



Seven & i Holdings CO., Ltd.

"IR Day 2023"

Domestic CVS Operations Strategy

October 31, 2023

1 Existing Business : Strengthen "Food"

- Continue to strengthen the "food" area by leveraging know-how from the SST operations across the Group
- Promote local production and local consumption by strengthening cooperation with local communities



2 Existing Business : Store Opening Strategy

- Community development through the execution of meticulous store opening strategies and plans
- Store opening plan in accordance with location



3 Digital : Productivity Improvement at Franchisees and 7NOW Delivery

- Innovate store operations with IT
- Strengthen original merchandise and enhance customer experience value by improving convenience

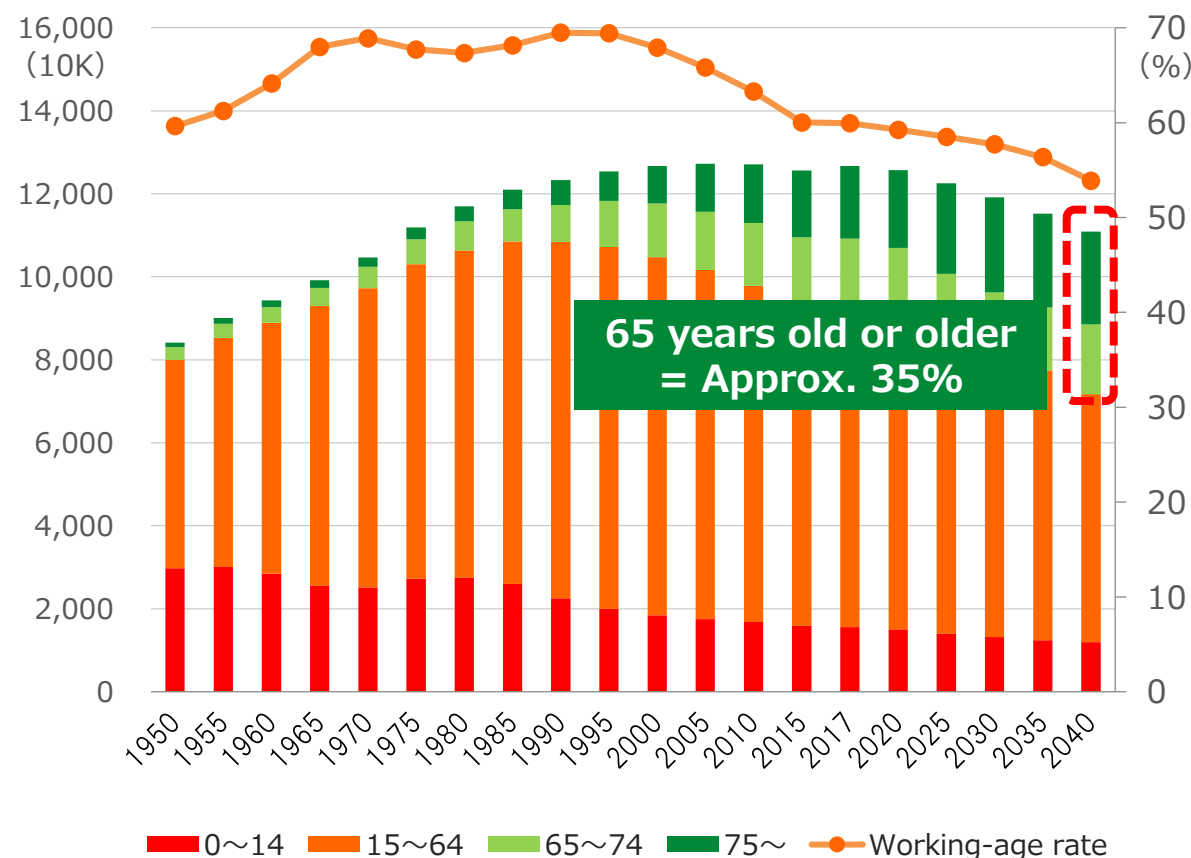


History of 7-Eleven = History of response to changes and challenges

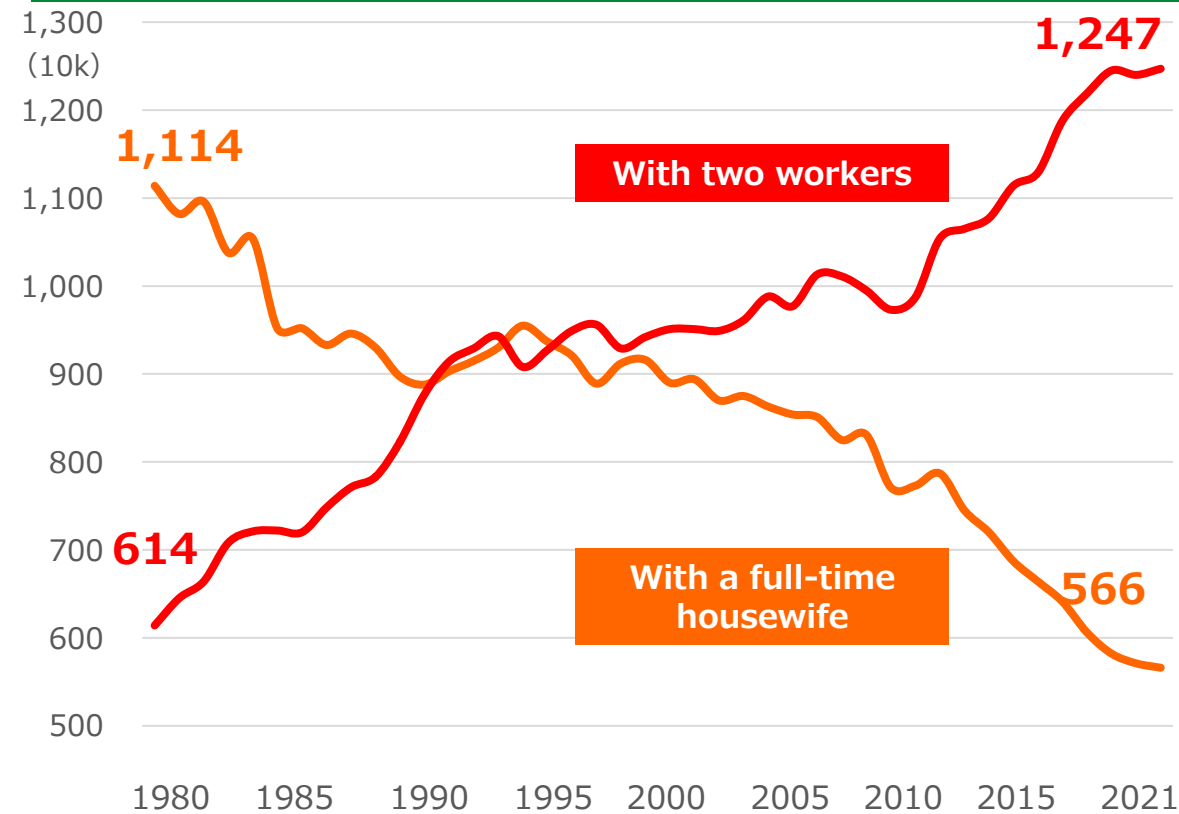
Changes in the Domestic Environment - Aging Population, increase in dual-earner households

