



# Briefing on Group Strategy Execution

December 1, 2023

# Executive Summary

## Ideal Group Image for 2030

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

## Management Policy

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

## Capital Re-allocation

Direct the Group's cash flow towards strategic investments in CVS, as our growth driver

Achieve a total payout ratio of over 50% (cumulative)\* through dividends and share buybacks

Acquisition of 7-Eleven Australia

Announcement of Share Buyback

**Decided to conduct a share split: Further expanding the investor base, including individual investors**

\* Cumulative figures from fiscal year 2023 to 2025

# AGENDA

- 1 Acquisition of 7-Eleven Australia
- 2 Share Buyback
- 3 Share Split

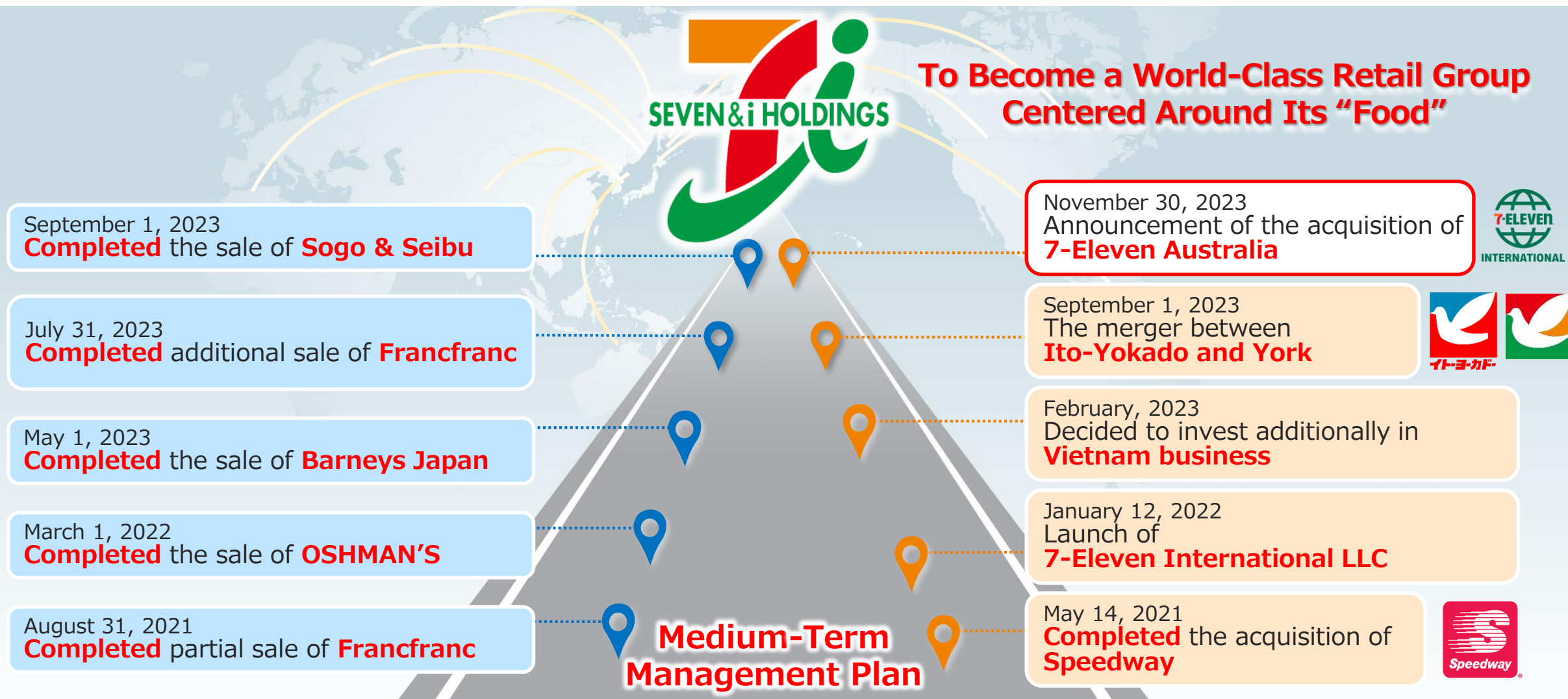
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# Progress of Strategic Initiatives



Continue to accelerate various strategic initiatives to realize the corporate vision

