



Seven & i Holdings Co., Ltd.

"IR Day2023"

Overseas CVS Operations Strategy

October 31, 2023

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CSA EXTERNAL ENVIRONMENT



Macro Environment: Inflation & Fed Actions

Stimulus Money Induced Consumer Spending

~\$9.7T

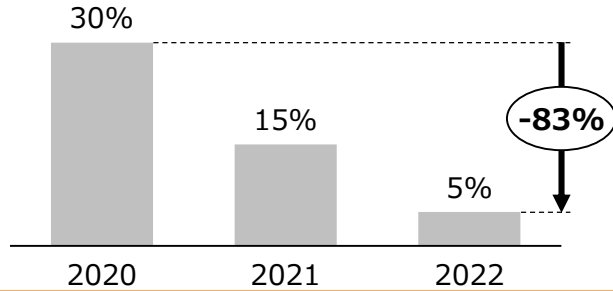
COVID-19 Relief Stimulus
Mar 2020- Apr 2022

~\$5.3T
Direct Consumer Support

~\$4.4T
Quantitative Easing

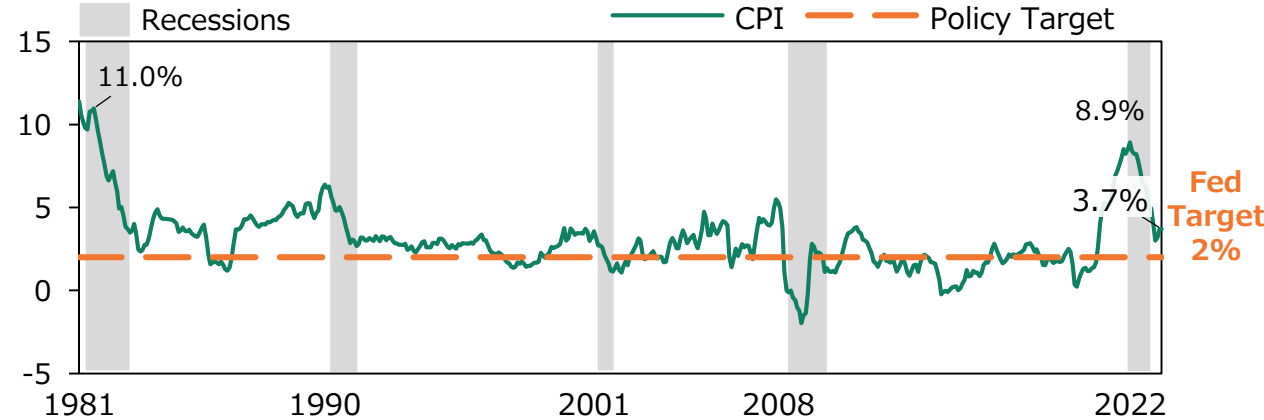
Stimulus As Source of Consumer Spending

Share of spend funded by Stimulus (%)



Inflation Cooling Down; Still Above Long-Term Averages

U.S. Consumer Price Index



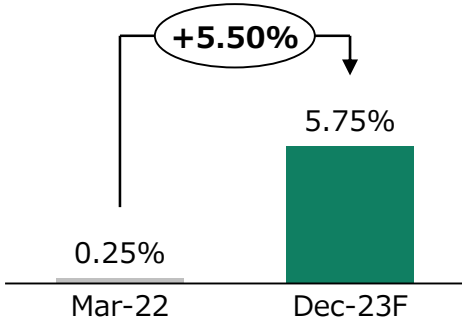
Source: NACS, FactSet, Fred

Source: BLS, Bloomberg

Fed Action to Combat Inflation...

Rate Hikes

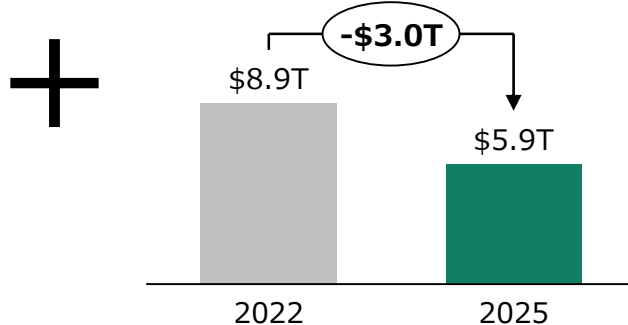
FED Funds Interest Rates
Fastest Hikes in 40 Years



Source: FED, Goldman Sachs, Brookings, BEA

Quantitative Tightening

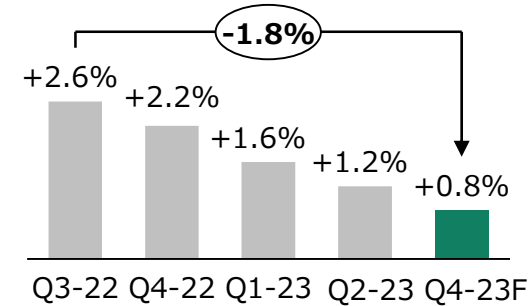
Reducing US Money Supply (\$T)
Reduction Equals ~13% of 2021 GDP



...Creating Recessionary Pressures

Slowing Economic Growth

U.S. Real GDP (q/q%)



Source: BEA, The Conference Board, Bloomberg

Rolling Recession

"Instead of decreasing at once, sectors decline sequentially while the aggregate economy remains fairly stable."

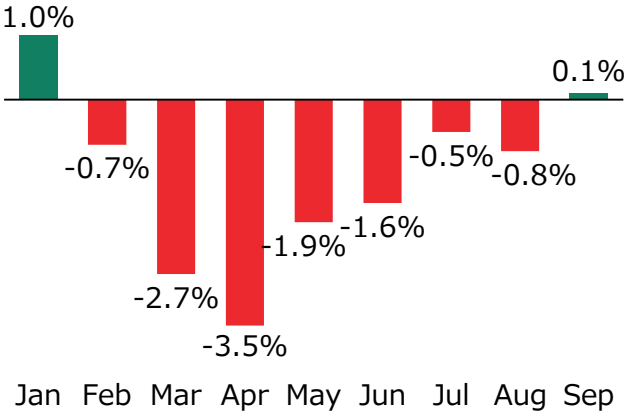
White House Council of Economic Advisers

Inflation and Fed Actions Pressuring U.S. Economic Growth

Business Challenges & Response

Real Retail Sales Declining with Rising Costs

Real Retail Sales
(2023 vs 2022)



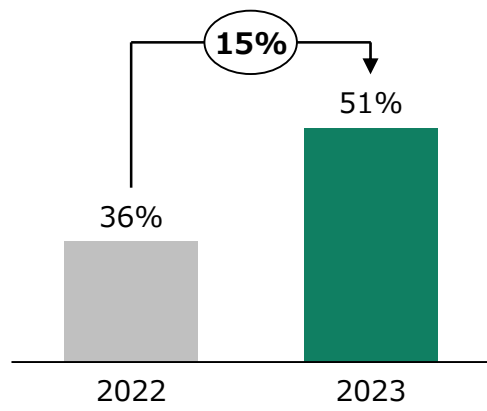
Source Bloomberg, YCharts, Fred, NACS

Increasing Cost of Doing Business
(Sep-23 vs Sep-19)

Food	+25%
Commodities	+22%
Energy	+38%

Vendors & Retailers Passing Cost to Consumers

% of Retailers that Raised Prices
(Survey as of Feb 2023)



Source: BDO, Business Insider, NY Times

However, Consumers are Tapped Out on Increasing Costs

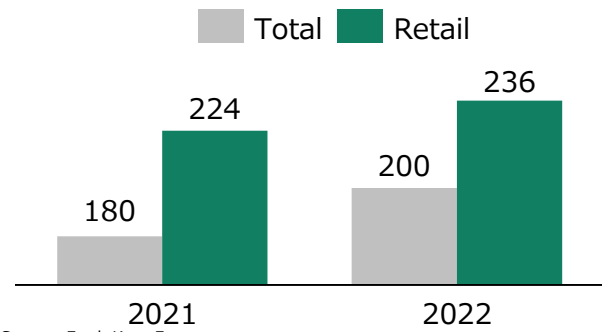
The New York Times

04/29/2023

*"Consumers are starting to resist price increases by **cutting back or trading down to lower-priced options.**"*

Labor Challenges Impacting Retail

Voluntary Quitting Index
Apr 2020 = 100



Source: Fred, Korn Ferry

74%

Retail workers looking to change jobs in 2023

Top Reasons:

- Limited flexibility over hours
- Limited benefits
- Safety/ Security Concerns

Retailers Leveraging Technology to Optimize Labor

82%

Retailers planning to invest more in technology

45%

Retailers converting cash register space to self-checkout

Source: Retail Dive



Businesses Facing Declining Real Sales, Rising Costs and Labor Challenges

CSA CONSUMER BEHAVIOR

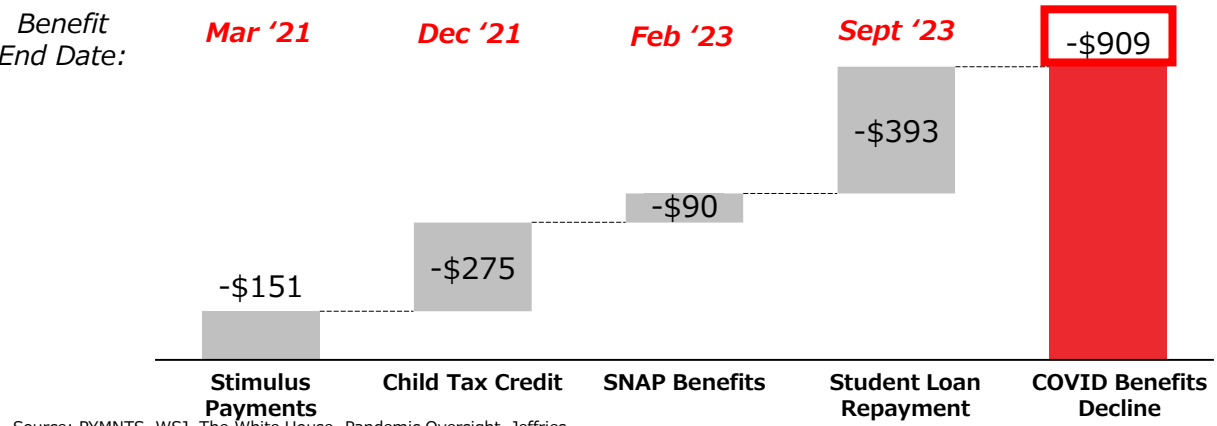


Consumer Financial Position

Stimulus Benefits From COVID are Gone

Pull-back of COVID Benefits

Average monthly benefit decline per participant



Source: PYMNTS, WSJ, The White House, Pandemic Oversight, Jeffries

Inflation Causing Prices to Rise, Affecting Consumer Wallet

Rising Inflation Impacting Consumer Spending

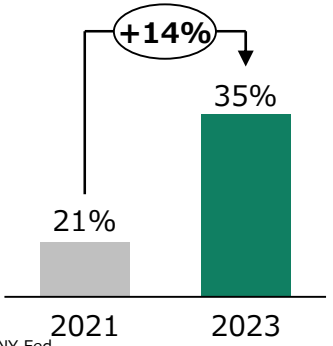
Cumulative price increases per month (vs 2021) for all households



Source: US Joint Economic Committee

Rising Reliance on Debt

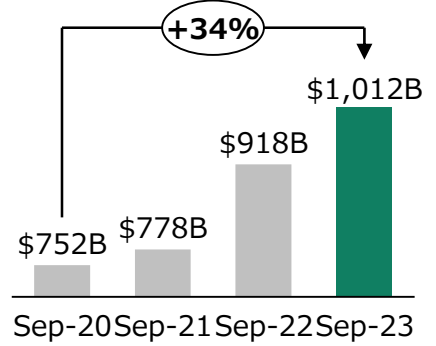
% of Households Using Credit Cards for Necessities



Source: NY Fed

73%
Consumers said higher prices has affected their ability to cover monthly expenses

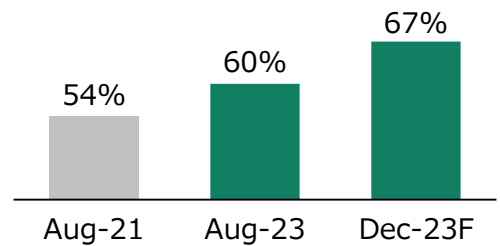
Credit Card Balances
Highest ever balance



Cumulative Impact: Consumers Living Paycheck to Paycheck

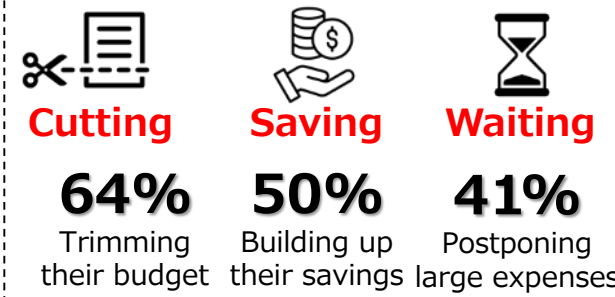
Paycheck-to-Paycheck Lifestyle Becoming the Norm

Share of Population Living Paycheck to Paycheck



Source: PYMNTS, University of Michigan, PlacerAI

Key Budget Intentions for 2023



Source: Northwestern Mutual

Shrinking Savings & Rising Debt Have Consumers Preparing For the Worst

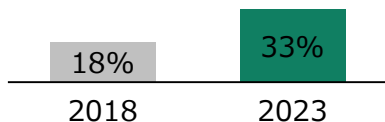
Changing Consumer Behavior

Consumers Want Food at a Great Value

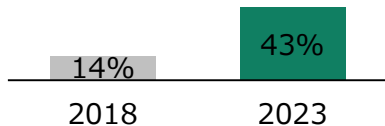
Affordable, High-Quality Food and Beverages

Reasons to visit C-Stores

Lower priced food & beverages



High-quality of food & beverage



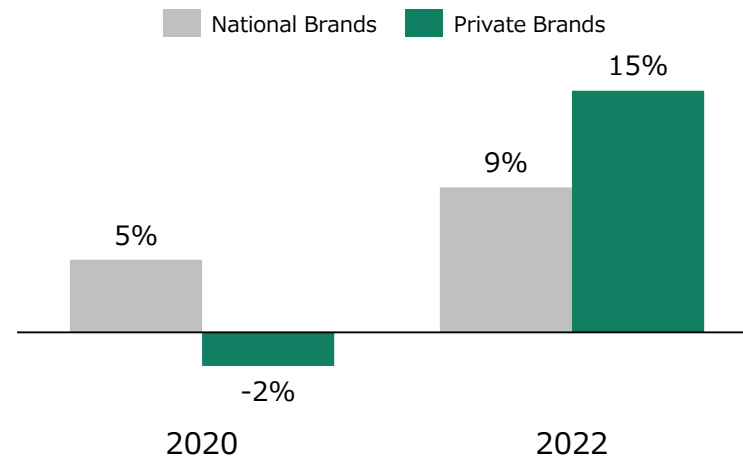
70% of c-stores consider innovating foodservice as a top growth priority

"Enhancing the Foodservice Offer", NACS 2022

Seeking Out Private Brands for High Quality with Lower Price

Convenience Channel – YoY \$ Sales % Change

~15%
Price savings between Private Brands and National Brands

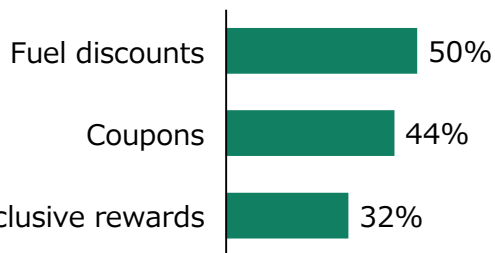


Source: NACS

Leveraging Digital & Delivery

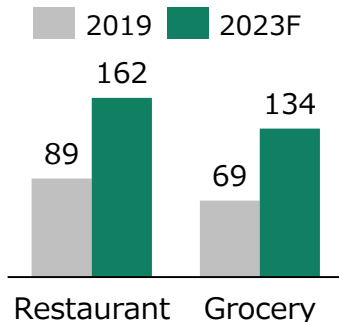
Leveraging Digital

Top 3 Reasons for Engaging with C-Store Apps



Delivery Remains Strong

U.S. Delivery Users (In millions)



