Update to the Medium-Term Management Plan and the Results of the Group Strategy Reevaluation

March 9, 2023

Seven & i Holdings Co., Ltd.
President & Representative Director
Ryuichi Isaka

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AGENDA

1. Corporate Vision
2. Achievements from Strategic Initiatives So Far
3. Upward Revision to the Medium-Term Management Plan
4. Results of the Group Strategy Reevaluation and Action Plans
AGENDA

1. Corporate Vision
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### Corporate Vision

#### Corporate creed

| We aim to be a sincere company that our customers trust. |
| We aim to be a sincere that our business partners, shareholders and local communities trust. |
| We aim to be a sincere company that our employees trust. |

#### Basic stance

| We aim to contribute to the local community both in Japan and overseas by providing new experiences and values from the customer’s perspective. |

#### Ideal Group Image for 2030

**Old**

| A world-class global retail group that leads retail innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology. |

**New**

| 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. |

#### The Company is Committed to its Transformation and Growth Through Constructive Dialogue with Our Shareholders and Listening to Our Stakeholders

- Customers
- Suppliers
- Franchise owners
- Environment
- Employees
- Local community
- Shareholders
- Investors
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To Become a World-Class Retail Group

Through a Focus on the CVS Operations Area, the Group Has Been Accelerating Our Initiatives to Become World-class Retail Group

Strategic Initiatives So Far

November 11, 2022
Announcement of the sale of Sogo & Seibu

February 10, 2022
Announcement of the sale of OSHMAN’S

July 21, 2021
Announcement of the partial sale of Francfranc

February, 2023
Decided to invest additionally in Vietnam business

January 12, 2022
Launch of 7-Eleven International LLC

August 3, 2020
Announcement of the acquisition of Speedway
Achievements So Far and Change in Business Portfolio

- Scale of business has significantly increased with acquisition of Speedway, and contribution of CVS to overall EBITDA has reached over 80%

### Revenue from Operations per Segment (1)(2)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas CVS</td>
<td>38.7%</td>
<td>59.0%</td>
</tr>
<tr>
<td>Domestic CVS</td>
<td>14.7%</td>
<td>45.1%</td>
</tr>
<tr>
<td>Japanese Superstore</td>
<td>9.2%</td>
<td>38.7%</td>
</tr>
<tr>
<td>Department / Specialty Stores</td>
<td>31.1%</td>
<td>48.0%</td>
</tr>
<tr>
<td>Financial</td>
<td>3.4%</td>
<td>9.9%</td>
</tr>
<tr>
<td>Others</td>
<td>0.3%</td>
<td>0.2%</td>
</tr>
</tbody>
</table>

Revenue from Operations per Segment (1)(2)

### EBITDA per Segment (1)(2)(3)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2020</th>
<th>FY2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overseas CVS</td>
<td>31.2%</td>
<td></td>
</tr>
<tr>
<td>Domestic CVS</td>
<td>12.0%</td>
<td></td>
</tr>
<tr>
<td>Japanese Superstore</td>
<td>8.2%</td>
<td></td>
</tr>
<tr>
<td>Department / Specialty Stores</td>
<td>11.8%</td>
<td></td>
</tr>
<tr>
<td>Financial</td>
<td>11.9%</td>
<td></td>
</tr>
<tr>
<td>Others</td>
<td>0.1%</td>
<td></td>
</tr>
</tbody>
</table>

EBITDA per Segment (1)(2)(3)

Source: Company disclosure

(1) Contribution of each segment based on revenue from operations / EBITDA total excluding eliminations / corporate

(2) CVS operations: Convenience Store operation

(3) EBITDA calculated by per-segment operating income + D&A + goodwill amortization

Acquisition of Speedway
(Announced on August 3, 2020
Closed on May 14, 2021)

JPY 5.7667 Tn

JPY 626.8 Bn

JPY 8.7497 Tn

JPY 751.4 Bn

Source: Company disclosure

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Consolidated Earnings Estimates for FY2022

- Strong performance up to date. Upward revision of FY2022 earnings estimate at the Q3 announcement.