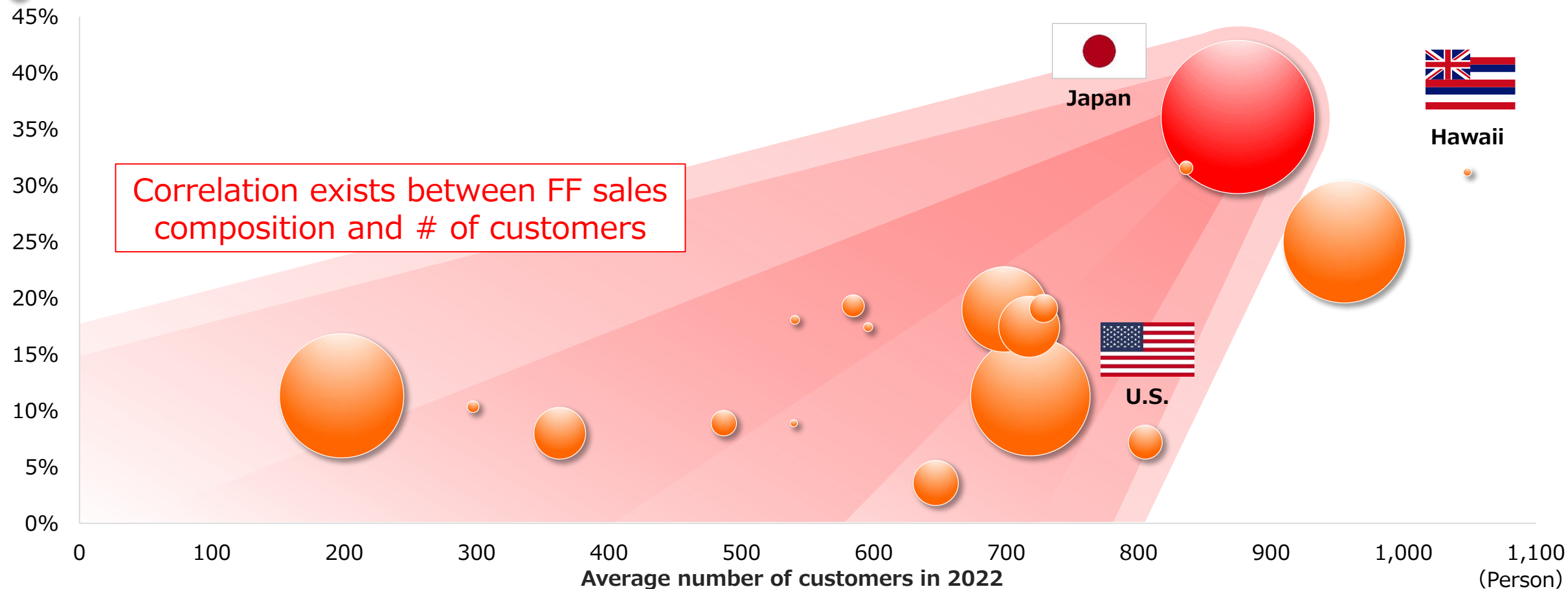
# Growth Strategy of CVS Businesses with "Food" at its Core

- Globally expand SEJ's strength in "food"

FF \* Sales Composition 2022 (%)

Size of bubble = # of stores

## Global 7-Eleven Operations



\* "FF": Fresh Food(Fresh foods include Ready-To-Eat foods only. Proprietary beverages, dairy products and long shelf-life foods are excluded.)

Expand the business scale globally by leveraging strengths in fresh food

# Acquisition of 7-Eleven Australia, Giant Step for Global Growth Strategy

## 1 Support exiting market growth

- Maximize licensee growth potential by fully leveraging SEJ's and SEI's core competencies
- Enhance the 7-Eleven global brand to accelerate brand growth and profitability
- Close performance gap with SEJ and SEI

## 2 Strategic investments in existing markets

- Accelerate profit growth through strategic investments and business involvement with licensees
  - ✓ **Acquisition of 7-Eleven Australia (SEA)**
  - ✓ Investment in Vietnam business

## 3 Entry into new markets

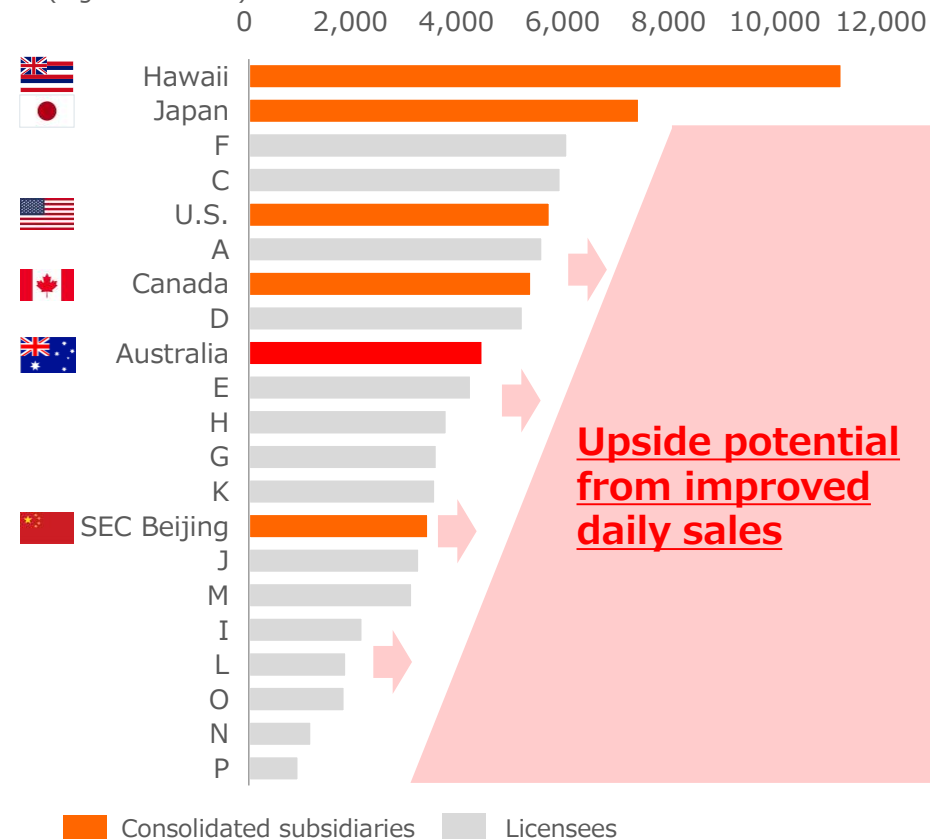
- Accelerate expansion into white space with strategic priorities in Europe, MENA<sup>\*1</sup>, and Latin America (Including JV/M&A)
- Expand store footprint in new markets to increase growth and profitability
- SEA acquisition to anchor further growth in new Asia Pacific markets

