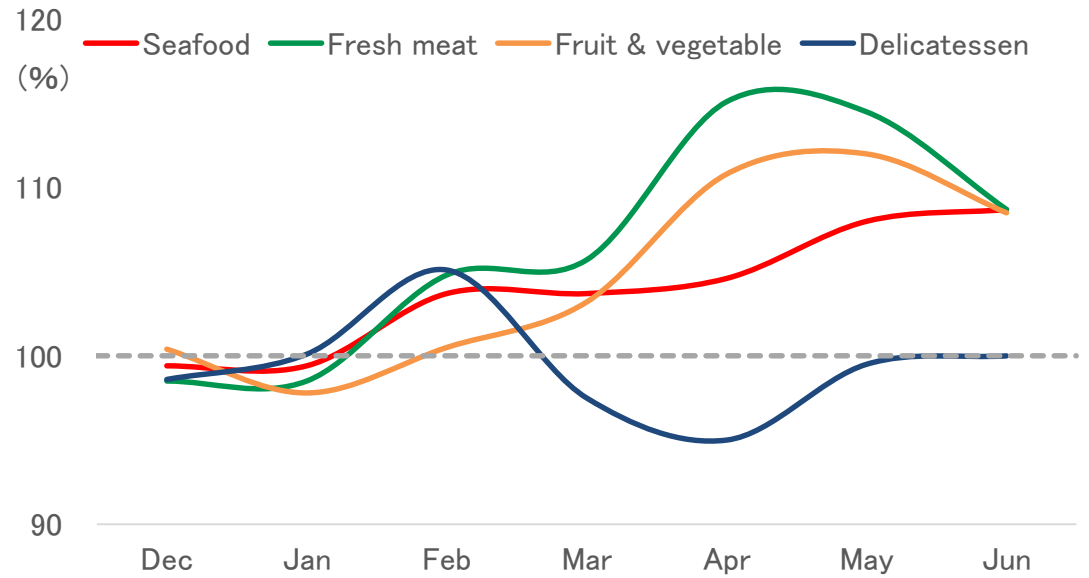
YOY change of operating income (Billions of yen)



COVID-19 Impact	Income:	approx. +2.8 billion yen
	Expenses:	approx. +0.2 billion yen

Sales YOY by product category

(Figures on June are preliminary estimates)



Towards "With/After Corona" era

Consumer spending restraint	Emphasize price appeal /value appeal (good value)
Demand for self-catering	Instant food, easy-to-prepare products (meal kits, etc.)



【HOT TOPIC】

Establish new company
York Co., Ltd.