**Operating Revenue**

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022 Initial Earnings Estimate</th>
<th>FY2022 Updated Earnings Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>(JPY Bn)</td>
<td></td>
<td>12,365.0</td>
<td>12,498.0</td>
</tr>
<tr>
<td>EPS +42.8%</td>
<td></td>
<td>11,646.0</td>
<td>11,812.0</td>
</tr>
<tr>
<td>FY2021</td>
<td>8,749.7</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EBITDA (2)**

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022 Initial Earnings Estimate</th>
<th>FY2022 Updated Earnings Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS +31.1%</td>
<td>751.4</td>
<td>964.6</td>
<td>985.5</td>
</tr>
<tr>
<td>FY2021</td>
<td>23.8</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**EPS**

<table>
<thead>
<tr>
<th></th>
<th>FY2021</th>
<th>FY2022 Initial Earnings Estimate</th>
<th>FY2022 Updated Earnings Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>EPS +32.8%</td>
<td>29.8</td>
<td>31.7</td>
<td></td>
</tr>
<tr>
<td>FY2021</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(1) Before *Accounting Standard for Revenue Recognition* (Accounting Standards Board of Japan No. 29, March 31, 2020) applied. New standards are applied from FY2022, so former standard figures shown for reference.

(2) EBITDA calculated by operating income + D&A + goodwill amortization.

Note: FY2022 earnings estimates as of the 3Q announcement. Excluding considerations for financial impact by the sales of Sogo & Seibu.
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Upward Revision to the Medium-Term Management Plan (1)

- Updates to the Medium-Term Management Plan targets following strong financial performance and the Group Strategy Reevaluation
- Aim to improve profitability and increase cash flow

<table>
<thead>
<tr>
<th>EBITDA(2)</th>
<th>Operating CF (Excl. Financial) (3)</th>
<th>Free CF (Excl. Financial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over JPY 1.1Tn</td>
<td>Over JPY 900.0Bn</td>
<td>Over JPY 500.0Bn</td>
</tr>
<tr>
<td>JPY 751.4Bn</td>
<td>JPY 603.8Bn</td>
<td>JPY 279.5Bn</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY2021 Actual</th>
<th>FY2025 Initial Target</th>
<th>FY2025 Updated Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY 751.4Bn</td>
<td>JPY 603.8Bn</td>
<td>JPY 279.5Bn</td>
</tr>
</tbody>
</table>

- (1) Excluding considerations for strategic investments such as M&A
- (2) EBITDA calculated by operating income + D&A + goodwill amortization
- (3) Management accounting figures based on NOPAT excluding financial services
- (4) Management accounting figures excluding financial services. Cash outflow from M&A considered as strategic investments and excluded from investing cash flow
Upward Revision to the Medium-Term Management Plan (1) (Cont’d)

- Updates to the Medium-Term Management Plan targets following strong financial performance and the Group Strategy Reevaluation
- Aim to strengthen both capital efficiency and B/S and EPS growth

<table>
<thead>
<tr>
<th>ROE</th>
<th>ROIC (excl. financial)</th>
<th>Debt / EBITDA ratio</th>
<th>EPS</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2021 Actual</td>
<td>Over 11.5%</td>
<td>Over 8.0%</td>
<td>Lower than 1.8x</td>
</tr>
<tr>
<td>FY2025 Initial Target</td>
<td>Over 10%</td>
<td>Over 7%</td>
<td>Lower than 2.0x</td>
</tr>
<tr>
<td>FY2025 Updated Target</td>
<td>7.5%</td>
<td>4.8%</td>
<td>3.9x</td>
</tr>
<tr>
<td>FY2025 Initial Target</td>
<td>Over 11.5%</td>
<td>Over 8.0%</td>
<td>Lower than 1.8x</td>
</tr>
<tr>
<td>FY2025 Updated Target</td>
<td>7.5%</td>
<td>4.8%</td>
<td>3.9x</td>
</tr>
<tr>
<td>FY2025 Initial Target</td>
<td>Over 11.5%</td>
<td>Over 8.0%</td>
<td>Lower than 1.8x</td>
</tr>
<tr>
<td>FY2025 Updated Target</td>
<td>7.5%</td>
<td>4.8%</td>
<td>3.9x</td>
</tr>
</tbody>
</table>