- ✓ In 2040, the total population will decrease to approx. 110 million (with 35% of over 65 years old)
- ✓ The number of dual-earner households continues to rise, reaching 12.47 million in 2021

Total population and working-age population



Households with two workers and with a full-time housewife



Source: National Institute of Population and Social Security Research, "Future Projections for the Number of Households in Japan (National Estimates)" (2018 (Heisei 30) estimates)
 Percentages are calculated based on the number of households with a member aged 65 or older from the White Paper on Aging, Cabinet Office, Government of Japan.

Source: Ministry of Health, Labour and Welfare, "2021 Edition: New Coronavirus Infections and Social Security"
 *For the period 1980-2001, "Special Labor Force Survey," Statistics Bureau, Ministry of Internal Affairs and Communications
 Since 2002, "Labor Force Survey (Detailed Tabulation) (Annual Average)," Statistics Bureau, Ministry of Internal Affairs and Communications
 *Results for 2010 and 2011 are for all prefectures except Iwate, Miyagi, and Fukushima

Changes in the social environment (aging population, dual income)

Aging population

1 in 3 of the total population
are 65 years old or over



Free from handmade obligations

Cooking retirement

Women's social participation

4 in 5
of early 30s females



Changing work styles
Increase in the number of dual-earners
Diversification of lifestyles

Time performance

The Role of 7-Eleven

Challenges of consumers

Left over of ingredients because of small number of people...
No time to prepare...



Offer a rich dining experience and support for diet and health



Seven Premium



ready-made meal

Source: Ministry of Health, Labour and Welfare "Annual Health, Labour and Welfare Report 2020"

7-Eleven plays a major role in the changing environment

Frozen foods (EASE UP)

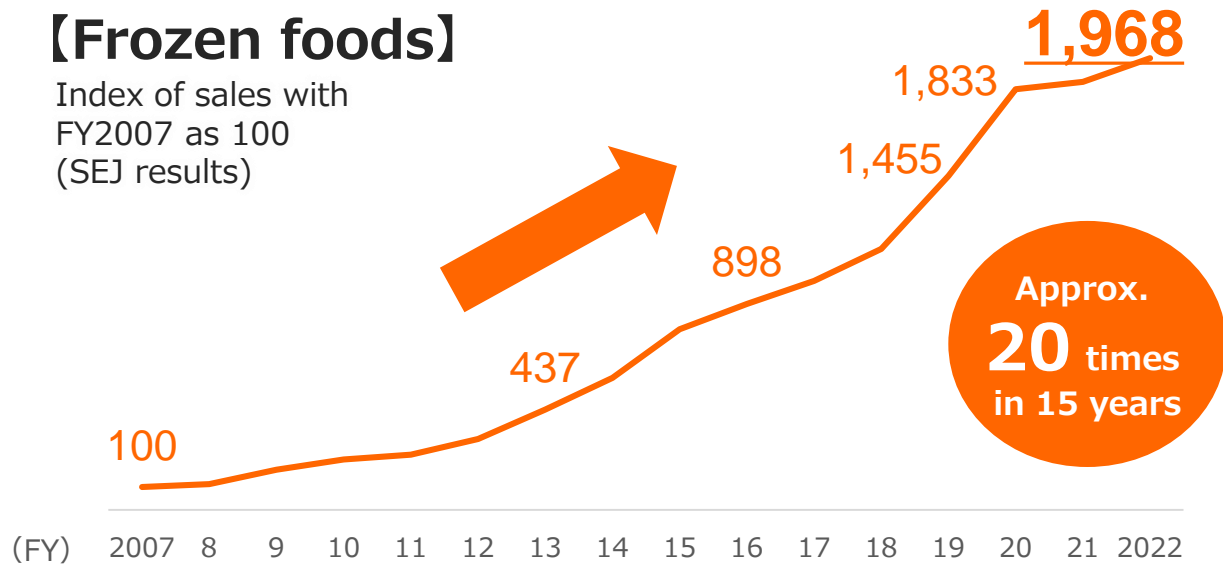
Brands grown by IY

Utilize the SST's wide assortment

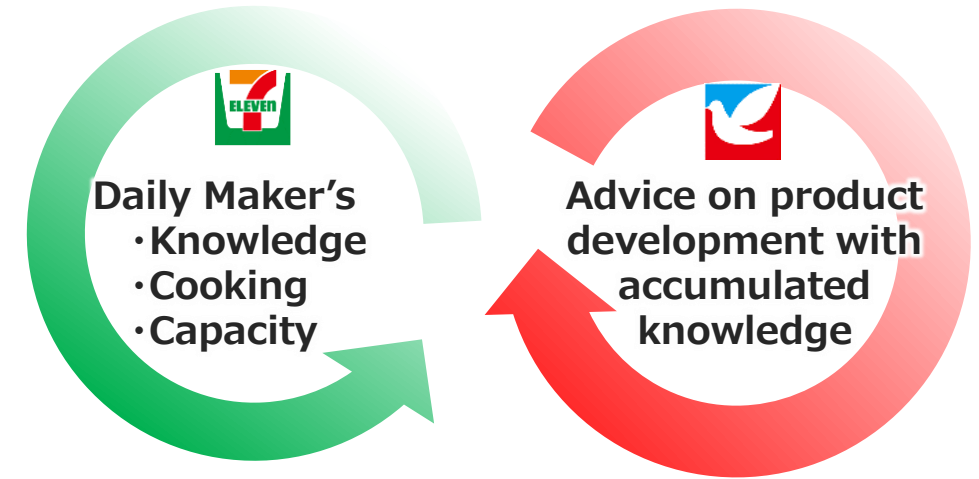


【Frozen foods】

Index of sales with FY2007 as 100 (SEJ results)