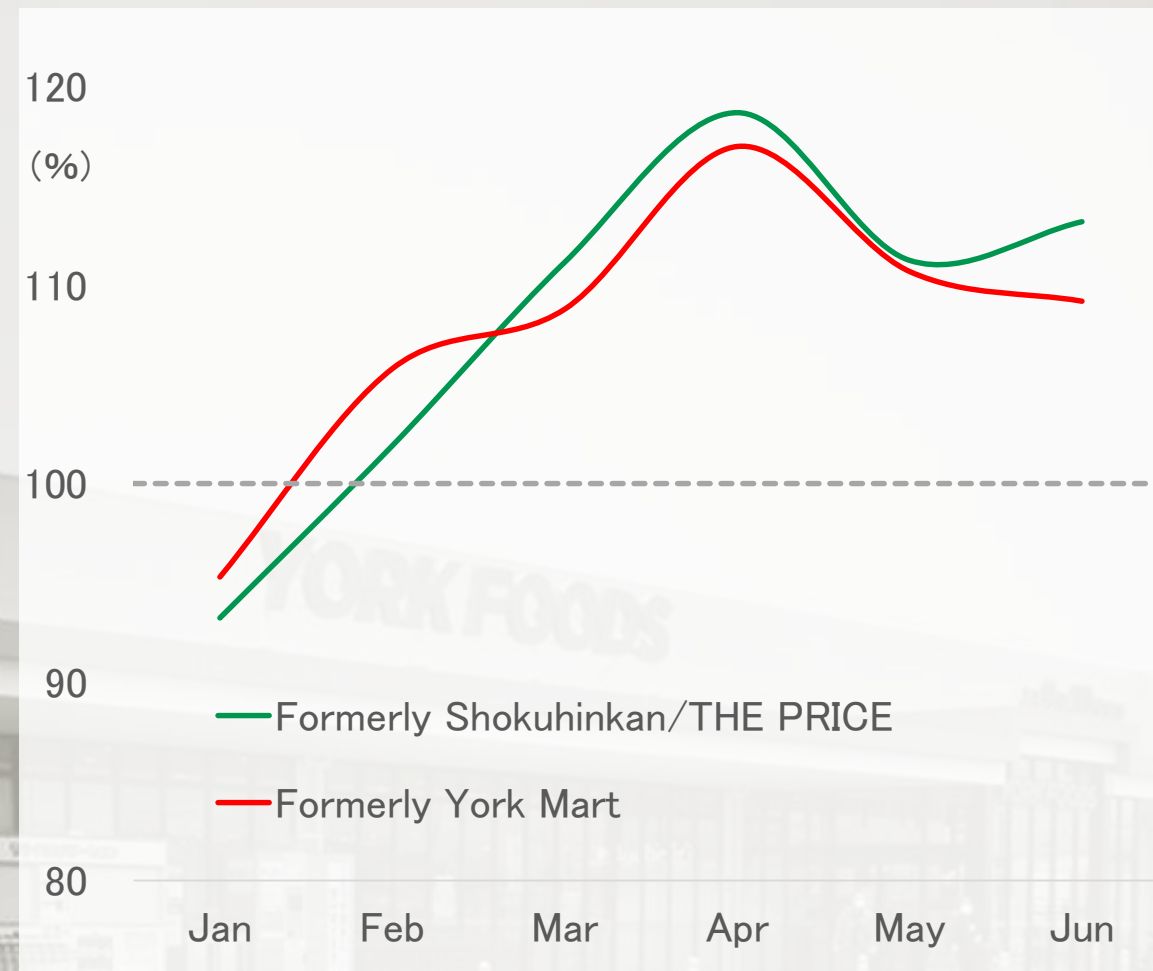
Superstore Operations (3): York

Timeline

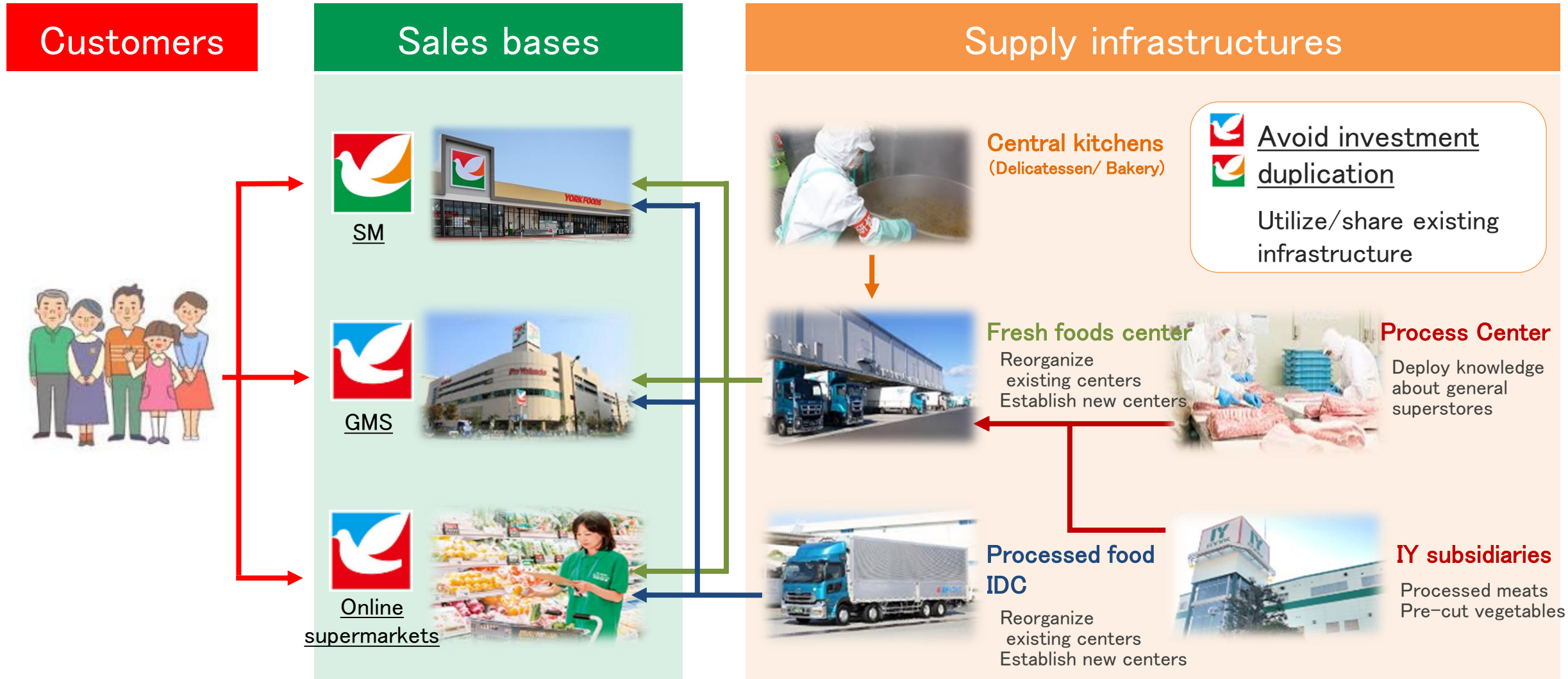
May 13	<i>YORK FOODS</i> Chiharadai store	OPEN
June 1	York Mart Co., Ltd. ⇒ York Co., Ltd. Transfer 21 stores of <i>Shokuhinkan</i> , THE PRICE, and Comfort Market from York Mart	Change of trade name
June 5	<i>Shokuhinkan</i> ⇒ <i>YORK FOODS</i> THE PRICE ⇒ YORK PRICE	Change of store name
June 17	<i>YORK FOODS</i> Shinjuku-Tomihisa store	RE : OPEN