\*1 Middle East & North Africa

\*2 Estimated by multiplying average daily sales of each licensees to "2022 PPP Conversion rate" based on IMF website. 7IN calculates the difference in price in Hawaii and U.S. by referring to the Big Mac index

### Purchasing power parity adjusted average daily sales 2022 actual

(Big Mac Index\*2)



**Upside potential from improved daily sales**

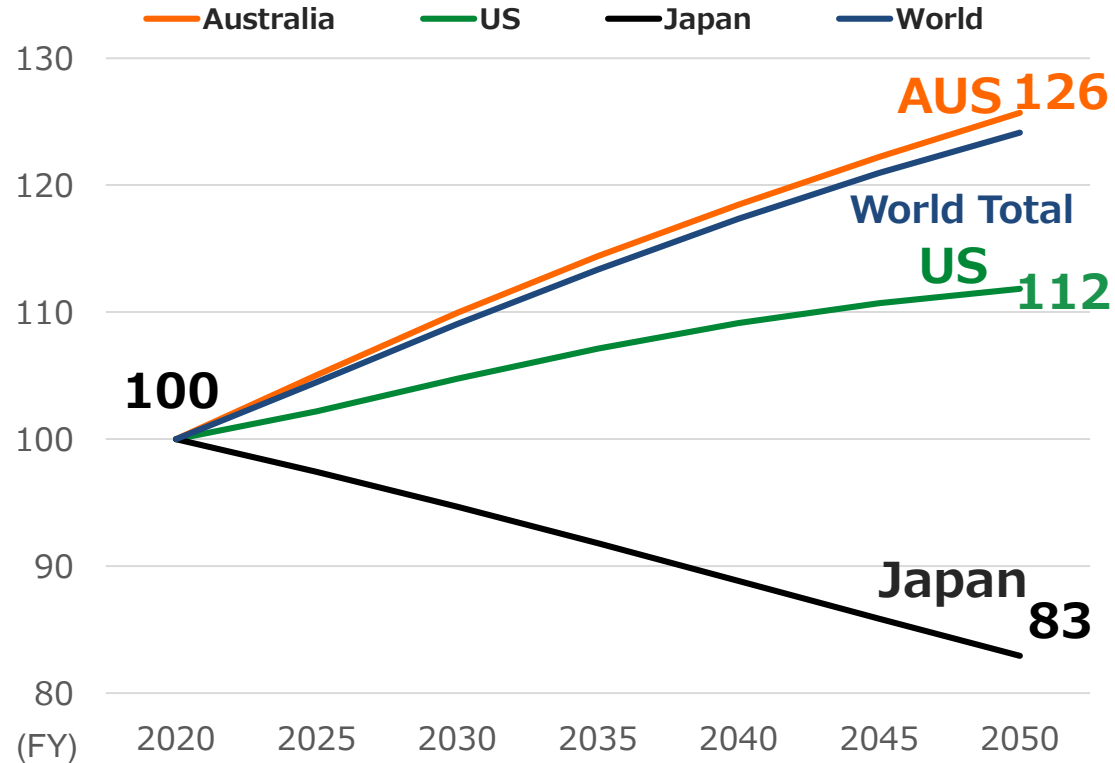
## 7IN leads the accelerating growth of global CVS (excl. Japan/North America)

Note: SEJ: Seven-Eleven Japan SEI: 7-Eleven, Inc. 7IN: 7-Eleven International LLC