◆ Joint development with strength of SEJ and IY



◆ Background to grow frozen foods

Changes in the social environment (e.g., women entering the workforce)

Reduction of food loss

Offering more choices to customers and enrich their dining experience.

New products to be released in the future

Strengthen product lineup by leveraging the knowledge and network of suppliers in SST

Enhance frozen foods by stores



Install new refrigeration equipment

*island frozen utensil (test)

Standard stores

Review lineup with expansion of recommended items



Small stores

Review lineup with expansion of sales space



Efforts to improve display efficiency to meet each store

Expand product lineup to meet customer needs

Before 2008 → As of 2023



Categories we will challenge in the future

Dessert

Meal kit

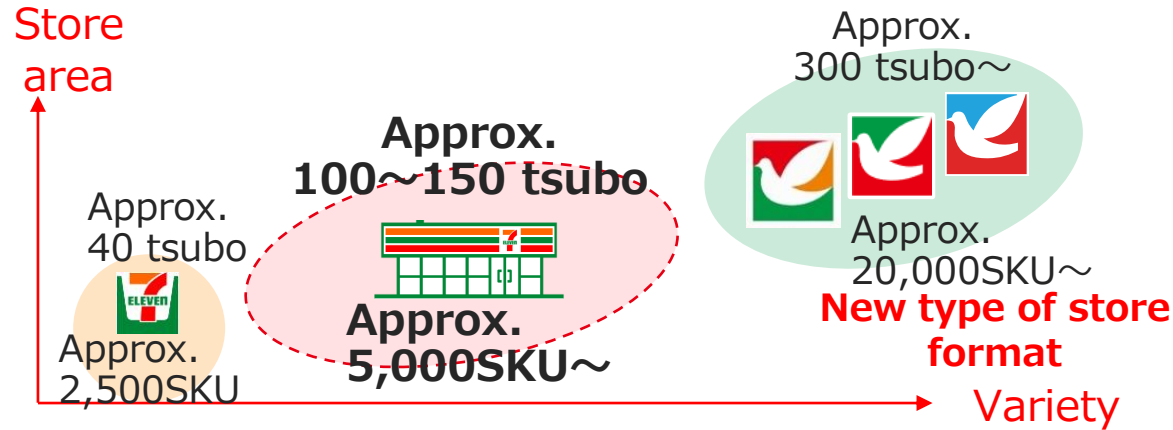
Sashimi
(raw sliced fish)

Seasoned meat
and pickled fish

Challenging vegetables, fruits, meat and fish materials as well

Pursuing the possibilities of frozen foods in response to changes of customers usage

SIP Store Positioning



Traceable Vegetables.



Frozen Food (EASE UP)



Seven Premium Products



New Brand "SEVEN&i THE PRICE"

New Concept Store

New type of store combining convenience stores with supermarket

"SIP Store"



◆ Sales floor expansion

- Frozen food sales expansion
- FF sales expansion
- Counter expansion and additional self-checkout
- Goods supply from Group PC/CK*






Eat-in/powder room/toilets/nursing facilities, etc. to be installed

*PC: Process Center
CK: Central Kitchen

Scheduled to open in FY2023

Challenge Towards a New Store Concept utilizing SST's knowledge to respond to further "food" needs

Existing Business : Strengthen Cooperation with Local Communities

		Daily sales effect*
Main fair 【Customer attraction and quality improvement】	<p>Fresh food : Create a sense of event, acquire skills under the supervision of a renowned restaurant</p> <p>Counter goods: Create a sense of freshness and promote higher gross margins</p> 	+1.3%
Secondary fair 【Category enhancement】	<p>Seven Premium・dessert・frozen food : Quality improvement and differentiation</p> <p>Snack・ice cream : Strengthen lineups and provide convenience</p> 	+0.4%
Regional fair 【Community revitalization】	<div style="display: flex; align-items: center;"> <div style="border: 1px solid black; border-radius: 15px; padding: 10px; margin-right: 20px; text-align: center;"> MD Dept. × OP Dept. </div> <div> <ul style="list-style-type: none"> • Solve local issues • Regional development through local production and local consumption • Collaboration with producers <p>No. of fairs held through 1H of FY2023 (Aug.): 36</p> </div> </div> 	+0.7%

* Sales at existing stores in 1H of FY2023

Actively launch "regional fairs" in FY2023

Strengthen cooperation with "local communities", and promote local production and local consumption

Example of Regional Fair



- Support Fukushima products at SEJ and YB stores in Fukushima Prefecture
- Selling a menu of locally familiar dishes using ingredients produced in the prefecture
- Planned to support producers and recovery