Existing store sales growth

(Figures on June are preliminary estimates)

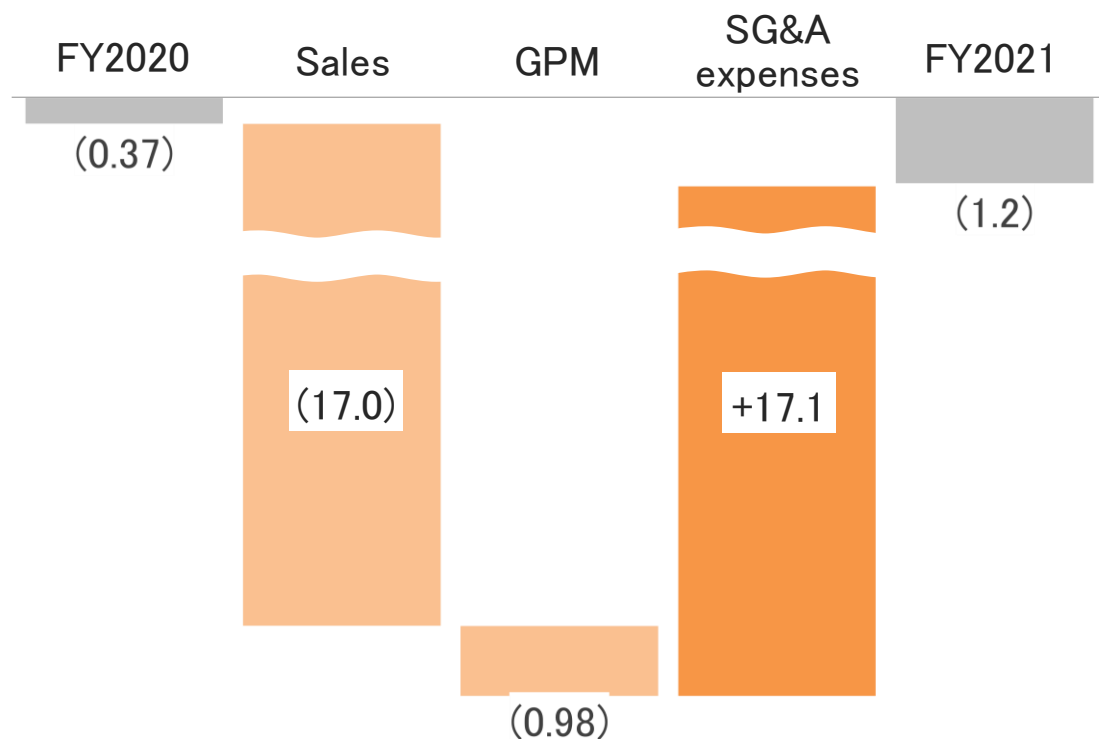


Superstore Operations (4): Food Strategies in the Metropolitan Area



Department Store Operations: Sogo & Seibu

YOY change of operating income (Billions of yen)