1. Excluding considerations for strategic investments such as M&A

CAGR: Over 18%
CAGR: Over 15%
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Results of the Group Strategy Reevaluation

• The Board of Directors has identified the Group’s top strategic priorities
  - Further accelerate the shift from general retail business
  - Focus on the growth strategy of the CVS operations, and achieve an optimal allocation of management resources to become a global retail group with our competitive strength in "food" at its core

• Implement the following initiatives to support the Group’s growth strategy

  **Capital Re-allocation**

  - Direct the Group’s cash flow towards strategic investments in CVS, as our growth driver
  - Achieve a total shareholder return ratio of over 50% (cumulative)\(^{(1)}\) through dividends and share buybacks

  **Establishment of the Strategy Committee**

  - Establish the Strategy Committee composed solely of independent outside directors. Monitor the progress of the Group’s strategic priorities (CVS growth strategy, SST\(^{(2)}\) transformation, etc.) and continue to objectively and comprehensively review the optimal group structure and strategic alternatives (IPO, spin-off, etc.)
  - The Strategy Committee will provide advice to the Board of Directors on strategies to increase the Group’s medium- to long-term corporate value

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\(^{(1)}\) Cumulative total return to shareholders from fiscal year 2022 to 2025

\(^{(2)}\) SST: Superstore business
Growth Strategy of CVS Operations with “Food” at its Core

Strength in “Food” is the Key Source of Competitive Advantage for the Group’s CVS Business

1. Mainly operated by 7-Eleven International LLC ("7IN")
2. Mainly operated by 7-Eleven, Inc. ("SEI")
3. Exit from Self-operated apparel business
4. PC: Process Center
5. CK: Central Kitchen
6. Operated by Seven-Eleven Japan Co., Ltd. ("SEJ")

CVS Operations

SEI

“Food”

Synergies

Focus and Consolidation

SST

Expand product category

CVS

- Focus in the Tokyo metropolitan area + consolidate SM entities
- Lay-out infrastructure (PC (4), CK (5), Online supermarket)

Grocery

Fresh food

Household items
Impact of Our Competitive Advantage in "Food"

- Consolidation of the Group’s resources generates our strength in "food", and supports the competitiveness of SEJ

### Strength in "food" from SST

- **Overwhelming number of products and SKU**
- **Procurement and supplier network**
- **Large-scale sales floor** to test products
- **Customer understanding and innovative development capability** in "food"

### Seven Premium development

- **Combine the Group’s strength for development**
- **c.70% of personnel from SST**
- **Over 1.7x more PB food items (2)** compared to competitors

### SEJ’s strong customer support

- **Removing geographical reasons, close to half (46%) of consumers actively choose 7-Eleven**
- **2/3 of customers choosing SEJ provide “variety and quality of food” as a reason**

### General Food SKU

<table>
<thead>
<tr>
<th>Chain in Strength</th>
<th>Number of PB Food Items (3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SM</td>
<td>15,000 (7 categories) (1)</td>
</tr>
<tr>
<td>CVS</td>
<td>2,000 (4 categories) (1)</td>
</tr>
</tbody>
</table>

### Choice of CVS brand other than location (4)

- **Majority share by food MD (5)**
  - Company A
  - Company B

### Business segment

**Strength in "Food" is the Key to Growth Not Only for SEJ but for our CVS operations**

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(1) SM: Fruit & veggies, meat, fish, dairy, bakery, processed/prepared food
(2) PB: Private Brand
(3) Based on the research in June, 2022
(4) Based on the research in September, 2022
(5) MD: Merchandizing
Growth Strategy of CVS Businesses with "Food" at its Core