*Fukushima Prefecture only, Oct 17-30

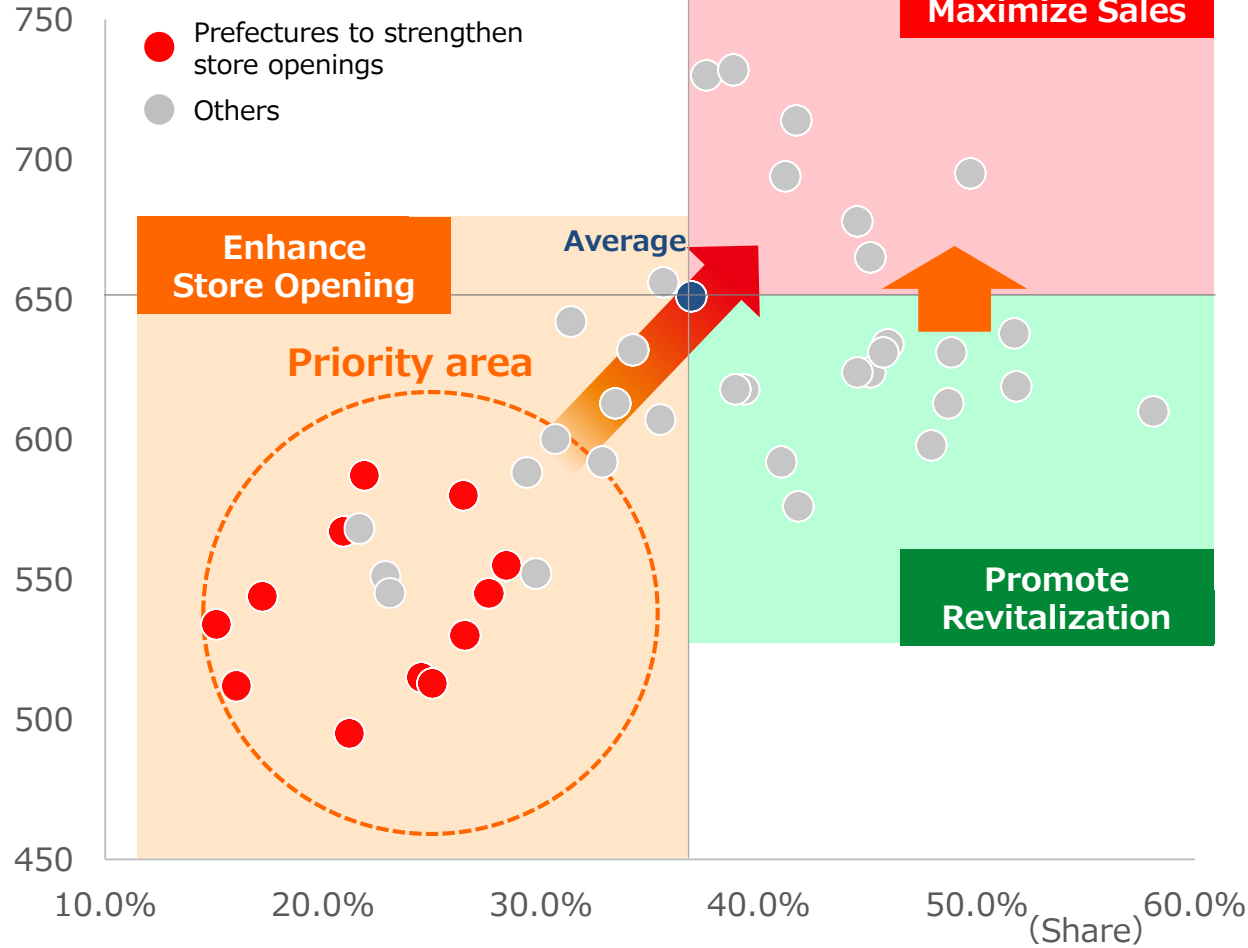


Group joint efforts through regional fairs, and strengthen cooperation with government and local communities

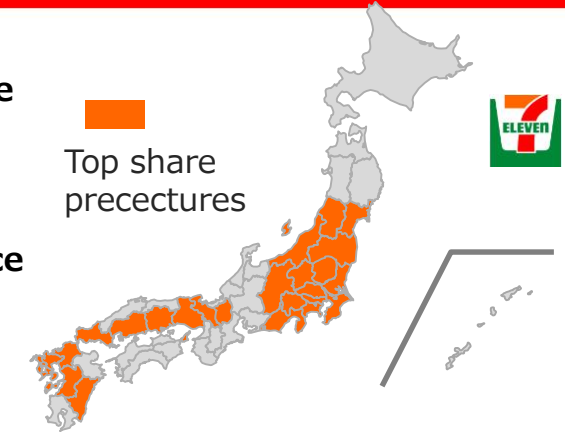
Existing Business: Town Planning through Execution of Detailed Store Opening Strategies and Plans

Correlation between share of number of stores and average daily sales in each prefecture

(Average daily sales / k JPY)



- ✓ Execute optimal store openings according to the characteristics of each area
- ✓ Expand top share prefectures to white space
- ✓ Store openings with linking to products and sales promotions



Strategy	Area definitions/measures
Maximize Sales	Areas with high market share and high daily sales Promote new net increase and revitalization, including S&B*
Promote Revitalization	Areas with high market share and low daily sales Improve daily sales through revitalization including
Enhance Store Opening	Areas with low market share Reinforcement of net increase of stores and improve market share and average daily sales

*Scrap and build

As there is room to open more stores in Japan, we will execute detailed store opening strategies and plans depending on the situation in the area

Existing Business : Store Opening Plan according to Location

Example of store opening strategy by area

Revision of investment criteria for store openings

- Stricter standards for S&B deals
⇒ **Promote net new store openings (net new stores)**
⇒ Elimination of stores with poor sales
- Strengthen sales promotion when store openings
⇒ Focus on raising awareness

Review of staffing

- **Increase in the number of store opening development staff**
Strengthen recruiting activities after COVID-19
- Increase headcount in areas to be strengthened in line with our store opening strategy

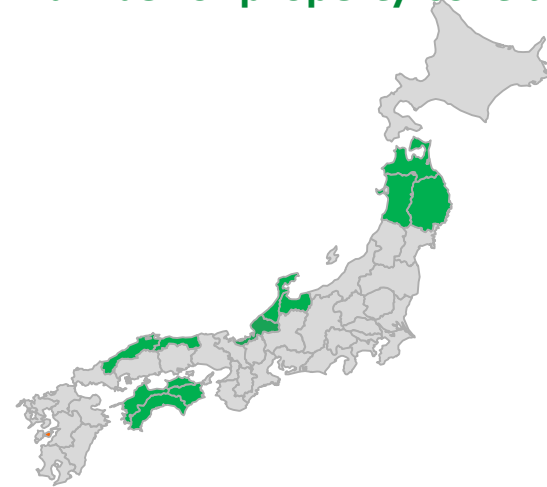
Area of Store Opening Enhancement

◆ **12 priority prefectures**

Aomori, Akita, Iwate, Toyama, Ishikawa, Fukui, Shimane, Tottori, Kagawa, Ehime, Kochi, Tokushima