Source: MarigAold, IRI, NACS

Changing C-Store Expectations

Higher Quality Food

72%
Increase in C-Stores **foodservice sales** in 2022

Faster & Easier Fueling

75%
Will **drive off** if there are >2 cars in line at the pump

Source: Shekel/ Bloomberg, CS News

Larger, Contemporary Facilities

+48%
Increase in avg. size (~4.6K sq. ft) of new c-stores vs. 2021

Digital Innovation

87%
Prefer stores with **frictionless shopping**

Consumers are Seeking Value as the Economic Environment Changes

***STRATEGIC
INITIATIVES***



1 Grow Proprietary Products

Fresh Food & Restaurants



Enhanced Value Chain



Proprietary Beverages



Private Brands

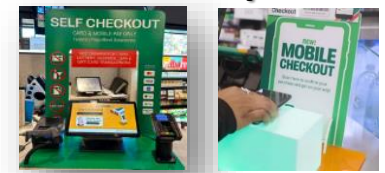


2 Accelerate Digital & Delivery

Loyalty Programs



Frictionless Experiences



7NOW Delivery



Retail Media Network

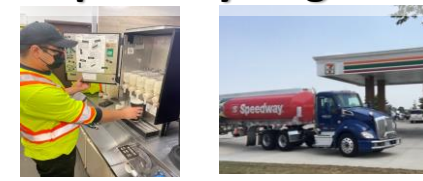


3 Generate Synergies From SEI and Speedway Integration

Store & Company Integration



Capture Synergies



4 Grow and Enhance Store Network

Organic New Build Stores



Mergers & Acquisitions



Grow
Proprietary Products

Accelerate
Digital & Delivery

Generate Synergies
From SEI & SPW
Integration

Grow & Enhance
Store Network

Grow Proprietary Products



Proprietary Products Strategy & Growth Plan

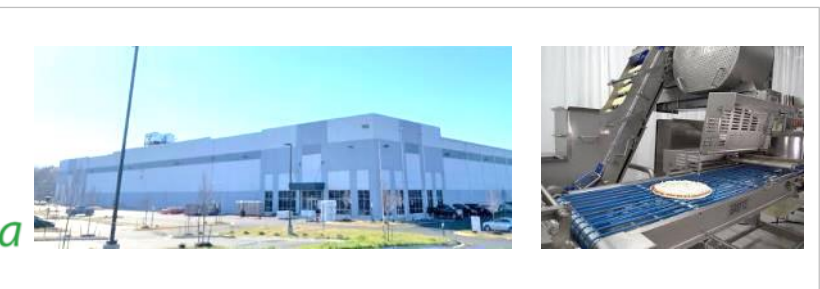
Long-Term Strategy

FRESH FOOD

PROPRIETARY BEVERAGES

PRIVATE BRANDS

VALUE CHAIN



Growth Plan

- ✓ Accelerate **Fresh Food Growth By Enhancing Value Chain**
 - ✓ Improve **Product Assortment** through innovation
 - ✓ Enhance **Value Chain**
 - ✓ Grow **Restaurants**

- ✓ **Expand & Modernize** Proprietary Food & Beverages

- ✓ Grow **Private Brands**

Plan to Add New Capabilities to Support Proprietary Business

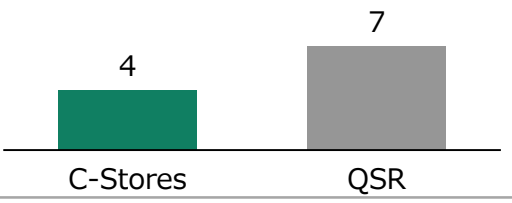
CSA

Increasing Demand for Fresh Food

76%

Have purchased a ready-made meal from a c-store

Average Wait Times (minutes)



QSRs Still Preferred for Fresh Food

31.8%

C-store shoppers stop at a QSR within 30 minutes

(+3.4% vs 2021)

C-stores advantages: Quicker prep time, more variety, convenience and shorter wait times
 - Forbes

Drive Sales With Value, Quality & Innovation

Nationally launch items developed by Warabeya



Cheeseburger Slider
Q3



Ham & Cheese Sweet Bread
Q4

Continue to leverage Warabeya's capability



Spicy Miso Ramen Noodle
Q3



Bolognese Sauce Spaghetti
Q4 test



Meatball with Marinara Sauce
Sub Q4



Philly Cheesesteak Sub
Q4

Key Strategies to Drive Growth

VALUE

QUALITY

INNOVATION



Nashville Hot Slider 99¢



Three Cheese Pizza



Vegetable Wrap



Southwest Burrito Taquito



Chicken/Fajita & Rice



Sesame Cold Noodle Salad

Value Chain – Innovate with Warabeya

Strategy



Modernize Fresh Food Infrastructure

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



SEI Actions – Innovate and Expand



Tonkotsu Ramen Noodle



Ham and Cheese Sweet Bread Sandwich



Open Tacos



Sesame Cold Noodle Salad



Vegetable Wrap
*non-meat



Meatball Spaghetti

Proprietary Beverages – Expand Coffee Modernization & Slurpee Innovation

Coffee & Food Modernization

Specialty Beverage



Soft Heat & Bean to Cup



Customer Experience



Self-Serve Roller Grill



Bake In Store



Grab and Go Cases



4,800+

Stores with New Coffee & Food Program

Aggressive Value Offers and Marketing to Boost Awareness



Stores with New Platform Outperforming in Coffee Sales

Slurpee Innovation

We are on a journey to contemporize the Slurpee brand

Customer Insight	Brand Purpose	Visual Identity	Brand Design
<p>BUILD A LIFE. NOT A GRIND You face every day with an optimistic determination to find success on the path chosen. Never finished, you're here to build a self-made life, not to grind to anyone else's standards.</p>	<p>ANYTHING FLOWS</p>	<p>VIS ID REFRESH</p>	<p>MODERN GRAPHIC DESIGNS</p>

Aggressive Values to Support Rebrand and Exclusives

Buy ANY Size SLURPEE® Drink, Get a Small for **FREE**

EXCLUSIVE

TURN UP

Buy & Earn 7 Entries for a Chance to Win Music Prizes

Private Brands – Strategy & Growth Plan

Strategy and Action

Private Brands Strategy

High Quality Differentiated Products

Deliver **Value To Customers**
Less Expensive than National Brands

Better Margin and Penny Profit
for Franchisee & Store

- Private Brands in-sourced in 2014 to meet customer expectations
- Currently: 900+ Private Brand items in portfolio; ~300 in Speedway
- High margin items



Growth Plan for 2023

Drive Consumer Demand Through Innovation

+135
New Items in
2023



Canned Water



Holiday Candy



Chip Flavor Extensions



Tortilla Chips

Continuously Improve Core Items

Continuous Improvement & Cost Engineer



Deliver on ESG

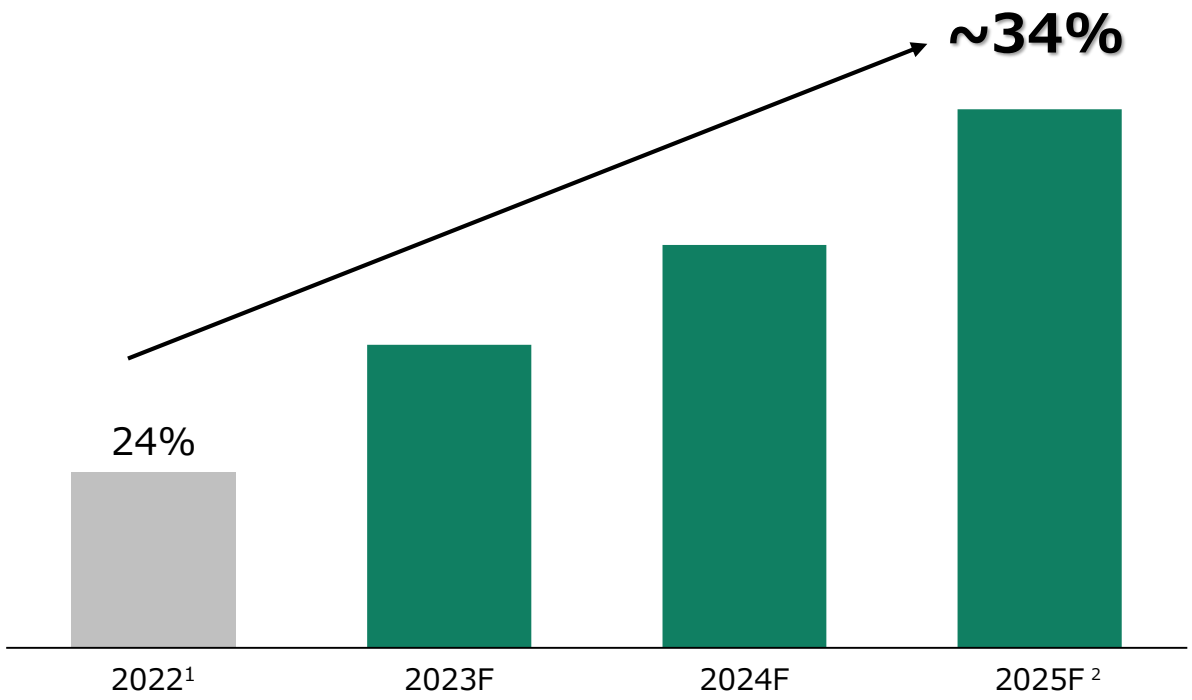
800K
Trees Planted
With every case of Skyra sold,
1 tree is planted to help
offset carbon emissions



