Presentation for the First Quarter of FY2022

Main Q&A Items (Abridged)

Contained here is a condensed version of the Q&A Session for the presentation for the first quarter of FY2022.

Portions of the text were edited in the interest of readability.

Q:
What factors contributed to an operating income overperformance in the first quarter? Do you foresee any risk factors in the second quarter and beyond?

A:
It was our convenience store operations in North America that drove operating income. We were faced with a challenging business environment, with inflation at historically elevated levels, market sentiment reflecting dwindling savings on the part of consumers, and an increase in SG&A expenses resulting from higher personnel expenses.
Despite this, fuel margin, which is cents per gallon ("CPG"), was more favorable than expected and remained at elevated levels, allowing us to reap the benefits in the form of profits.
Economic trends and consumer behavior more and more pose a great deal of uncertainty going forward, so we believe CPG to be impacted to some extent, in the second quarter and beyond.

In terms of risks, there is the continued impact of surging raw material and ingredient prices. With that being said, as it stands, rather than changing the forecasts for the operating companies that comprise the Seven & i Group, the extent of the revision to the full-year forecasts is limited to exchange rate and energy cost assumptions – the former which is showing significant fluctuations and the latter which has surged.

Q:
The company includes the estimate of a further increase in energy costs under Eliminations/ Corporate. Why not allocate it pro rata across the Group's constituent operating companies, instead?

A:
The reason for the inclusion of the 9.5 billion yen from the energy cost increase estimate into Eliminations/ Corporate is that we thought it wouldn't be ideal to allocate costs across the various segments in the first quarter, in light of the level of diligence on the part of employees and management toward achieving the targets outlined in the initial forecasts, even on the face of a

challenging business environment.
We are now thinking of evaluating the situation and allocating these costs to each segment in the second quarter and beyond, subtracting from Eliminations/ Corporate over time.
We have opted to do things this way to make clear the meaning and purpose behind the forecast revision.

Q:
On the topic of existing store sales for Seven-Eleven Japan.

A:
We have been successful in our efforts to give consumers a reason to visit our stores, as we enhanced our assortment of high value-added merchandise and hold fairs offering consumers a sense of excitement.
In fact, we are fully confident in the initiatives we have carried out.
We expect the current trend of surging raw material and ingredient prices to continue into the future. Against this backdrop, we won't merely be raising prices, as we seek to offer high-quality merchandise at adequate price-points, and, through this, secure revenue and profit.
An initiative in this area is, for example, renewal efforts pertaining to *Seven Premium*.
The summer season presents great business opportunities, so we would like to thoroughly execute these initiatives and deliver results.

Q: What was the reason behind the drop in merchandise GPM for 7-Eleven, Inc.?

A:
There are two reasons: namely that the GPM differential between 7-Eleven, Inc. and Speedway has become pronounced, and also, the fact that we executed a management policy involving pulling costs ahead of schedule.
The purchase and stock of merchandise at Speedway stores used to follow a push system, essentially driven by vendors. However, we are in the process of migrating to a pull inventory control system like the one used at Seven-Eleven Japan, giving stores more agency.
We disposed of legacy merchandise earlier than scheduled, with the objective of making a reality a merchandise assortment capable to meeting consumers' needs.
The fact that we did this had a significant impact and led to lower GPM in the

first quarter. This impact was also felt in the second quarter, in some regards, but this is no longer a factor from July onwards.

Q:
What are recent merchandise trends for 7-Eleven, Inc.?

A:
We believe surging fuel prices are having an effect on consumer behavior. More specifically, consumers who fill their tank at the fuel pump now tend to be more conservative and buy fewer items alongside fuel. We are tackling this dynamic by offering differentiated premium brand merchandise, while simultaneously also expanding an assortment targeting the more cost-conscious consumer.
The key to success is therefore delivering results in these two areas. As such, the Seven & i Group will not become complacent with the status quo, and consequently, we seek to offer a merchandise assortment meeting the needs of consumers.

Q:
What is the trend for fuel sales at 7-Eleven, Inc.?

A:
Fuel sales volume dropped precipitously in 2020 and 2021, due to the COVID-19 pandemic. Conversely, these two years were marked by very elevated CPG levels, as the trend was toward trying to secure profits.
Once the COVID-19 pandemic subsidies, we believe we will see a recovery in fuel sales volume and CPG will go back to normal. However, we do not expect a full return to 2018 and 2019-levels.
In January and February of 2022, a resurgence in COVID-19 cases in the United States caused sluggish fuel sales. In order to secure profits, CPG soared. While the impact of COVID-19 started feeling less pronounced around April and May, soaring fuel prices in recent months mean some people don’t fill their fuel tank full. This dynamic has led to an underperformance in terms of fuel sales volume, and consequently, to rising CPG.
The price leaders in this industry are small-to-medium-scale retailers, but, in our case, we observe and understand market dynamics and set prices accordingly. It’s impossible to make predictions all the way through to December, but we believe CPG will not remain at these elevated levels, but

rather stay around the levels we initially forecast.
Some might view the full-year forecasts as perhaps being too conservative, but this is not on purpose.
Rather, given the current climate of uncertainty, we believe it to be more appropriate to adjust and revise things on a quarterly basis, once we have enough information to do so.

Q:
On the topic of cost structural reform at 7-Eleven, Inc.

A:
The main objective of the Cost Leadership Committee ("CLC") is executing cost structural reform at 7-Eleven, Inc.
However, another objective is improving capital efficiency. We would therefore like stakeholders to be aware that the CLC was established as an initiative to carry out a transformation of the profit structure over the medium-to-long-term.

Q:
How do you view the new Board of Directors?

A:
The newly appointed Directors have an understanding about the Seven & i Group's history and future direction, and lively debate is already ongoing among Board members.
I think the new Board is off to a good start, and I have great hopes going forward.