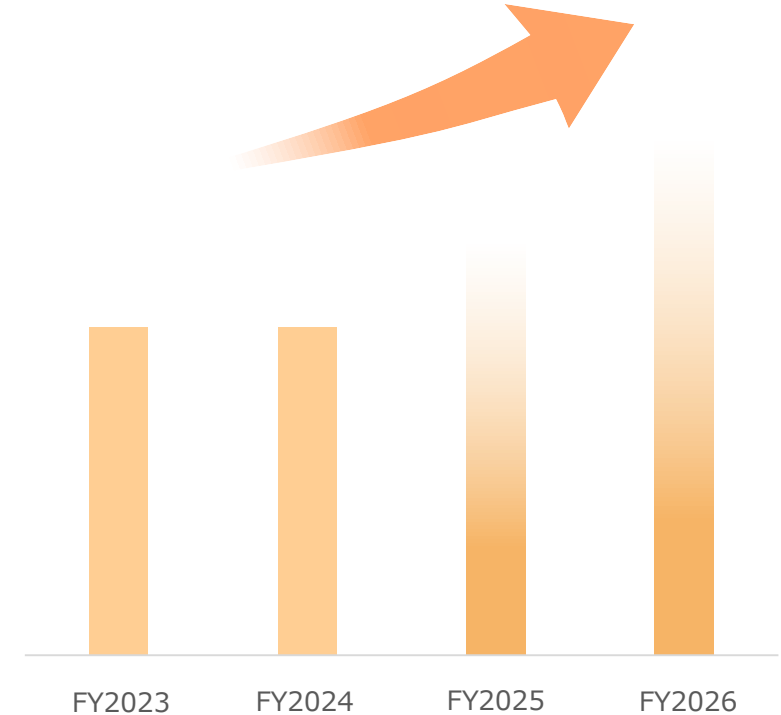
1H of 2023

Significant growth in number of property contracts



Continue to work on toward increased store openings in 2024 and beyond

Store Opening Plan



Plans to re-accelerate store openings from FY2025

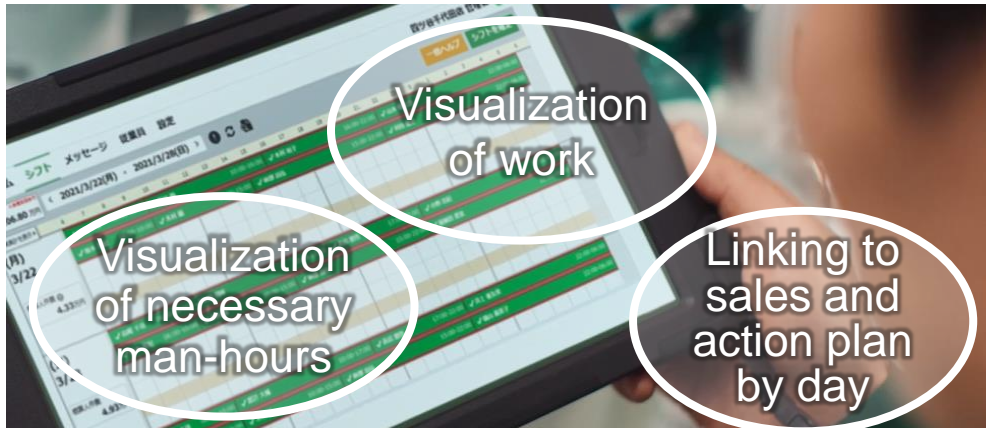
Strengthen store openings focusing on investment efficiency

Establish a path to re-accelerate store openings, expand the number of stores and maximize the effects of investment in store openings

Shift support system

Work assignment system

Support system utilizing tablets



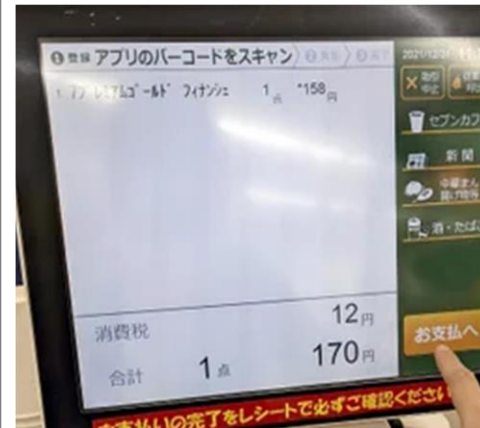
AI-based ordering

Nationwide launch
(End of March-)



Complete self-checkout

Currently carrying out test
(at some stores)