Proprietary Products – Growth Path to 2025 & Key Takeaways

Fresh Food, Prop. Bev. & Private Brands

% Mix of Total Merch Product Sales; US Same Store



- ✓ Accelerate **Fresh Food** growth by enhancing **Value Chain**
- ✓ Grow **Proprietary Beverages**
- ✓ Grow **Private Brands**

(1) 2022 excludes Speedway
(2) 2025 will include Legacy SEI and fully integrated Speedway stores

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

Accelerate Digital & Delivery

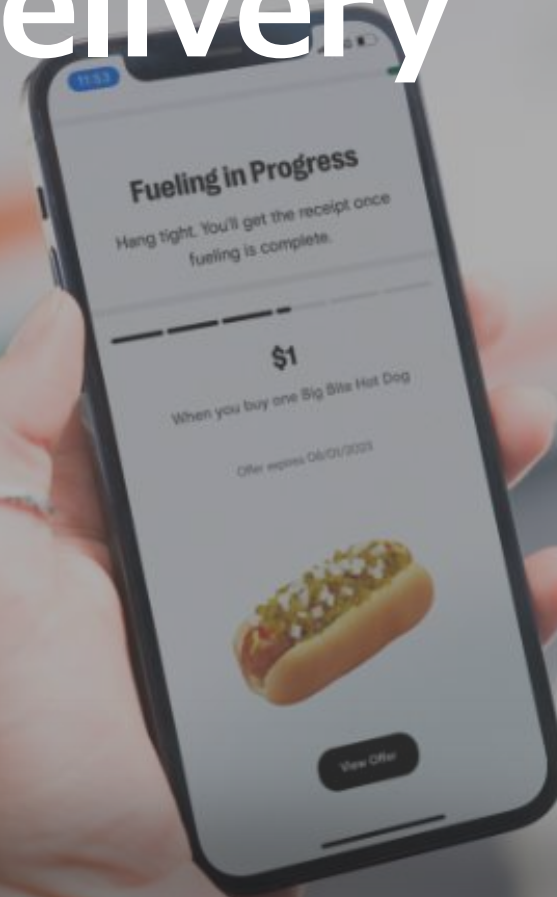


Grow
Proprietary Products

Accelerate
Digital & Delivery

Generate Synergies
From SEI & SPW
Integration

Grow & Enhance
Store Network



7NOW Value Proposition

Delivery from 7-Eleven Meets Customer Needs



~28 min
 National avg. YTD

>50% US Population
 Within 2 miles of a store

10+
 Marketplace Partnerships

Delivery Growth Driven By Product Mix And SPW Expansion

Late-Night Customer Cravings

50%

Top 10 items are
 Fresh Food and
 7-Eleven Private
 Brands

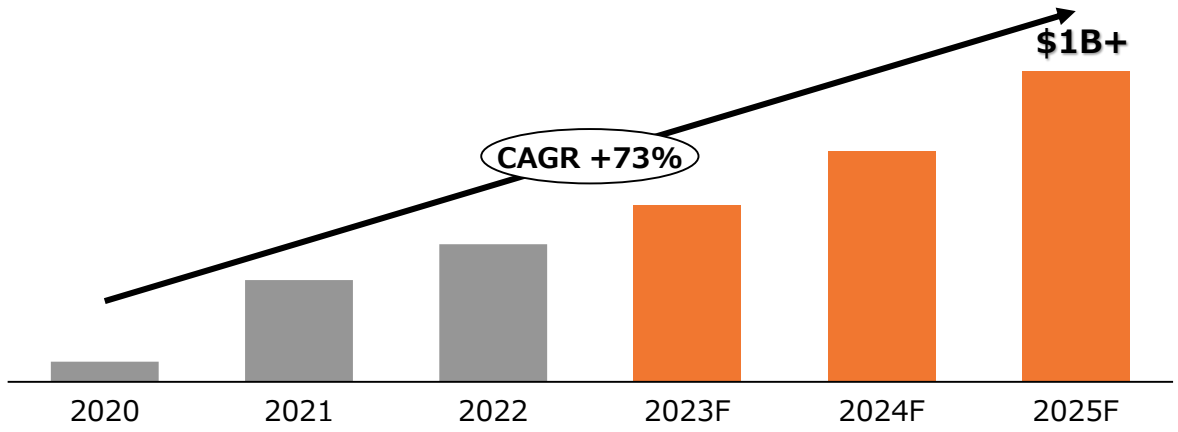


Add on Products to Meals from Restaurants



Growth strategy to 2025

Annual Delivery Sales



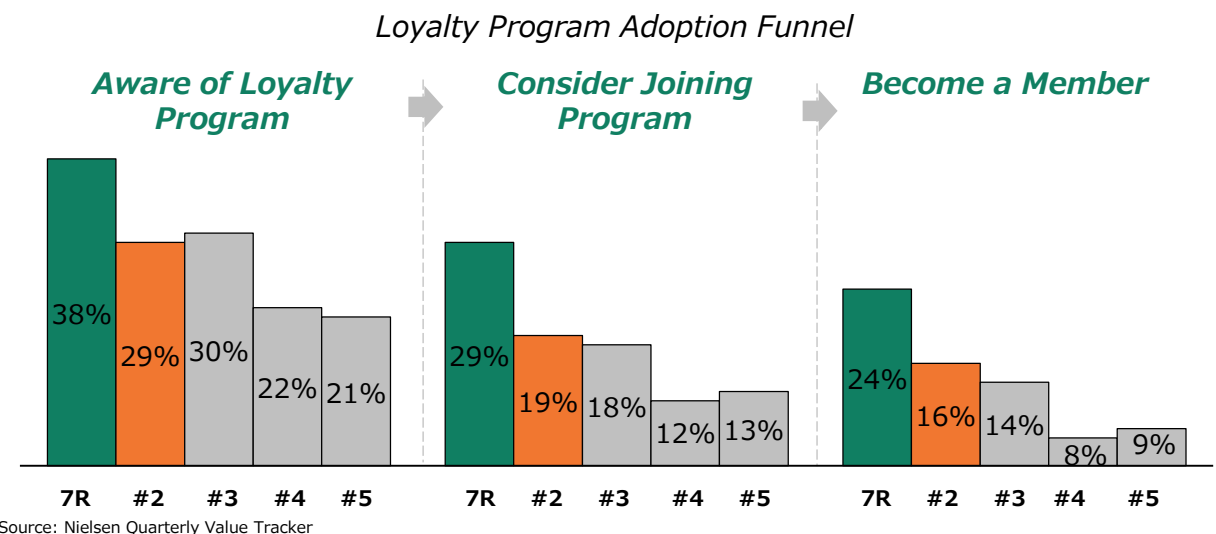
Key Action to Drive Growth

- Continue expansion to **Speedway stores**
- Drive **fresh food with 7NOW**
- Grow **Gold Pass** membership & engagement
- Expand **restaurant delivery** across Laredo Taco, Speedy Cafes & Raise the Roost

Targeting \$1 Billion 7NOW Sales Goal by 2025

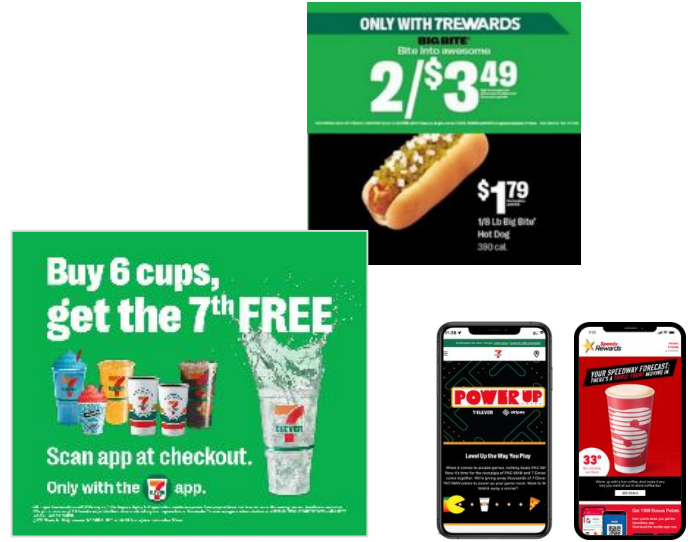
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SEI's Loyalty Programs are Leading the Industry