# Australia's Favorable Macro Environment

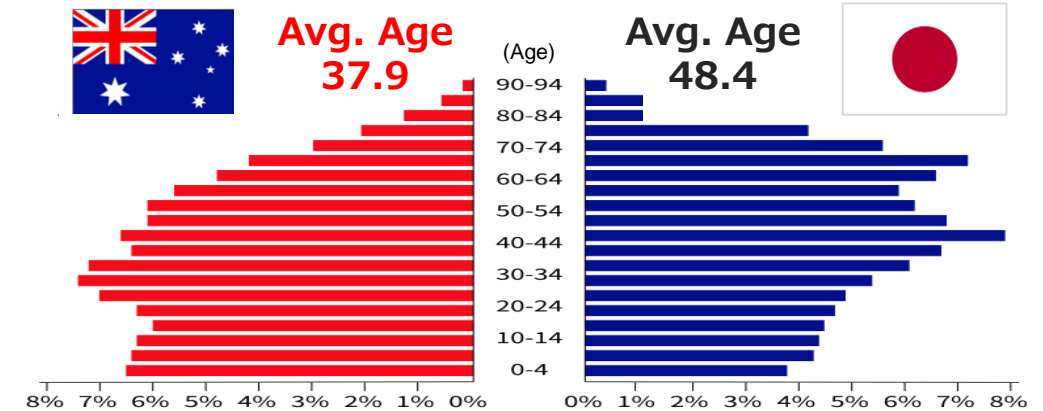
## Global Population Growth Forecast<sup>\*1</sup>

(Indexed with 2020 as 100)



<sup>\*1</sup> United Nations. Department of Economic and Social Affairs Population Division. World Population Prospects 2022. Estimates and medium projections of 2020-2050. Total Population, as of 1 January. Indexed with 2020 as 100 by 7iN.  
<sup>\*2</sup> SEJ and SEI store counts as of August 31, 2023; SEA store count as of June 30, 2023.

## Age Distribution<sup>\*1</sup>



## Population / Region<sup>\*1,2</sup>

	SEJ 	SEI 	SEA 
7-Eleven Stores (Stores)	21,281	13,145	751
Population (Million)	123	339	26
Population / Store (People)	5,780	25,789	34,574

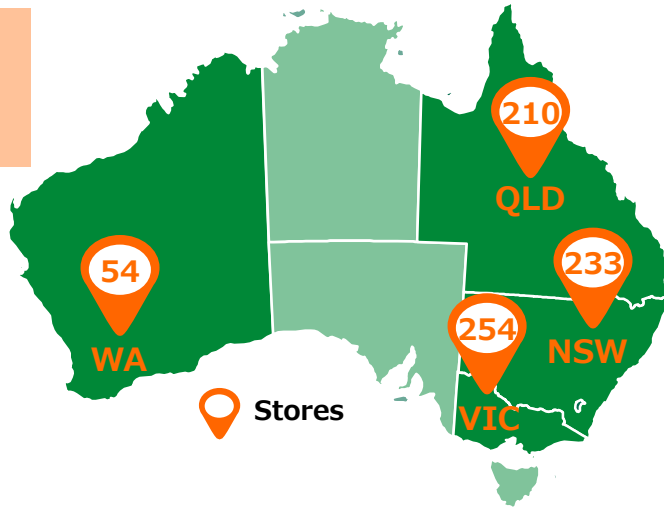
Attractive growth market with highly favorable density and demographics



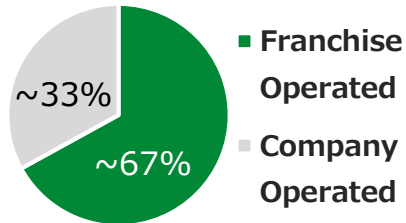
# SEA is Australia's Largest Independent Convenience Operator

## 7-Eleven Australia (SEA) Overview

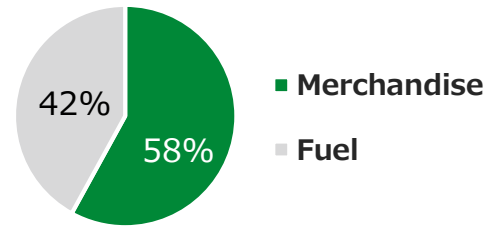
SEA Stores concentrated in Australia's city centers