- Globally expand SEJ’s strength in “food”

**Figure:**

**FF (1) Sales Composition 2021 (%)**
- Size of bubble = # of stores

**7-Eleven Operations in Global**
- Japan
- China
- Hawaii

**Correlation exists between FF sales composition and # of customers**

**Globally Expand the Business Scale Leveraging the Strength in Fresh Food**

(1) Fast food and Daily food
Overseas CVS Business (SEI) Strategy for Growth

1. **Grow Proprietary Products**
   - Expand the development and distribution of its proprietary products (fresh foods, proprietary beverages, and private brands) to 34% of sales by 2025
   - At the same time, growing merchandise margins and continuing to strengthen the value chain

2. **Accelerate Digital & Delivery**
   - Deliver a value proposition centered on value-oriented quality food and immediate consumables delivered fast (national average 28 minute) through 7NOW delivery
   - Further accelerate 7NOW growth to achieve $1 Billion sales in 2025
   - Grow Retail Media Network

3. **Generate Synergies From SEI and Speedway Integration**
   - Complete Speedway Integration
   - Realize $800M synergies in 2023

4. **Grow the Business Through Both M&A and Organic New Build Stores**
   - Continuing to grow in the fragmented US Market through both M&A opportunities and organic new build stores

Focus on 4 key strategies for growth to generate continued growth and efficiencies
Enhance Value Chain to Grow Proprietary Products in SEI

Modernize Fresh Food Infrastructure

- Advanced product development knowledge
- Elevated manufacturing know-how
- Increase production capability

Increase production capability in North America and enhance “Food” Value Chain

Timeline

<table>
<thead>
<tr>
<th># of Store</th>
<th>Current status</th>
<th>2022</th>
<th>2023</th>
<th>2024</th>
<th>2025</th>
</tr>
</thead>
</table>
| Virginia Commissary | c. 1,200 | Construction | | | | | 2023 Q3
| Ohio Commissary | c. 1,300 | Site Selection | | | | | 2024 Q4
| Texas Expansion | c. 750 | Space Pending | | | | | 2024 Q2
| Los Angeles Expansion | c. 1,200 | NDF Partner Under Consideration | | | | | 2025 Q3

- 2023 Q3: 1st day of Operations
- 2024 Q4
- 2025 Q3

c. 4,600 stores (~35% of total stores)
1 Enhance Value Chain to Grow Proprietary Products in SEI (Cont.)

- Mix of proprietary products (fresh food, proprietary beverages & private brands) to ~34% by 2025
- Growth of high margin proprietary products to increase merchandise margin 100bps by 2025

Growing Mix of High-Margin Proprietary Products to ~34% by 2025

### Contribution of Fresh Food & Proprietary Beverages

- Fresh Food & Proprietary Beverages Growth (SS APSD $)
  - FY2023F
  - FY2022 E
  - FY2024F
  - FY2025F
  - CAGR 15% (2022–25)

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimate ($)</th>
<th>Forecast ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022E</td>
<td>$1,045</td>
<td></td>
</tr>
<tr>
<td>FY2023F</td>
<td>$1,045</td>
<td>$1,150</td>
</tr>
<tr>
<td>FY2024F</td>
<td>$1,150</td>
<td>$1,200</td>
</tr>
<tr>
<td>FY2025F</td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
</tbody>
</table>

- **CAGR 15%** (2022–25)

### Contribution of Private Brands

- Private Brand Sales (SS APSD $)
  - FY2023F
  - FY2024F
  - FY2025F
  - CAGR 17% (2022–25)

<table>
<thead>
<tr>
<th>Year</th>
<th>Estimate ($)</th>
<th>Forecast ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022E</td>
<td>$335</td>
<td>$435</td>
</tr>
<tr>
<td>FY2023F</td>
<td>$435</td>
<td>$435</td>
</tr>
<tr>
<td>FY2024F</td>
<td>$435</td>
<td>$435</td>
</tr>
<tr>
<td>FY2025F</td>
<td>$435</td>
<td>$435</td>
</tr>
</tbody>
</table>