COVID-19 Impact	Income:	approx. (17.5) billion yen
	Expenses:	approx. +16.7 billion yen

Towards “With/After Corona” era

Steadily implement structural reforms

Close stores/ reduce bond	Close 5 stores/Reduce 2 bonds To be completed this fiscal year
Personnel policy (FY2023)	No. of employees: (1,400) people Personnel expenses: (8.6) billion yen [variance from previous year]
Store Structural Reforms	Low-cost operation by property management strengthen growth fields [food products, cosmetics, luxury goods, etc.]

Initiatives that leverage our strengths

For the affluent	Provide new customer service using digital technology Royal customers salon, VIP parties [Special invitations for wealthy customers]
Corporate sales	Attract new business partners by strengthening operating framework

— TODAY'S

AGENDA

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COVID-19:
Impacts and Countermeasures

2

Q1 Results

3

Full-Year Forecasts

Assumptions for Forecast of Operating Results

As COVID-19 pandemic gradually dissipates

→ The impact of changes in people's lifestyles will remain until the end of the fiscal year

	Q2	Q3	Q4
No. of infected persons	Slow return to normal	Remain flat	Remain flat
Telecommuting	30-40%	30-40%	30-40%
School	Shortening of summer vacation Only for two weeks	Back to normal	Back to normal
Entertainment and downtown areas	Gentle relaxation	Avoid confined spaces, crowded areas, and close contact	Avoid confined spaces, crowded areas, and close contact
Inbound	Immigration restrictions	Possibility of partial relaxation	Possibility of partial relaxation

FY2021 Consolidated Financial Results Forecast

	(Billions of yen, %)					
	1H		2H		FY2021	
		YOY/Variance		YOY/Variance		YOY/Variance
Group's total sales*	5,434.0	90.6 (563.4)	5,688.0	94.8 (312.1)	11,122.0	92.7 (875.6)
Revenues from operations	2,760.0	83.3 (553.2)	2,932.0	88.0 (399.1)	5,692.0	85.7 (952.3)
Operating income	164.0	80.0 (41.1)	158.0	72.1 (61.1)	322.0	75.9 (102.2)
Ordinary income	159.0	78.2 (44.2)	153.0	71.3 (61.6)	312.0	74.7 (105.8)
Net income attributable to owners of parent	56.0	50.6 (54.6)	64.0	59.5 (43.5)	120.0	55.0 (98.1)
Net income per share (yen)	63.43	(61.71)	72.49	(49.32)	135.92	(111.03)

* Group's total sales include the sales of Seven-Eleven Japan, Seven-Eleven Okinawa and 7-Eleven, Inc. franchisees.

Exchange rate: 1USD= 108.00JPY, 1CNY= 15.50JPY

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FY2021 Forecast of Revenues from Operations and Operating Income by Business Segment

(Billions of yen, %)

	Revenues from operations			Operating income		
		YOY	Variance		YOY	Variance
Consolidated	5,692.0	85.7	(952.3)	322.0	75.9	(102.2)
Domestic CVS operations	928.0	95.5	(43.2)	239.4	93.3	(17.2)
Overseas CVS operations	2,100.0	76.6	(639.8)	75.8	74.3	(26.2)
Superstore operations	1,781.0	96.3	(68.1)	18.8	88.2	(2.5)
Department store operations	443.0	76.7	(134.6)	(8.4)	–	(9.1)
Financial services	196.0	90.2	(21.3)	37.9	70.7	(15.7)
Specialty store operations	289.0	85.1	(50.6)	(12.4)	–	(17.0)
Others	20.0	79.4	(5.2)	1.7	109.4	+0.14
Eliminations / corporate	(65.0)	–	+10.6	(30.8)	–	(14.5)

Exchange rate: 1USD= 108.00JPY, 1CNY= 15.50JPY

FY2021 Forecast for Major Operating Companies

(Billions of yen, %)

		Operating income		Existing store sales growth	Merchandise GPM variance
		YOY	Variance		
Seven-Eleven Japan	240.0	94.5	(13.9)	±0.0	±0.0
7-Eleven, Inc. [Millions of dollar]	97.2 [900]	79.9 [80.7]	(24.4) [(215)]	+0.4	(1.0)
Ito-Yokado	3.0	46.0	(3.5)	(6.0) [incl. tenants]	(0.2)
York-Benimaru 〈Incl. Life Foods*〉	17.9	106.0	+1.0	+0.9	+0.2
Sogo & Seibu	(8.8)	-	(8.9)	(20.8)	(0.8)

* Life Foods is a wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.