### Store Network Mix (FY23A)



### Gross Profit Mix (FY23A)

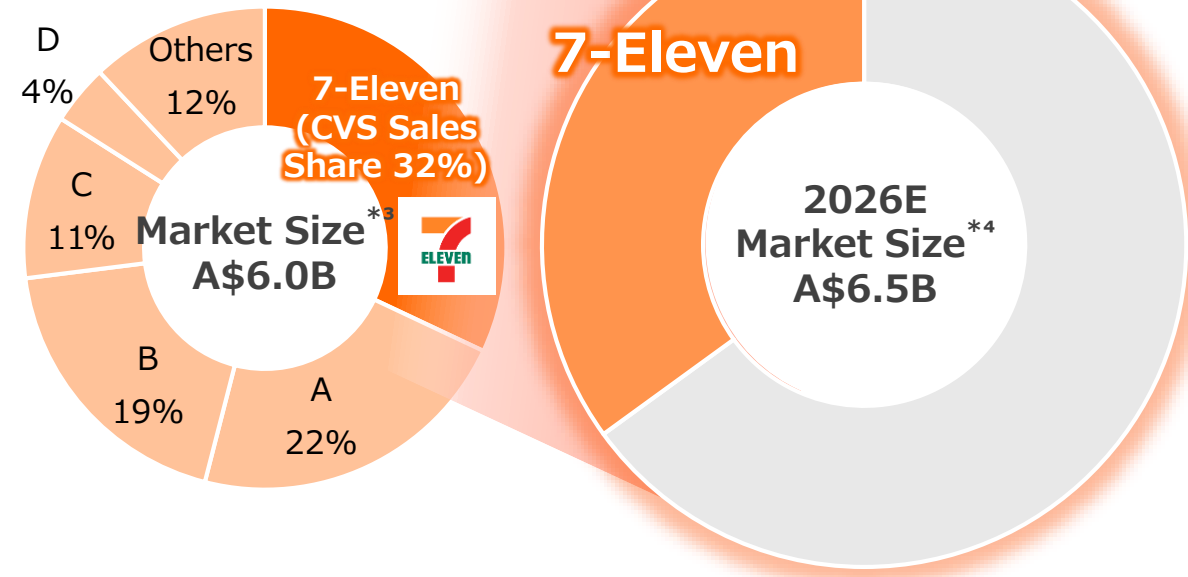


Total Stores<sup>\*1</sup>  
751

Merchandise Sales (FY23A)  
A\$1,792 M<sup>\*2</sup>

Total Gross Profit (FY23A)  
A\$1,185 M<sup>\*2</sup>

## Clear Leader Among Major Australian CVS Retailers<sup>\*3,4</sup>



Opportunity to Further Expand Market Share in Growing Australian Market

Source: Financial information provided by the seller. Fiscal Year ending June.

\*1. Store count as of June 2023. \*2. Reflects network-level metrics. \*3. Market size and share for major Australian CVS retailers per Circana (IRI).

\*4. 2026E estimated using market size for major Australian CVS retailers and Euromonitor projected CAGR for convenience retailers market segment.

Business growth through the expansion of market size and our market share by the enhancement of competitiveness