- **CAGR 17%** (2022–25)

### Contribution of Proprietary Products

- Mix of proprietary products (fresh food, proprietary beverages & private brands) to ~34% by 2025
- Growth of high margin proprietary products to increase merchandise margin 100bps by 2025
2. Accelerate Digital & Delivery in SEI

7NOW Value Proposition

Delivery from 7-Eleven Meets Customer Needs

- Delivered fast
- Marketplace Partnerships
- Within 2 miles of a store
- >50% US Population
- ~28 min National avg. (YTD)

Growth Plan

- Doubling Down on Gold Pass Subscription
- Install Delivery in Speedway Stores
- Accelerate Last Mile Service

Annual Delivery Sales

Goal to reach $1B in Sales in 2025

CAGR 73% (2020–25)

SEI Delivery Business Expanding to Reach $1 Billion Sales in 2025
Synergy results are exceeding targets and 2023 Plan has been revised upward significantly.

### FY 2022 Plan

<table>
<thead>
<tr>
<th>FY 2022 Plan</th>
<th>FY 2022 Estimate</th>
<th>FY 2023 Plan (Before revision)</th>
<th>FY 2023 Plan (After revision)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$450M</td>
<td>$682M (+$232M vs. Budget)</td>
<td>$650M</td>
<td>$800M (+$150M before Revision)</td>
</tr>
</tbody>
</table>

#### Milestones completed in 2022

- **1.** Optimized Assortment with Vault and Center of Store Resets
- **2.** Leveraged Scale through National Contracts
- **3.** Completed Organizational Right-Sizing
- **4.** Transitioned In-House Maintenance to more than 3,600 7-Eleven Stores
- **5.** Expanded Speedway Fuel Transportation Coverage to 390 7-Eleven Stores
- **6.** Launched Delivery in >1,200 Stores

**Speedway Integration Synergies Drive SEI’s Income Growth**
SEI Financial Target

- Growing sales Mix of the “Food Business” to generate growth and efficiencies
- Improve merchandise margin as well as ROIC of SEI

Trend of Gross Profit and Mix

<table>
<thead>
<tr>
<th>Year</th>
<th>Fuel %</th>
<th>Merchandise %</th>
<th>Total Merchandise Margin %</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2022E</td>
<td>38.2%</td>
<td>34.2%</td>
<td>34.0%</td>
</tr>
<tr>
<td>FY2023F</td>
<td>34.2%</td>
<td>33.3%</td>
<td>33.3%</td>
</tr>
<tr>
<td>FY2024F</td>
<td>66.7%</td>
<td>33.3%</td>
<td>34.2%</td>
</tr>
<tr>
<td>FY2025F</td>
<td>67.1%</td>
<td>32.9%</td>
<td>34.4%</td>
</tr>
</tbody>
</table>

Merch Sales (APSD)

- Trend of Gross Profit and Mix
- Trend of ROIC

Trend of ROIC

- Improve ROIC of SEI by growing Proprietary Products (Fresh Food, Proprietary Beverages and Private Brands)
1. Support the Stores in Existing Countries
   - Maximize licensee growth potential through business transformation
   - Enhance the 7-Eleven global brand to increase licensee and 7IN profitability

2. Strategic Investments in licensees
   - Pursue accelerated profit growth through strategic investments and business involvement with licensees
   - Decided to invest in the Vietnam business

3. Expansion of Stores to Countries with White Space
   - Accelerate expansion to white space with strategic priorities in EU, MENA(1), South Americas, etc.
   - Expand countries with operation and stores of 7-Eleven to improve growth and profitability of 7IN

7IN to Lead the Accelerated Growth of Global CVS Outside of Japan and North America