The combined operating income for York-Benimaru and Life Foods represents internal management reporting figures.

Exchange rate: 1USD = 108.00JPY

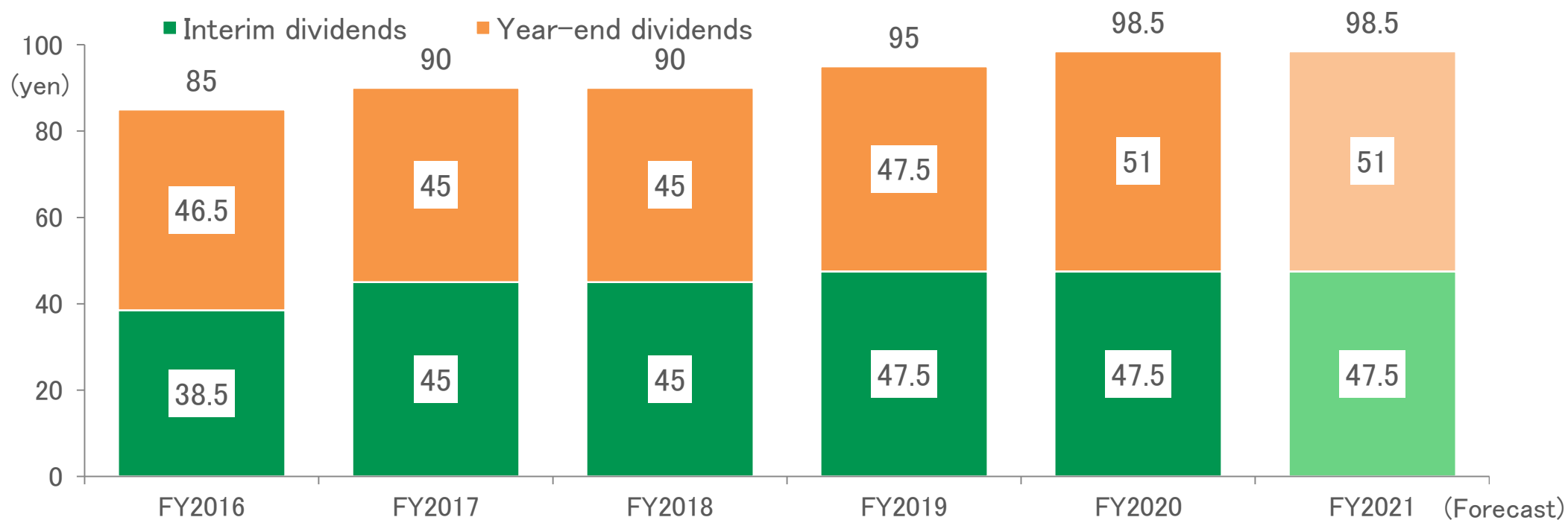
Dividends Policy

Consolidated dividends payout ratio target

Aim to further enhance and maintain a dividend payout ratio at the level of 40% of consolidated net income

Share buybacks, etc.

Consider flexibly conducting share buybacks while taking into consideration the level of free cash flow



Dividends payout ratio (%)	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021 (Forecast)
	46.7	82.3	43.9	41.4	39.9	72.5



Appendix

Q1 Revenues from Operations and Operating Income by Business Segment

(Billions of yen, %)

	Revenues from operations			Operating income		
		YOY	Variance		YOY	Variance
Consolidated	1,391.8	87.2	(204.6)	71.3	79.0	(18.9)
Domestic CVS operations	218.9	92.6	(17.4)	51.6	85.9	(8.4)
Overseas CVS operations	589.1	94.8	(32.3)	11.4	88.9	(1.4)
Superstore operations	428.3	91.6	(39.2)	10.3	239.7	+6.0
Department store operations	65.0	46.3	(75.4)	(1.2)	–	(0.88)
Financial services	49.3	91.4	(4.6)	11.4	85.1	(2.0)
Specialty store operations	52.8	59.2	(36.4)	(6.0)	–	(8.9)
Others	4.1	75.1	(1.3)	(0.64)	–	(1.1)
Eliminations / corporate	(16.0)	–	+2.4	(5.6)	–	(2.0)