95M
 Registered Members

7Rewards and Speedy Rewards in US and Canada

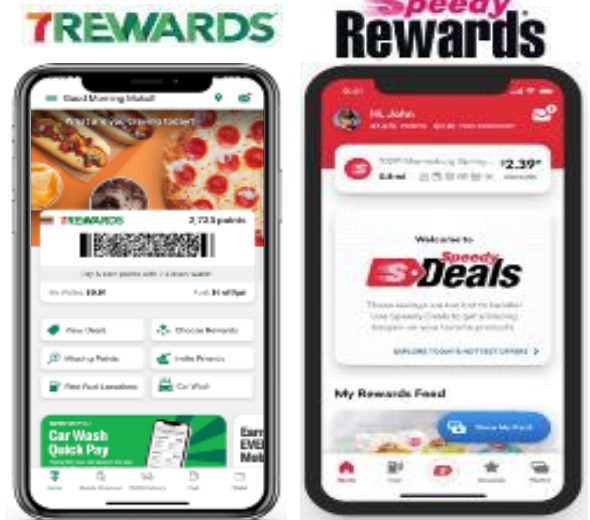


Strategies for Growth

Continue Increasing Value Perception to Grow Registered Members & Scan Rate

Optimize Member Pricing by implementing "Everyday Member Pricing"

Accelerate Personalization

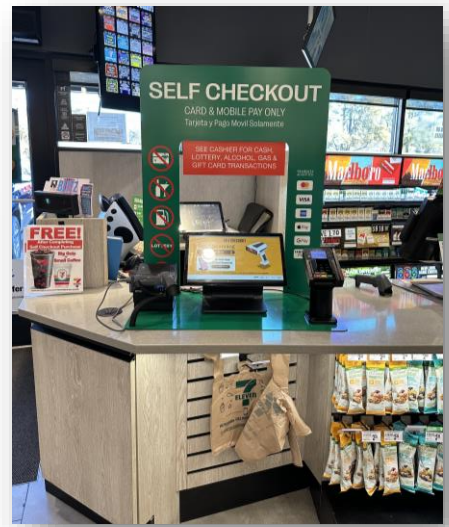


Frictionless Shopping and Store Simplification

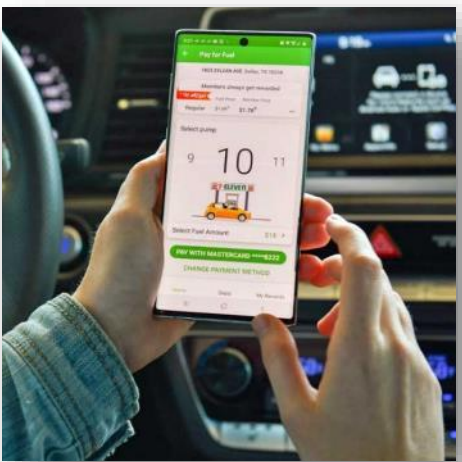
Mobile Checkout
 Skip The Line Every time



Self Checkout
 Simplify Store Operations



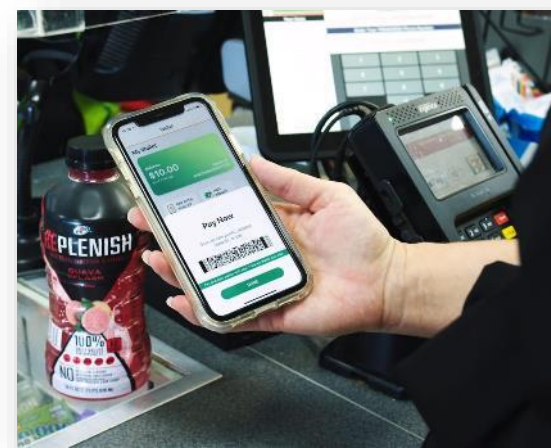
Fuel Loyalty



- **Contactless** fuel payment experience
- **Fuel Price Lock**

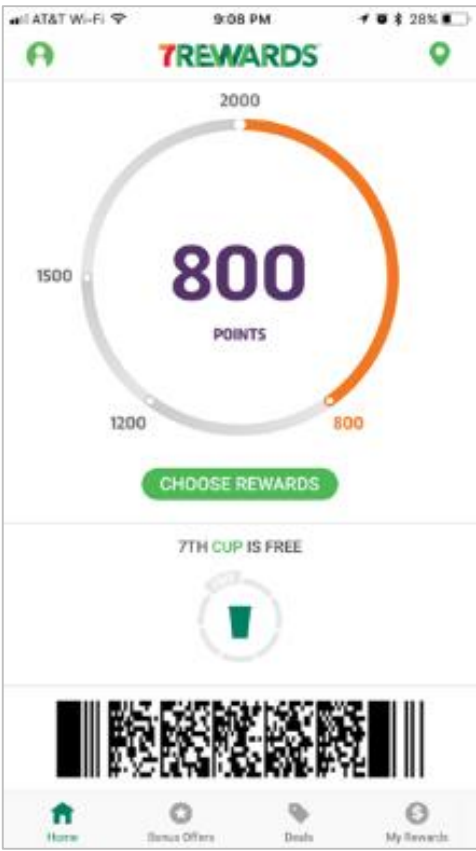


7-Eleven Wallet



- **Exclusive** offers and deals
- Secures **future sales**
- Brings **rewards** to cash customers

Evolution of the 7-Eleven App



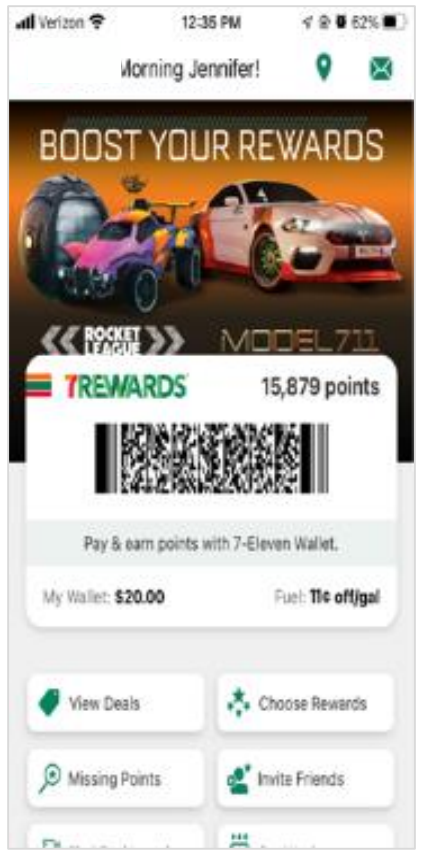
2017



2018



2019-2020



2021-2023

Newest Features

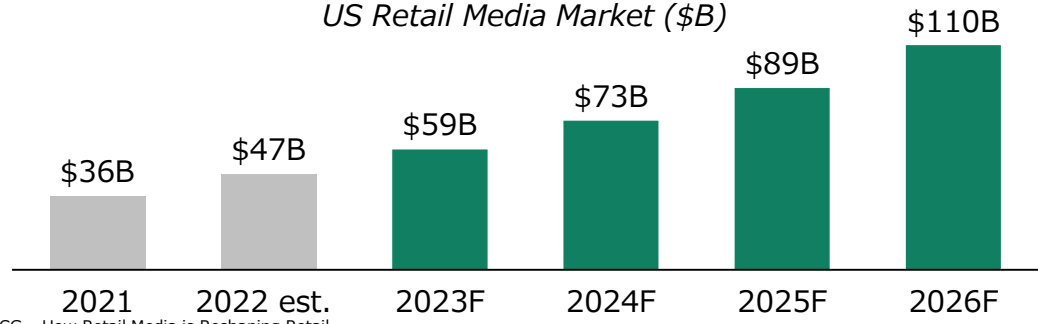
- **2-step login** across all digital channels
- **Earn & Redeem** across digital experiences
- **Personalized content & offers**
- **New 7NOW design**

Retail Media Network

CSA

Retail Media Continues to Grow as a Channel and Retailer Source of Profit

US Retail Media Market (\$B)



Source: BCG – How Retail Media is Reshaping Retail

Key Strategies to Monetize Customer Data

Utilizing SEI's Customer Data to Create New Sources of Revenue from Media, Insights & Analytics Solutions