(1) Middle East & North Africa
7IN’s Growth Potential in Existing and New Countries

- High growth potential for 7-Eleven both in existing and new countries

### 7-Eleven Operation Status and Growth Areas

**North America**
- U.S.: 12,854
- Mexico: 1,886
- Canada: 606

**Europe / Middle East**
- Denmark: 176
- Norway: 134
- Sweden: 81
- Israel: 1

**Asia-Pacific**
- Japan: 21,323
- South Korea: 14,179
- Thailand: 13,838
- Taiwan: 6,683
- China: 4,450
- Philippines: 3,400
- Malaysia: 2,472
- Australia: 738
- Singapore: 460
- Vietnam: 79
- Cambodia: 44
- India: 22

#### Additional Investment in Vietnam
- Additional investment in Vietnam: 83,426 stores
- Excl. Japan/North America: 49,249 stores

**Countries/Regions**
- 19 countries/regions (7IN 15)
- 30 countries/regions By FY2030

**Stores**
- 83,426 stores
- Excl. Japan/North America: 49,249 stores
- (7IN 46,757 stores)
- Over 50,000 stores outside of Japan/North America By FY2025

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(1) As of January 31, 2023

(Decided to invest additionally in Vietnam business)
**EBITDA Growth Plan of 7IN**

- Proactively consider organic growth through investments in existing countries as well as M&A

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### 7IN EBITDA: Base Case

- **CAGR 18%**
  - **(2022–26)**

### 7IN EBITDA: Proactive Investment Case

- **CAGR 34%**
  - **(2022–26)**

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**Aim for Accelerated Growth Through Strategic Investments**

(1) Including equity method profit

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Growth Strategy of Domestic CVS (SEJ)

1. Existing Business: Strengthen “food”
   - Continue to strengthen “food” led by Seven Premium
   - Strengthen the competitive advantage as a basis to expand in the new businesses

2. Existing Business ~ New Challenge: Expand New Concept Stores
   - Develop new store formats which adapt to the changing society
   - Leverage the know-hows of SST across the Group

3. New Business: Utilize 7NOW Deliver and Retail Media
   - Strengthen new businesses based on in-store products / services
   - Further strengthen business competitiveness and accelerate profit growth

Expand New Businesses Leveraging the Strength in “Food” from SEJ
Existing Business: "Food" Strength Centered Around Seven Premium

- Strength in "food" centered around Seven Premium leads the growth for SEJ

Increase in Composition of Seven Premium in Food Area

Sales Growth of Existing Stores Under Recent Inflationary Pressure

Daily Sales in Existing Stores (yoY)

Coverage by Seven Premium

Continue to Achieve Stable Growth through Improved Customer Attraction and Profitability through Strength in "Food"
Existing Business ~ New Challenge: Expand New Concept Stores

- Strengthen merchandise lineup by leveraging knowledge from SST and supplier

**Traceable Vegetables.**

Fresh produce brand by IY
Increase product variety and expand sales area

**Frozen Food (EASE UP)**

Frozen food brand by IY
Leverage product variety in supermarkets

**SIP Store Positioning**

- Store area
  - c. 100~150 tsubo
  - c. 40 tsubo
  - c. 2,500 SKU
  - c. 5,000 SKU

- New type of store format Variety
  - c. 300 tsubo
  - c. 20,000 SKU

**Seven Premium Products**

Consolidate group’s strength in product development
Expand product variety such as popular super products

New Brand “SEVEN THE PRICE”
Provide value products through Group coordination
Plan to expand number of items based on store specialty

**Challenge Towards a New Store Concept to Adopt to Changing Demands for "Food"**

(1) SIP = SEJ・IY・Partnership
(2) 1 tsubo ≈ 3.3 m²

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• Expand store area from current SEJ: c.40 tsubo → SIP: 100~150 tsubo
New Business: 7NOW Delivery & Retail Media

- Strengthen new businesses by leveraging strength of stores especially in “food”