Exchange rate: 1USD = 108.86JPY, 1CNY=15.59JPY

Q1 Operating Income of Major Operating Companies

(Billions of yen, %)

	Operating income		Existing store sales growth	GPM variance	
		YOY			Variance
Seven-Eleven Japan	52.2	86.7	(7.9)	(4.6)	(0.1)
7-Eleven, Inc. [Millions of dollar]	16.5 [152]	93.1 [94.2]	(1.2) [(9.3)]	+0.7	(0.5)
Ito-Yokado	1.1	304.9	+0.77	(18.3) (incl. tenants)	(0.4)
York-Benimaru <Incl. Life Foods*>	7.2	166.1	+2.8	+6.7	+0.4
Sogo & Seibu	(1.2)	–	(0.87)	(54.0)	(2.5)

* Life Foods is a wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.
The combined operating income for York-Benimaru and Life Foods represents internal management reporting figures.

Q1 Operating Income of Major Operating Companies

(Billions of yen, %)

	Operating income			COVID-19 impact	Estimated income excluding COVID-19 impact		
		YOY	Variance			YOY	Variance
Seven-Eleven Japan	52.2	86.7	(7.9)	approx. (9.5)	61.7	102.5	+1.6
7-Eleven, Inc. [Millions of dollar]	16.5 [152]	93.1 [94.2]	(1.2) [(9.3)]	approx. (3.2) [approx. (29)]	19.8 [182]	111.2 [112.8]	+1.9 [+20]
Ito-Yokado	1.1	304.9	+0.77	approx. +0.1	1.0	265.7	+0.6
York-Benimaru 〈Incl. Life Foods*〉	7.2	166.1	+2.8	approx. +3.0	4.2	97.3	(0.1)
Sogo & Seibu	(1.2)	–	(0.87)	approx. (0.8)	(0.4)	–	(0.0)

* Life Foods is a wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.

The combined operating income for York-Benimaru and Life Foods represents internal management reporting figures.

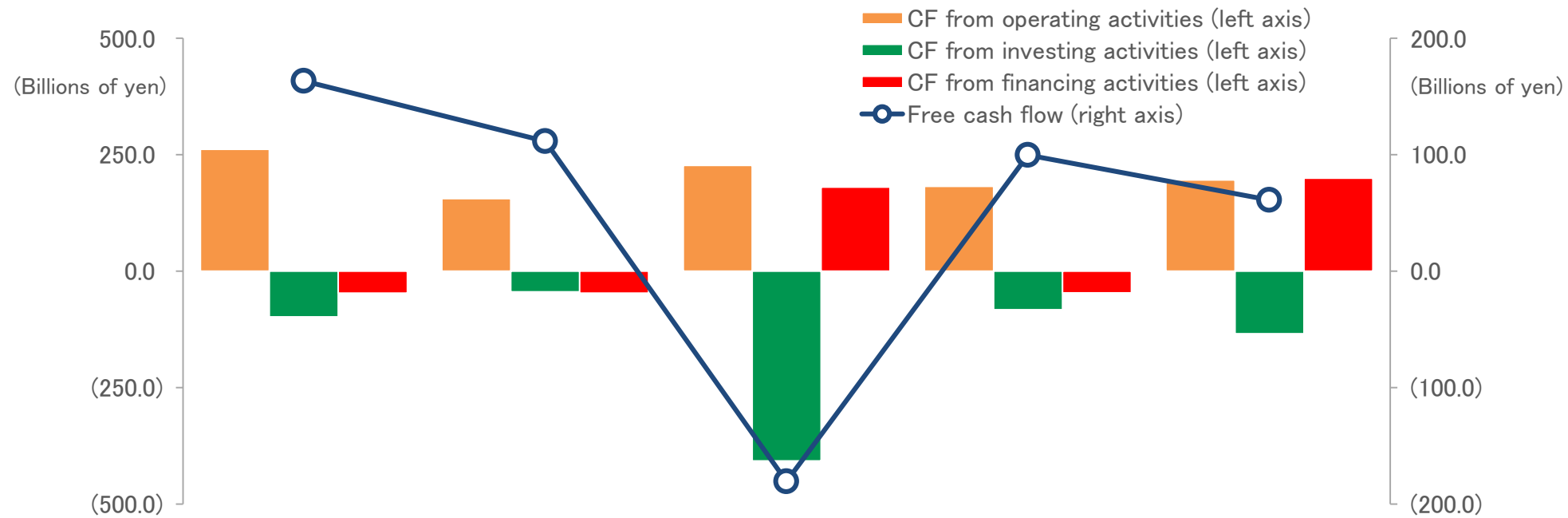
Consolidated B/S Summary (As of May 31, 2020)