Retail Media Network featuring digital media and in-store channels



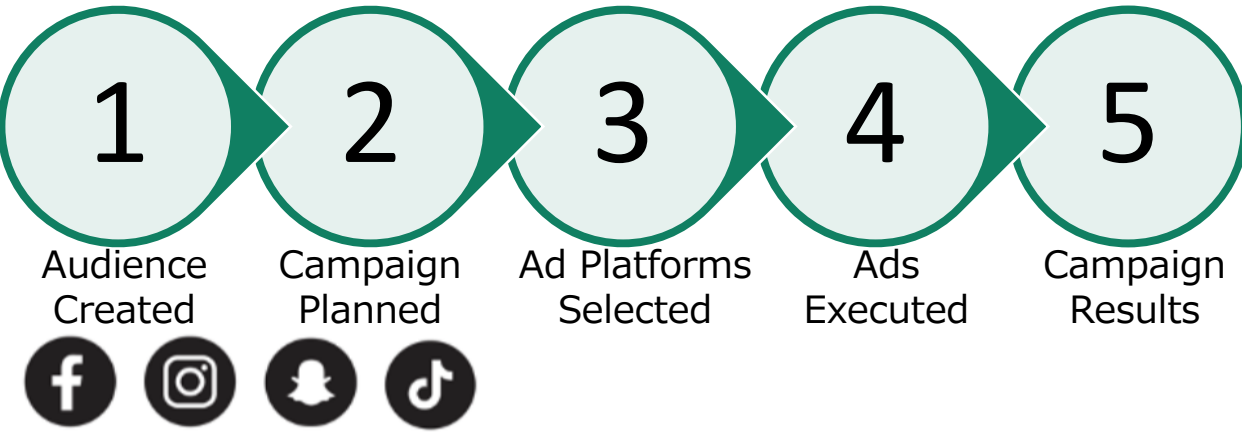
Customer Insights & Analytics platform



Proprietary Customer Research Panel

YTD Progress – Gulp Media Network Launched

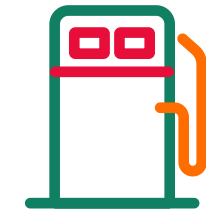
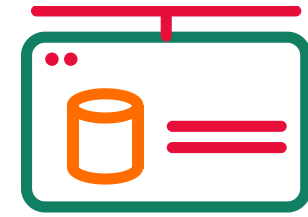
Campaign Process Tested & Verified



Action Plan for 2023

1. Build Scale

2. Test Expansion Areas



Retail Media Network Will Drive Value for SEI

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Generate Synergies From SEI & SPW Integration

Grow
Proprietary Products

Accelerate
Digital & Delivery

Generate Synergies
From SEI and SPW
Integration

Grow & Enhance
Store Network



Key Synergy Focus Areas

Milestones

Merch Sales & Margin



1 Optimized Assortment with Vault and Center of Store Resets

Scale / Cost Leadership



2 Leveraged Scale through National Contracts
(Cost Leadership Committee)



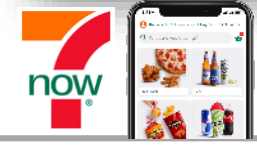
3 Transitioned In-House Maintenance to ~4,000 Stores

Fuel Logistics



4 Expanded Speedway Fuel Transportation Coverage to 450+ 7-Eleven Stores

Digital (Growth) Synergies



5 Launched Delivery in ~1,900 Stores

2022: Achieved \$682M in Synergies **2023:** Target Increased to \$800M

Enables Retailer Initiative

- Customized store-by-store assortment and use data to optimize space-to-sales, margins and gross profit
- Faster cycle for product innovation to get to stores
- Drives increase in merch sales, margin, and merch gross profit



Unifies Store Systems & Operations

- Standard technology support in store
- Unified customer experience
- Enables consistent in-store training & execution



Integrates & Simplifies Store Reporting & Support

- Centralized and Unified Data – “one source of truth”
- Clearer, Faster and Better Insights
- Enables integrated support teams across brands



Maximize
each Store's
Profitability



Differentiate
the Store From
Competitors



Increase
Customer
Satisfaction

Conversions Critical to Unlock Future Synergies and Enable Retailer Initiative Acceleration



**Grow
Proprietary Products**

**Accelerate
Digital & Delivery**

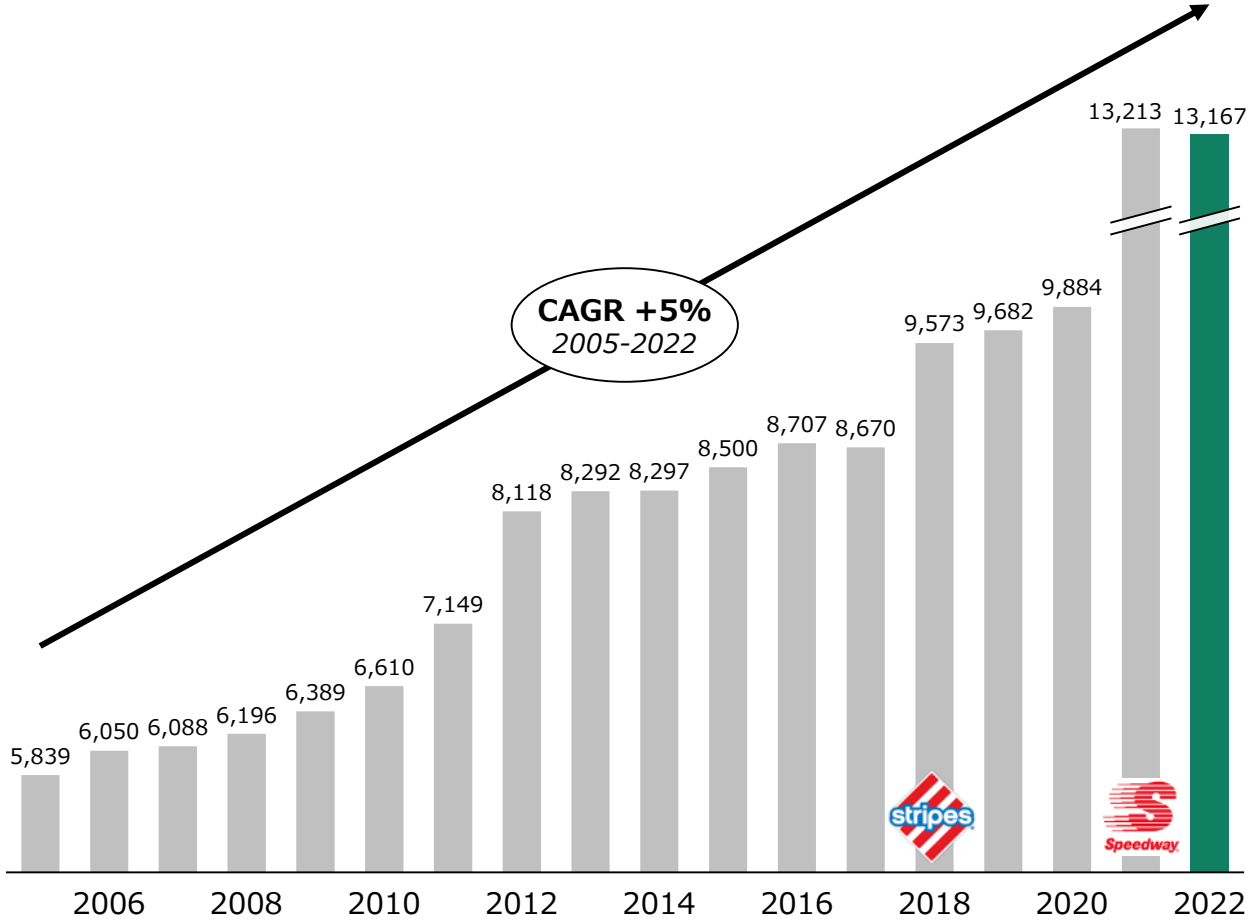
**Generate Synergies
From SEI & SPW
Integration**

**Grow & Enhance
Store Network**

Grow & Enhance Store Network



SEI Number of Stores



- ✓ **Highly fragmented convenience store industry**
- ✓ **Proven SEI track record of store growth through organic new builds and M&A**

Organic Store Development

Progressively Developed New Design Standards to Meet Customer Expectations

Prior Standard



- Older brick c-store design
- Limits food & bev execution
- Smaller footprint, cramped lot
- Non-gas/ small fuel



Evolution Stores



- Modern exterior, curb appeal
- Food forward design
- Innovative customer facing elements
- Customized design
- Laboratory environment



New Standard



- Includes Evolution store design elements
- Highlights food & beverage strategy
- Includes features that simplify operations
- Larger lots, large format fuel
- Digitally enabled/frictionless