# Deal Summary

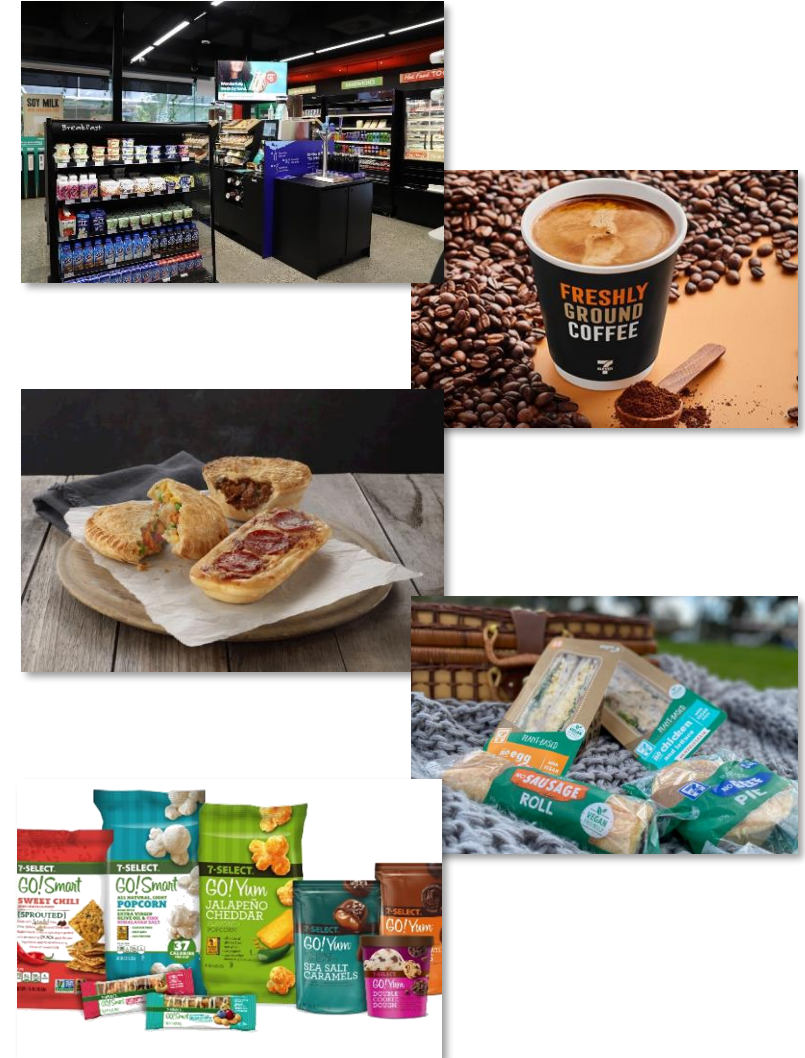
## Key Transaction Terms

Acquired Entity <sup>*1</sup>	7-Eleven Australia (SEA)
Acquisition Price	A\$1.71 billion (Converted at the rate of 1 Australian dollar = 97.80 yen as of November 29, 2023)
No. of Stores Acquired	751
Expected Closing Date	2 <sup>nd</sup> Quarter 2024 (April – June)
Synergies	A\$20 M ~ A\$30 M (Year 3 Projected)
Adjusted Operating Profit <sup>*2</sup> (FY23 <sup>*3</sup> )	A\$110 M
Adjusted EBITDA <sup>*2</sup> (FY23 <sup>*3</sup> )	A\$200 M
EBITDA Multiple	Pre-Synergies: 8.5x / Post-Synergies: 7.4x~7.8x

\*1. Agreement entered to acquire Convenience Group Holdings Pty Ltd, the holding company of 7-Eleven Australia from R.G. Withers Nominees Pty Ltd.

\*2. Adjusted one-time costs and expenses associated with this Transaction.

\*3. Represents Fiscal Year ended June 2023.



# Synergy Drivers and Purchase Multiple

## Assumed Synergy Plan for Fiscal 2027

AUD 20~30 million

### Key Synergy Drivers

#### Store Development

- ✓ Expansion of store network through new store openings

#### Merchandising

- ✓ Expansion of assortment by constructing food value chain
- ✓ Development of new products, mainly fresh food
- ✓ Increase private brands penetration and assortment
- ✓ Enrichment of daily necessities in non-daily food

#### Digital

- ✓ Aiming for high-quality customer experience (CX) and efficient store management by introducing 7GT\*

**Over 60% of assumed synergies for Fiscal 2027 are related to Merchandise Sales, Margin Uplift and Loyalty**

\*7-Eleven Global Technology

## Post-Synergy Multiple

Acquisition price

AUD 1.71 billion

Acquisition price

AUD 1.71 billion

Adj. EBITDA

AUD 200 million

+ Synergy

Adj. EBITDA

AUD 220~230 million

EBITDA Multiple

8.5x

+ Synergy

EBITDA Multiple

7.4x~7.8x

Leveraging best practices from the global 7-Eleven network to drive synergies, particularly in merchandise

## Store Development

- Accelerate the expansion of high-quality stores with enhanced store development department by revising site selection criteria and sales forecasting model
- Drive new customer growth through tailor store formats to address shopping patterns in immediate locales



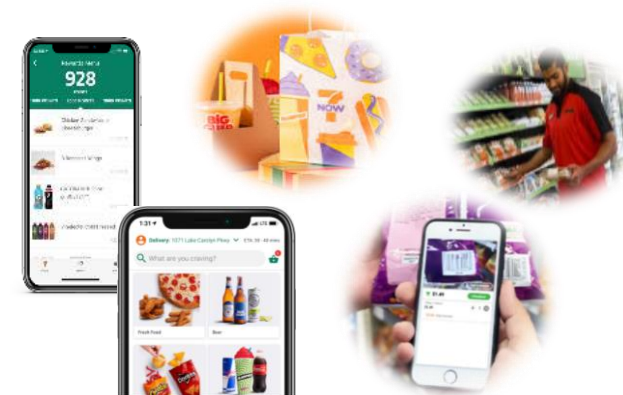
## Merchandising

- Expand assortment of fast food offerings, expected to encourage cross merchandising, by focusing on SEA's strength in hot beverages
- Redefine product assortment of c-stores to further meet local consumer preferences, offering a one-stop shop
- Promote differentiation through sharing SEJ/SEI's PB product expertise