### 7NOW Delivery Expansion by SEJ

- **Annual revenue**
- **Participating stores**

<table>
<thead>
<tr>
<th>FY2019</th>
<th>FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>281</td>
<td>342</td>
<td>1,156</td>
<td>3,873</td>
<td>12,000</td>
<td>20,000</td>
<td>3,873</td>
</tr>
</tbody>
</table>

**Target:** JPY200Bn

### Enter the Advertisement Business

- **App Advertisement Revenue**
  - Display advertisement in the 7 App
  - Show brand advertisements

- **Data Usage Revenue**
  - Share user purchase data for external media advertisement

### Retail Media Revenue Trend

- **App ad revenue**
- **Data usage revenue**

**Further Strengthen Competitiveness and Profit Growth Through New Business Expansion**
Profit Growth Plan for Domestic CVS (SEJ)

- Implement growth strategies in existing and new businesses, while improving ROIC

**Operating Income Growth**

<table>
<thead>
<tr>
<th>(JPY Bn)</th>
<th>FY2021</th>
<th>FY2022 (1)</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>JPY 223.1Bn</td>
<td>JPY 232.0Bn</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Track of ROIC (2)**

<table>
<thead>
<tr>
<th>(%)</th>
<th>FY2021</th>
<th>FY2022</th>
<th>FY2023</th>
<th>FY2024</th>
<th>FY2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>16.0</td>
<td>17.0</td>
<td>18.0</td>
<td>19.0</td>
<td>20.0</td>
<td>21.0</td>
</tr>
</tbody>
</table>

(1) Estimates at the 3Q announcement
(2) ROIC of Domestic CVS operation

Expand Business Scale While Maintaining Capital Efficiency

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Business Structure Transformation / Growth Strategies of IY

- IY will execute most of the structural reforms by FY2022, and will focus on re-growth strategy going forward.

### Structural Transformation

<table>
<thead>
<tr>
<th>~FY2020</th>
<th>FY2021</th>
<th>FY2022</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Store Policies</td>
<td>Close 4 stores</td>
<td>Close 2 stores</td>
<td>Has closed 33 stores</td>
</tr>
<tr>
<td>Personnel Policies</td>
<td>c.(400) persons</td>
<td>c.(300) persons</td>
<td>Optimized c. 1,700 personnel</td>
</tr>
<tr>
<td>Productivity Reform</td>
<td>Productivity improvement initiatives</td>
<td>Operation fully in progress</td>
<td>Productivity reform through IT utilization in progress</td>
</tr>
<tr>
<td>182 stores →132 stores</td>
<td>Close 4 stores</td>
<td>Close 2 stores</td>
<td>Has closed 33 stores</td>
</tr>
<tr>
<td>c.(1,000) persons</td>
<td>c.(400) persons</td>
<td>c.(300) persons</td>
<td>Optimized c. 1,700 personnel</td>
</tr>
</tbody>
</table>

In addition to delivering the results of the structural reforms above for IY by 2022, SST business will pursue re-growth through further structural changes through the drastic transformation initiatives below:

1. Exit from the apparel business
2. Accelerate focus on Tokyo metropolitan area with additional store closures
3. Consolidate SST operations in Tokyo metropolitan area
4. Establish Group’s strategic infrastructures
5. Ensure complete execution of initiative and process management by retaining external advisors

To Deliver the Results of Structural Reforms and Execute Transformation Initiatives for Re-Growth

(1) Self-operated apparel business
The entire picture of SST transformation: 5 key elements of the program

- Drastically transform business and profitability of the SST business within 3 years

1. Exit from the apparel business

   - Focus on “food” as the center of our Group strategy

2. Accelerate focus on Tokyo metropolitan area with additional store closures

   - Accelerates focus on Tokyo metropolitan area
   - Strategically close stores with low profitability or strategic fit even in Tokyo metropolitan area

3. Consolidate SST operations in Tokyo metropolitan area

   - Consolidate SST operations in Tokyo metropolitan area to maximize synergies and operation efficiency