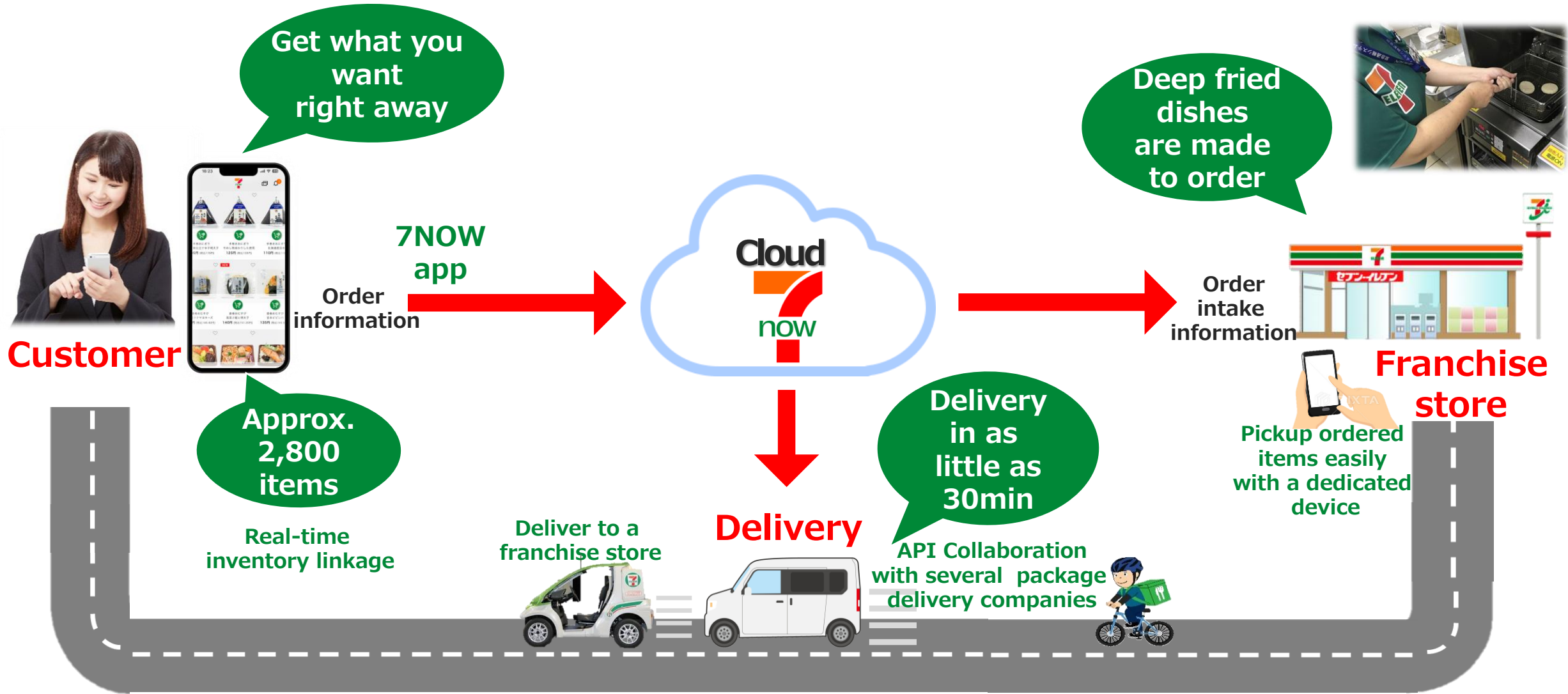
Smart phone checkout

Currently carrying out test
(at some stores)



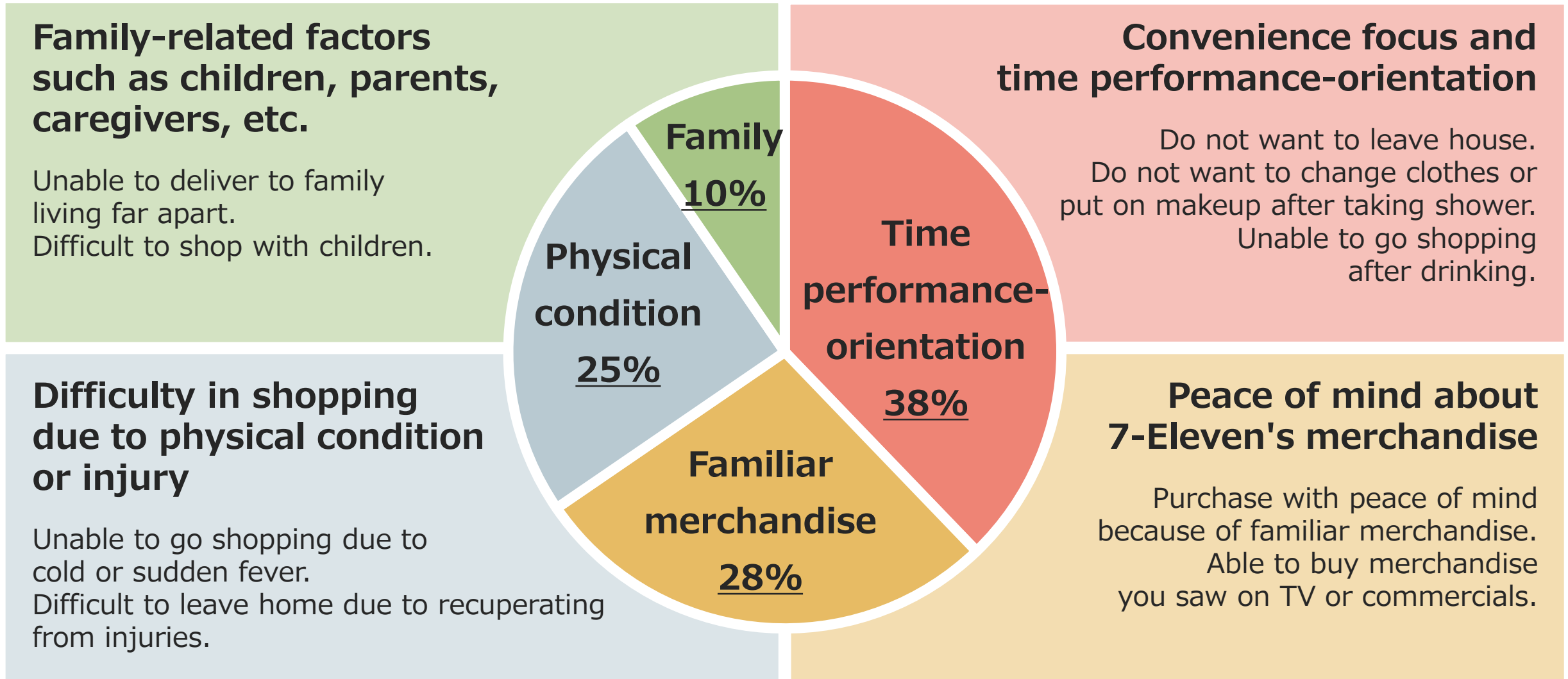
Improve sales and productivity by promoting innovation in store operations through the use of IT

Digital : 7NOW(customer experience value improvement)



Real-time matching of store inventory with a delivery vehicle to be delivered in 30min

Digital : 7NOW (Reasons to Use - Occasions)