M&A – Highly Fragmented C-Store Industry Provides Opportunity to SEI

U.S. C-Store Industry vs. Japan C-Store Industry

Fragmented U.S. C-Store Landscape

- ✓ SEI Market Share is **8.3%**
- ✓ Top 10 U.S. C-Store Chains have <20% Market Share
 - ✓ Top 3 Japan C-Store chains have 93% Market Share
- ✓ **63%** of US C-stores Consists of Chains with ≤ **10** Stores

US		
	Company Name	Share (based on store count)
1	7-Eleven Inc. (US only)	8.3%
2	Alimentation Couche-Tard Inc	3.8%
3	Casey's General Stores Inc.	1.6%
4	EG Group	1.1%
5	GPM Investments LLC	0.9%
6	Murphy USA, Inc	0.7%
7	Wawa, Inc.	0.7%
8	QuikTrip Corporation	0.6%
9	Kwik Trip, Inc.	0.5%
10	Sheetz, Inc.	0.4%
Top 10 C-Store Chain Total		18.9%
Total US C-stores (2022 NACS Data)		

Japan		
	Company Name	Share (based on store count)
1	7-Eleven Japan	38.4%
2	Family Mart	29.6%
3	Lawson	25.1%
Top 3 C-Store Chain Total		93.1%

SEI Positioned to Continue Growth through M&A and Deliver Accelerated Returns

M&A – Proven Track Record of Successful Acquisitions

Since 2005, 7-Eleven Has Acquired 7,250 Stores Through 50 Transactions

Locations Acquired¹



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	Total
Deals Closed	2	-	3	2	2	4	10	4	-	4	4	-	1	3	5	6	-	50
Operating Loactions Acquired ¹	213	-	43	71	30	394	702	127	-	285	258	-	1,030	58	170	3,869	-	7,250
% Locations Acquired (w/ Gas)	4.2%	0.0%	100.0%	18.3%	100.0%	57.1%	61.0%	52.8%	0.0%	41.8%	100.0%	0.0%	98.1%	74.1%	98.2%	100.0%	0.0%	86.6%

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¹ Includes all channels of trade with real estate.

Successful M&A Track Record

Mature M&A History (49 transactions 2006 - December 2022) ¹



1) Excludes Speedway

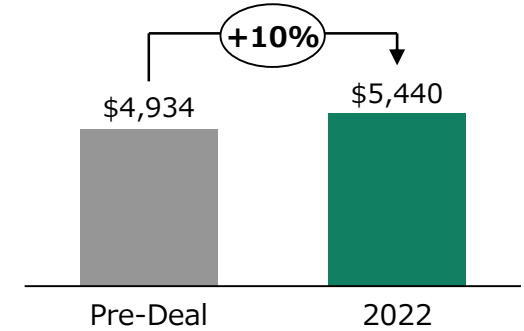
Mature Acquisition Results (Dec. 2022 LTM)

Deals excluding Speedway	MDSE APSD Increase ²	MDSE GPM Improvement ²	ROIC
Major Oil Company C-store Deals	+71.1%	+662 bps	20.5%
Mature Acquisitions	+31.7%	+223 bps	15.5%

2) Percent improvement compared to pre-acquisition

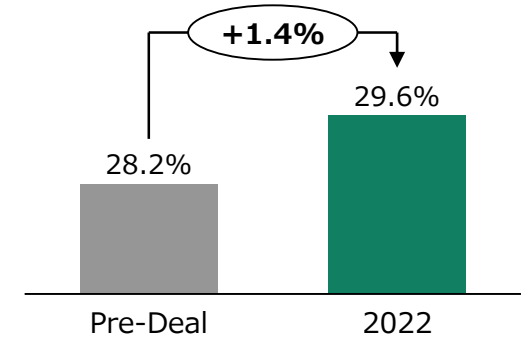
Example: FY2022 Speedway Results

Merch Sales APSD

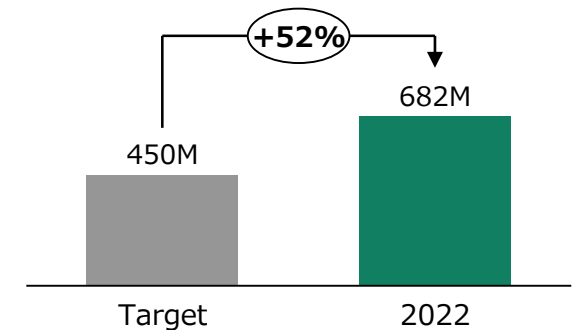


Speedway Margin*

*Accounting change to align pre-SPW to current SEI treatment of consignment accounting



Synergy Results



***FINANCIAL
PERFORMANCE***

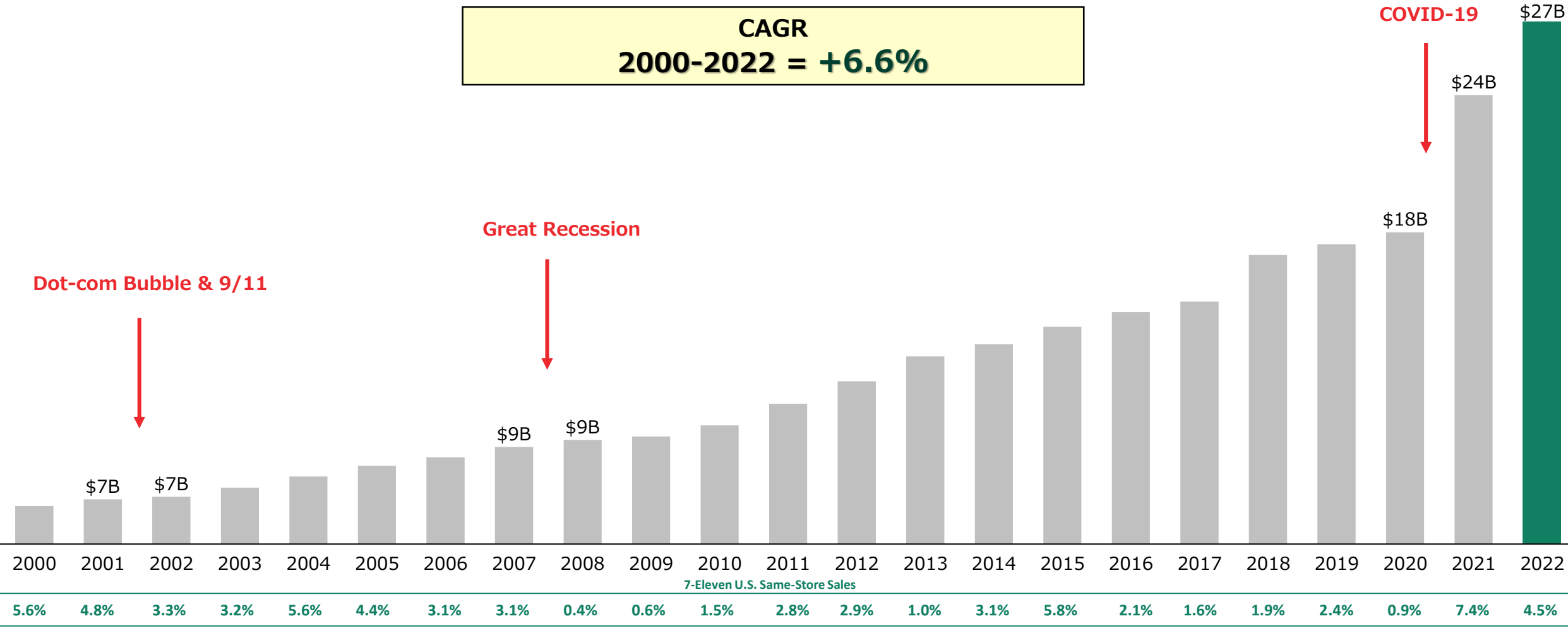


SEI Resilience Through Past Recessions and Macro Headwinds

SEI Merch Sales

(in \$ billions)