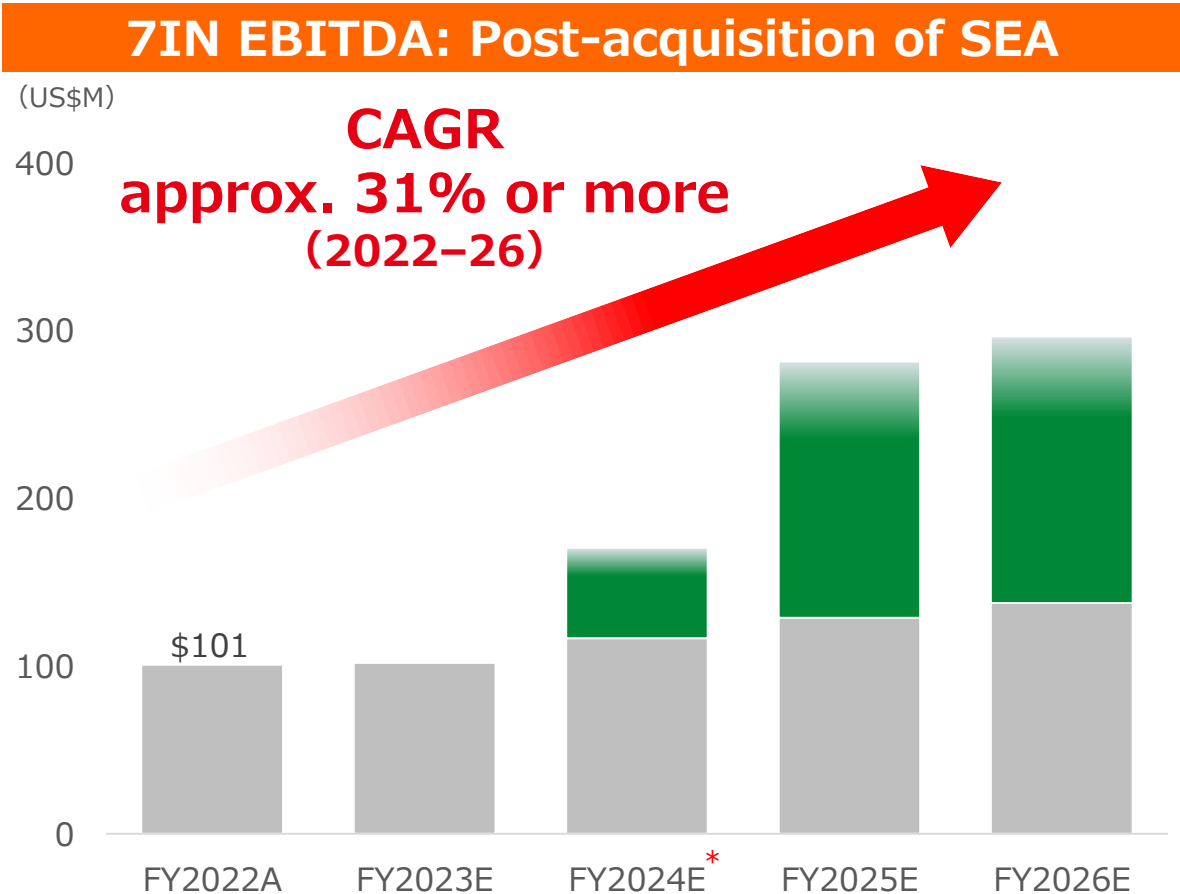
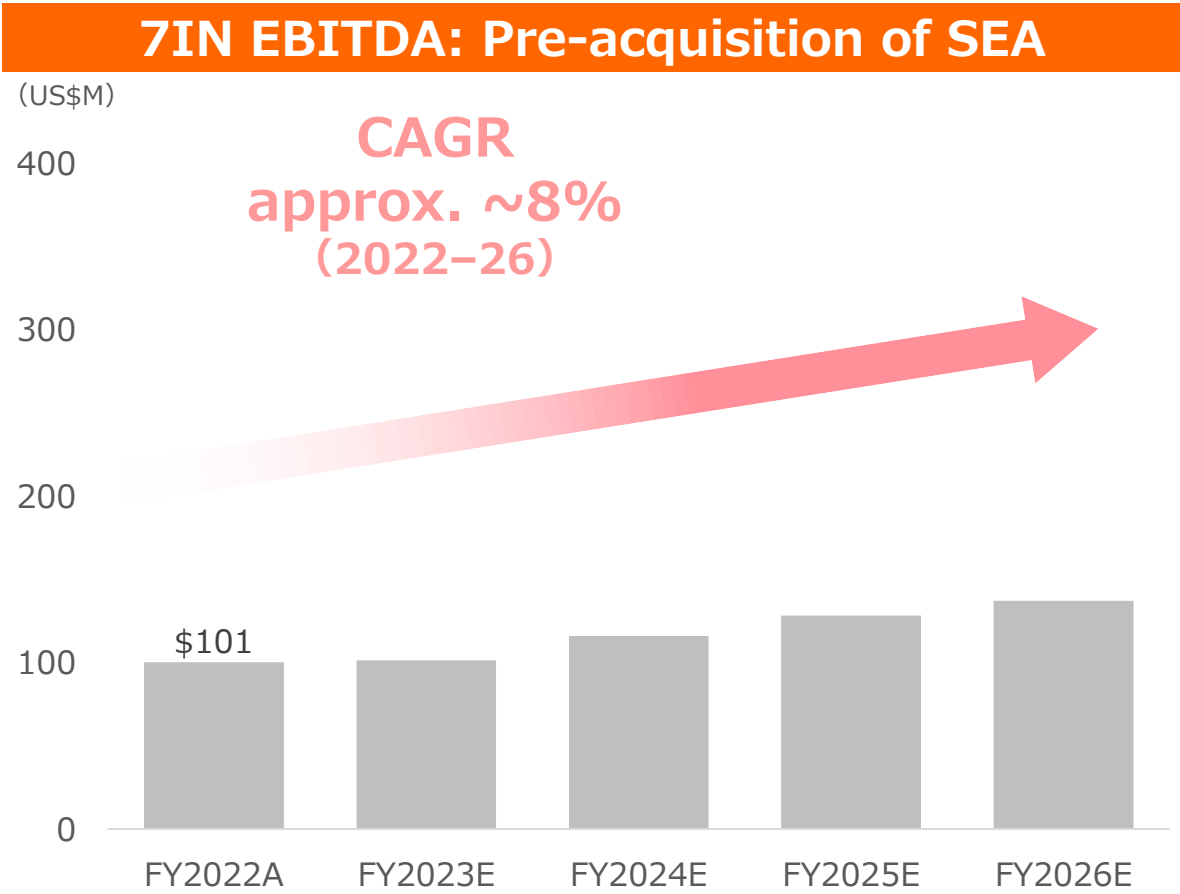
## Digital