4. Establish Group’s strategic infrastructures

   - Realize a profit structure that can achieve further profit growth utilizing strategic infrastructures: PC/CK(2) and online supermarket center

5. Ensure complete execution and monitoring with visibility

   - Ensure complete execution of initiatives and process management by retaining external advisors
   - Monitoring by Board of Directors and Strategy Committee and progress update to shareholders with visibility

Achieve an EBITDA of JPY 55Bn and over 4% of ROIC for Tokyo metropolitan area SST(3) by FY2025

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(1) Self-operated apparel business
(2) PC: Processing Center, CK: Central Kitchen
(3) Ito-Yokado (IY), York (YO), Shell Garden (SG)

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Impact by SST transformation

• Pursue to become the only player in Japan in terms of scale and profitability by consolidating SST operations in Tokyo metropolitan area and SST’s business structure reforms

Uplift of profitability of the entire SST segment

(1) For companies with multiple segments, each segment is shown as 1 bobble
(2) SST: IY, YO, SG, YB(York Benimaru)
(3) Tokyo Metropolitan SST: IY, YO, SG

Large scale with high profitability
Evolve into the only player in Japan with large scale and high profitability

Profitability of domestic SM/GMS competitors

Bobble size: EBITDA size

Profitability

Scale

Revenue from operations (JPY Bn)

EBITDA margin (%)
Capital Re-allocation Plan

- Increase operating cash flow and focus strategic investments in the growth driver CVS operations while improving shareholder return and keeping financial health. Shareholder return is also a key priority, as we plan to achieve a total shareholder return ratio of over 50% (cumulative)

Cash Flow Generation (cumulative)$^{(2)}$
Cash Flow Usage (cumulative)$^{(2)}$

SST
Cash-in from asset reduction

CVS
Cash-in from capital recovery

Use cash-in from SST for SST investments

- Strategic investments
- Financial health
- A total shareholder return ratio of over 50%$^{(1)}$

(1) Cumulative total return to shareholders from fiscal year 2023 to 2025
(2) Total figures of fiscal year 2023 to 2025

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Establish the Strategy Committee

- Establish the Strategy Committee composed solely of independent outside directors to monitor the progress of the Group’s important strategies and continue to objectively and comprehensively review the optimal group portfolio structure and strategic alternatives.

I Background and Purpose

- **Monitor progress** of Group’s important strategies (CVS growth, SST transformation, etc.)
- Continue to objectively and comprehensively review the optimal group portfolio structure and strategic alternatives (IPO, spin-off, etc.) and provide advice to Board of Directors.

II Composition of the Strategy Committee (Independent Outside Directors)

- Director (Chair) Stephen Hayes Dacus
- Director Kunio Ito
- Director Toshiro Yonemura
- Director Yoshiyuki Izawa
- Director Jenifer Simms Rogers
- Director Paul Yonamine
- Director Elizabeth Miin Meyerdirk
- Director Meyumi Yamada

Retain external advisors to support its objective analysis and consideration.
New Group Management Structure

Directors (6 Inside, 8 Outside)

Management

A Representative Directors

Vice President, Representative Director
Chief Administrative Officer (CAO)
Katsuhiro Goto

President, Representative Director
Chief Executive Officer (CEO)
Ryuichi Isaka

Senior Managing Executive Officer,
Representative Director (CSuO),
General Manager of ESG,
Development Division and
Supervising Officer of
Superstore operations
Junro Ito

B Business segment
Supervisory officers

Segment A  Segment B  Segment C  Segment D

C Corporate segment
CxO  Directors

Corporate A  Corporate B  Corporate C  Corporate D

A Appoint senior executive officers with representation rights to strengthen the executive system through a stronger and stable group management system

B Assign supervisory officers to each business segment to deepen and speed up strategic decision-making for each business area

C Introduce the CXO system in the Corporate Department, and assigns multiple officers in charge of overall management and specialized fields
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.