CAGR
2000-2022 = +6.6%



Great Recession

Dot-com Bubble & 9/11

COVID-19

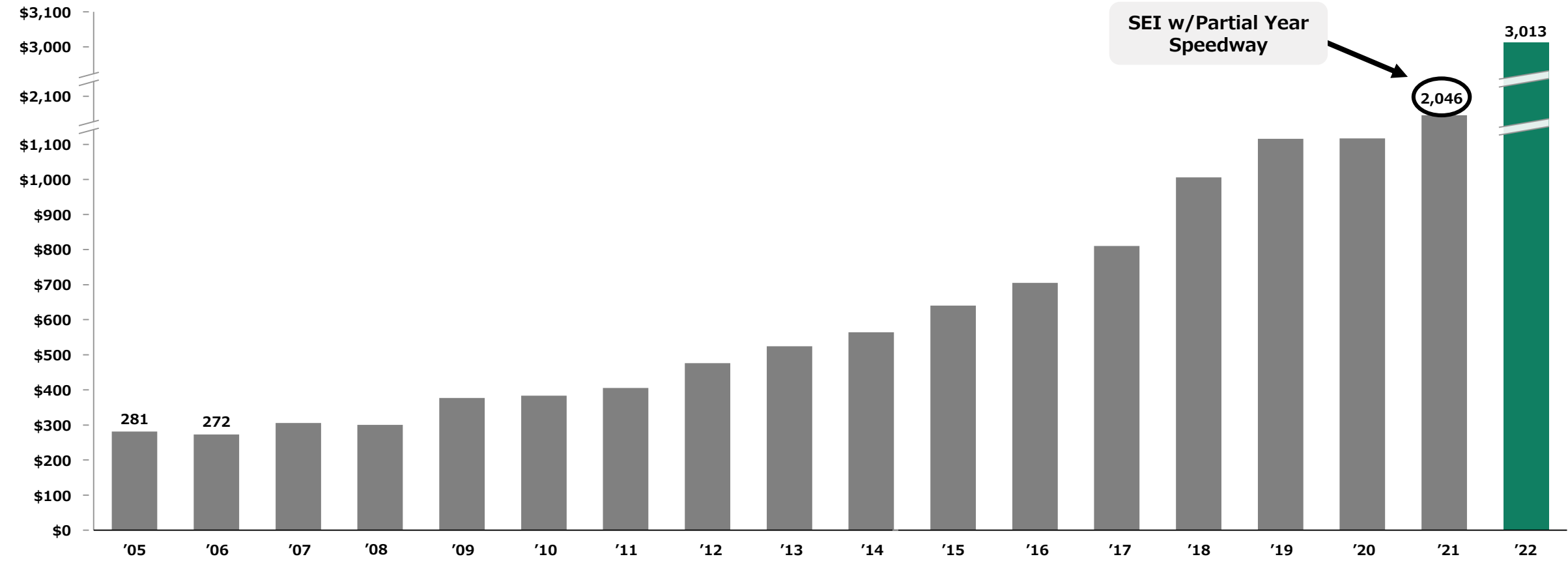
- ✓ Business **Remained Resilient** Through Past Recessions
- ✓ **Consistent Growth** in annual U.S. Same-Store Sales for 29 Years

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SAM Op Income Performance

SAM Operating Income (\$M)

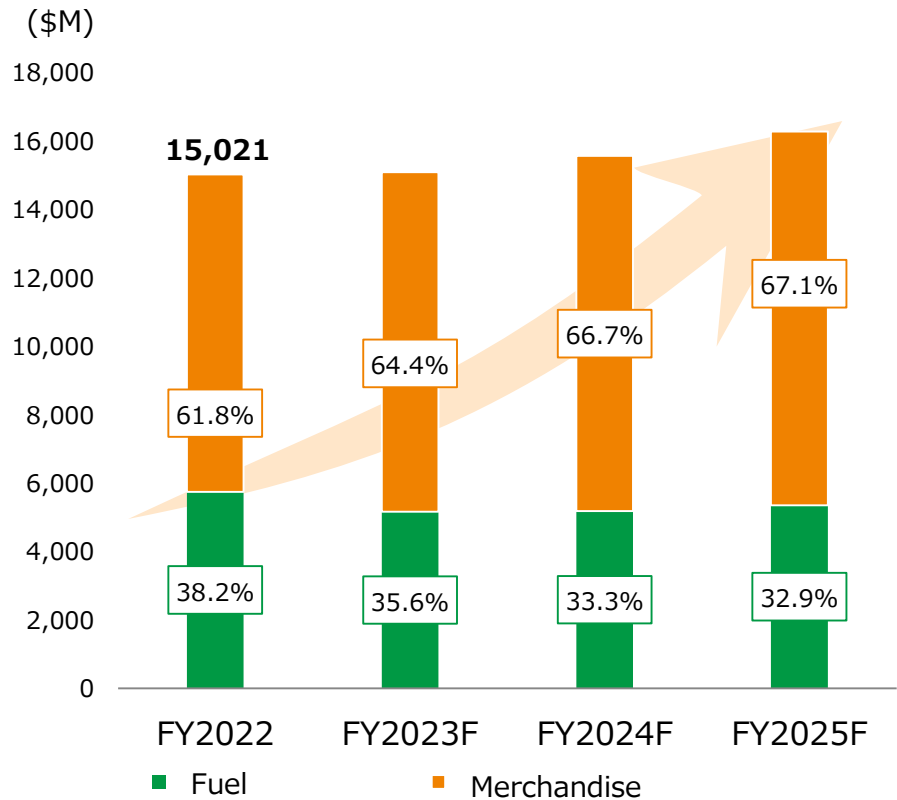
CAGR
2006-2022 = +16%



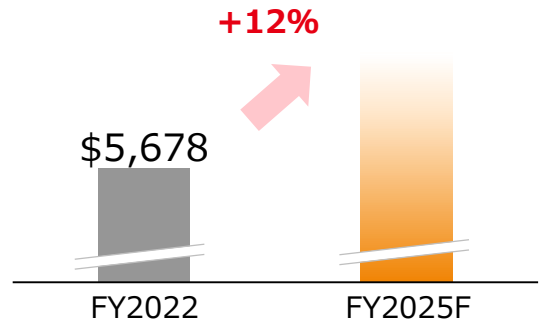
Positioned for Continued Growth in the Future

- Grow Proprietary Products as percentage of Merchandise sales mix to generate profitable growth
- Improve Merchandise Margin and ROIC

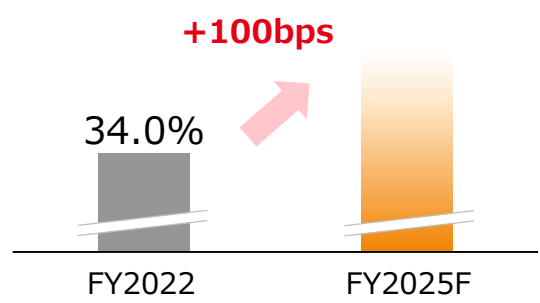
Trend of Gross Profit and Mix



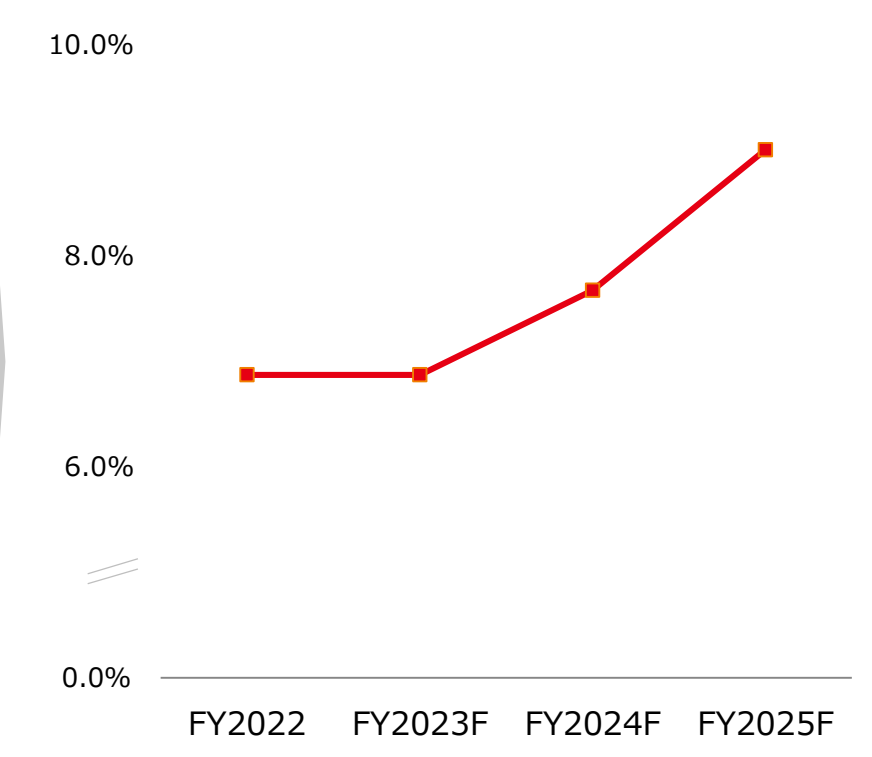
Merch Sales (APSD)



Total Merch Margin



Trend of ROIC



Improve ROIC by growing Proprietary Products (Fresh Food, Proprietary Beverages, and PB)



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.