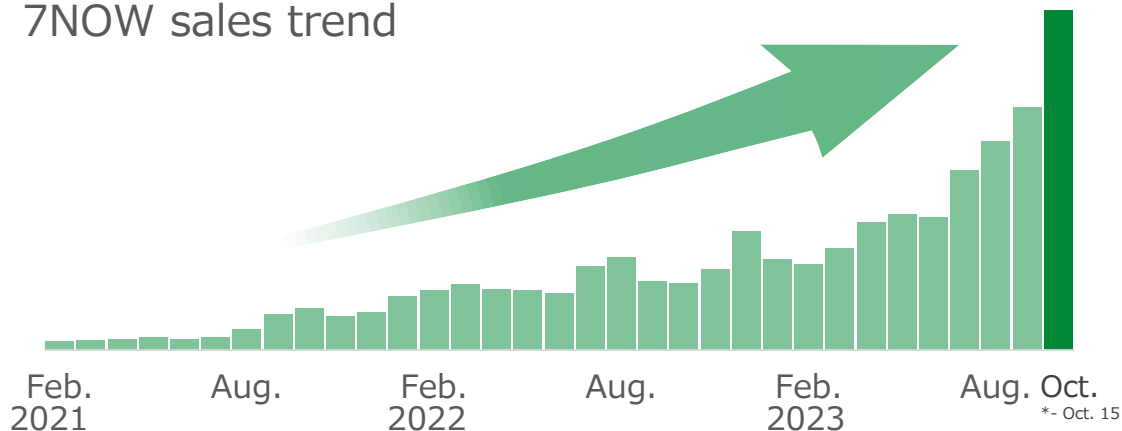


7NOW plays a major role in the changing environment and customer needs

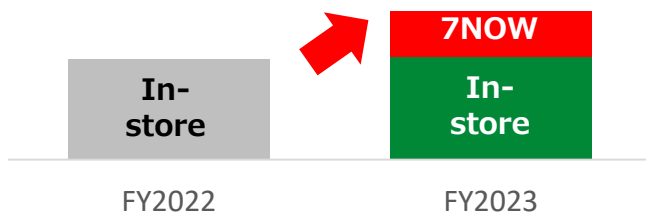
Digital : 7NOW (Purchase Trend)

7NOW expanding steadily

7NOW sales trend



Comparison of purchase amounts



Total spending by 7iD members who use both

Approx. **+1.5x** compared to in-store purchase

* 7iD members (4,754 stores conducting 7NOW)

* Comparison between FY2022 (Mar.-Aug. 2022) and FY2023 (Mar.-Aug. 2023)

7NOW purchase trend (Sales volume in descending order)

0 1,000 2,000 3,000

Top 10 items



1. Potato & Beef Croquette
2. Seven Premium Milk 1L
3. Corn Dog
4. Spicy Fried Chicken
5. Fried Chicken with Soy Sauce (Fried Chicken on a Stick)
6. Seven Premium Natural Mineral Water 2L
7. Seven Premium Rock Ice 1.1kg
8. Seven Premium Fresh Eggs
9. Curry Bread (Fried in-store)
10. Seven Premium Apple

Proprietary merchandise
Approx. 80%

Items prepared in-store
5 items

Raise customer experience value through strengthening proprietary merchandise as well as enhancing convenience, and plan to recommend nationwide

Strengthen customer contact points



- 7NOW App
- Sales promotion measures
- Expansion of merchandise offerings

Reinforce delivery system



- Improved matching rate
- Nationwide delivery network
- Delivery quality improvement