(Billions of yen)

Assets (Main items only)	Feb 29 2020	May 31 2020	Variance
Current assets	2,471.9	2,746.6	+274.7
Cash and bank deposits	1,357.7	1,617.3	+259.6
Cash and due from banks at Seven Bank	846.2	934.3	+88.1
Notes and accounts receivable-trade	351.9	316.4	(35.4)
ATM-related temporary payments	153.0	173.1	+20.0
Non-current assets	3,522.5	3,566.5	+44.0
Property and equipment	2,183.3	2,205.7	+22.3
Buildings and structures, net	992.3	1,001.7	+9.3
Land	746.9	756.1	+9.2
Intangible assets	608.8	630.5	+21.6
Investments and other assets	730.2	730.2	(0.01)
Deferred assets	2.4	2.2	(0.13)
Total assets	5,996.8	6,315.5	+318.6

Liabilities and net assets (Main items only)	Feb 29 2020	May 31 2020	Variance
Total liabilities	3,239.6	3,599.2	+359.6
Current liabilities	2,157.1	2,529.4	+372.2
Notes and accounts payable-trade	410.7	370.0	(40.6)
Short-term loans	129.4	349.1	+219.7
Current portion of bonds Current portion of long-term loans	168.4	158.9	(9.4)
Commercial paper	–	32.6	+32.6
Deposits received	228.4	389.9	+161.5
Deposit received in banking business	655.0	671.1	+16.1
Non-current liabilities	1,082.4	1,069.8	(12.6)
Bonds	281.9	281.9	+0.00
Long-term loans	403.1	394.5	(8.5)
Total net assets	2,757.2	2,716.2	(40.9)
Total liabilities and net assets	5,996.8	6,315.5	+318.6

Consolidated Statements of Cash Flows Q1



(Billions of yen)	FY2017	FY2018	FY2019	FY2020	FY2021	vs. FY2020
CF from operating activities	261.7	155.8	226.9	182.2	195.5	+13.3
CF from investing activities	(98.3)	(44.4)	(407.6)	(82.5)	(134.4)	(51.8)
Free cash flow	163.3	111.4	(180.7)	99.6	61.1	(38.5)
CF from financing activities	(47.1)	(47.1)	180.1	(46.4)	199.7	+246.2
Cash and cash equivalents at end of period	1,260.9	1,271.1	1,290.6	1,364.2	1,614.1	+249.9

COVID-19 Timeline



COVID-19: Stores with Business Suspended/Hours Shortened

	As of May 31			Maximum	
	Total No. of stores	Business suspended	Hours shortened	Business suspended	Hours shortened
7-Eleven [incl. Seven-Eleven Okinawa]	20,930	150	448	301	545
7-Eleven, Inc.	9,785	19	1,719	165	2,737
Ito-Yokado*	155	0	155	1	157
<i>Ario</i>	20	0	20	20	20
York Mart	79	0	73	0	77
York-Benimaru	233	1	106	2	147
Sogo / Seibu	15	0	15	15	15
Seven & i Food Systems	668	25	382	63	497
Akachan Honpo	118	2	93	32	112
Loft	127	16	105	113	105

* Ito-Yokado includes 20 stores transferred to York Co., Ltd. as of June 1

Maximum number of stores with shortened hours includes 2 stores that closed in the first quarter.

With the daily lives of our customers — Seven & i Group



The information disclosed by the Company may contain forward-looking statements. These statements are based on management's judgment in accordance with materials available to the Company at the time of disclosure, with future projections based on certain assumptions. The forward-looking statements therefore incorporate various risks, estimates, and uncertainties, and as such, actual results and performance may differ from the future outlook included in disclosed information due to various factors, such as changes in business operations and the financial situation going forward.