7NOW installed-stores by prefecture

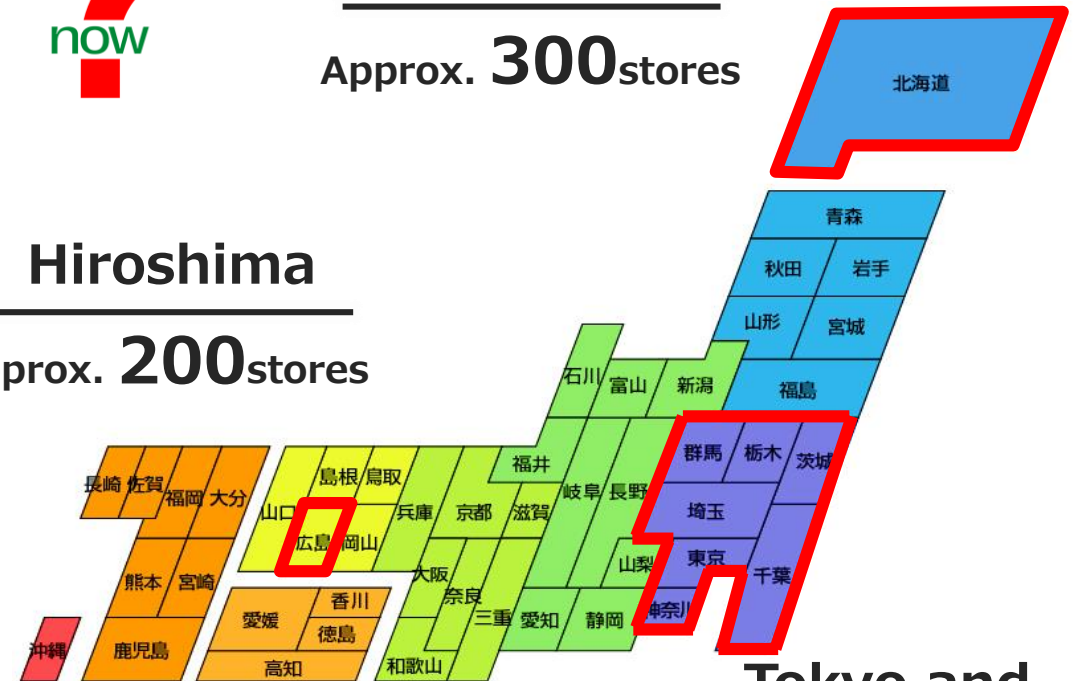


Hokkaido

Approx. **300** stores

Hiroshima

Approx. **200** stores



Tokyo and 6 prefectures

Approx. **5,600** stores

*As of Oct 31, 2023

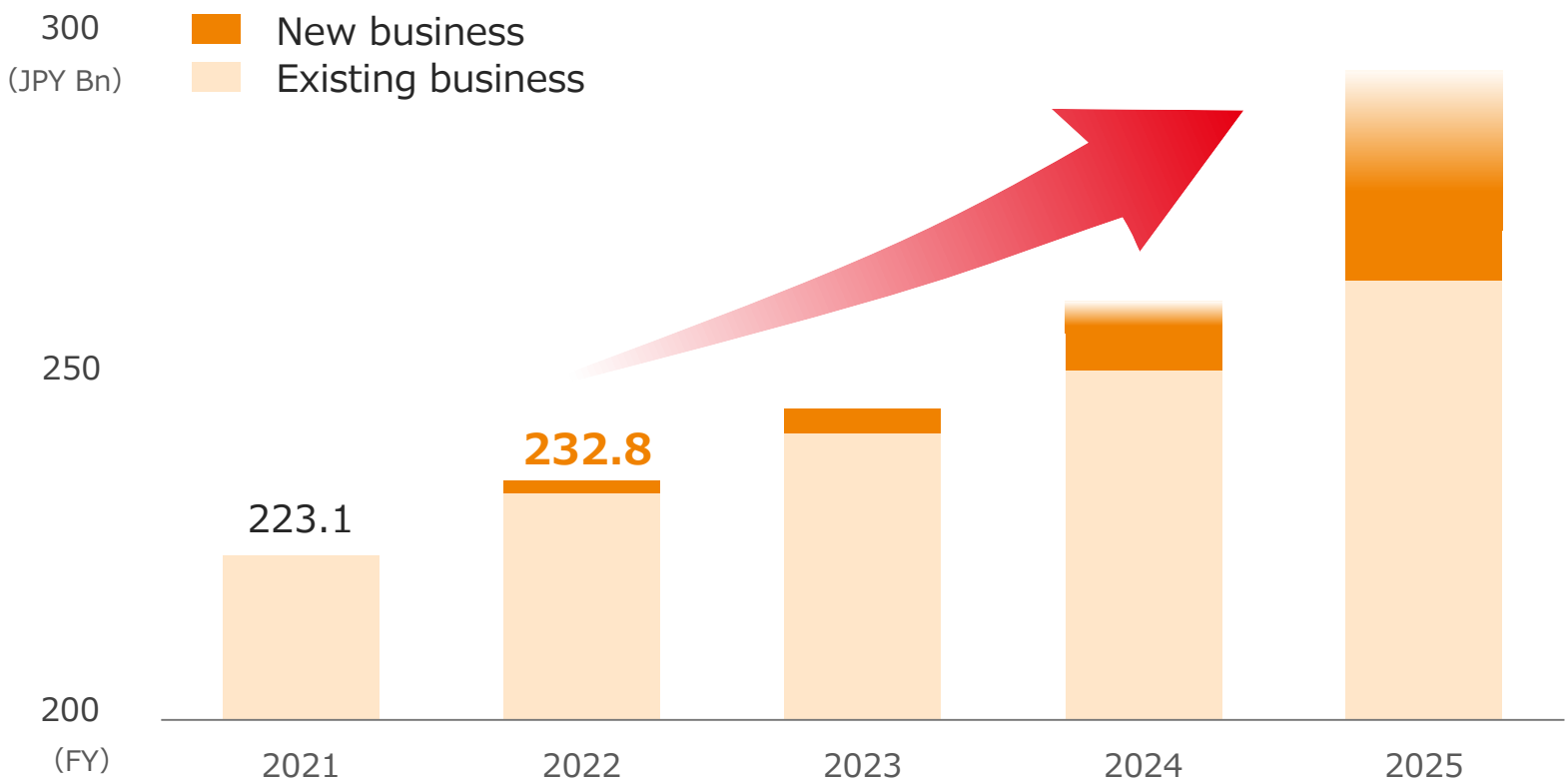
Expanded to 6,100 stores mainly in Tokyo and 6 prefectures

by promoting "strengthening customer contact points" and "reinforcing delivery system"

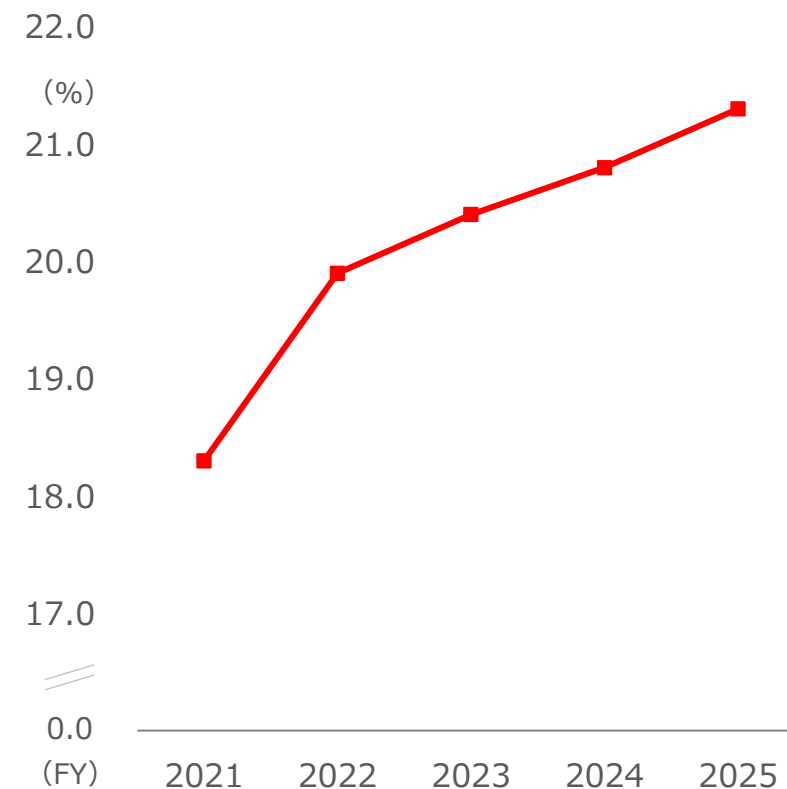
Profit Growth Plan for Domestic CVS (SEJ)

Promote growth strategies in existing and new businesses, while improving ROIC

SEJ Operating Income Growth



Track of ROIC*



* ROIC : Figures for Domestic CVS operations

Expand Business Scale While Maintaining Capital Efficiency



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