- Enable high-quality CX (customer experience) through implementation of 7GT, driving seamless execution of Retailer Initiative, enhancement of delivery, and loyalty programs



Accelerating SEA's business model transformation by deploying SEJ/SEI experienced personnel

# Accelerate 7IN's Financial Targets Achievement by SEA



\* Assume to be closed in FY24 Q2

Note: EBITDA includes equity method earnings

Acquisition of SEA more than doubles 7IN's growth over the next three years



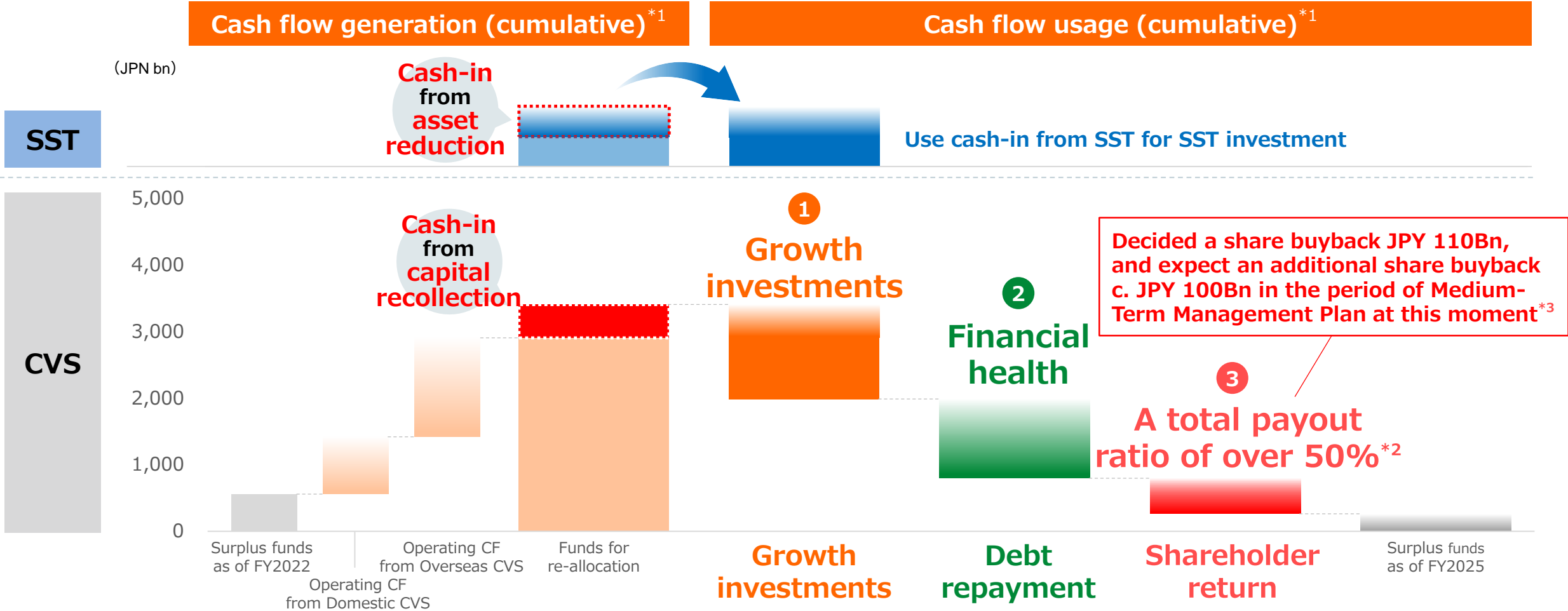


Accelerate growth in global market under the 7-Eleven brand

# AGENDA

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# Capital Re-Allocation Plan



\*1 Cumulative figures from fiscal year 2023 to 2025 \*2 Cumulative dividends and share buybacks against cumulative net income attributable to owners of parent from fiscal year 2023 to 2025  
\*3 The share buyback amount may possibly change if large strategic investments (such as M&A) are pursued instead of share buybacks

Operating CF from CVS and cash-in from capital recollection can be invested not only in growth investments in CVS but also in shareholder returns including buyback



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## 1. Purpose of share split

The objective of the share split is to lower the minimum investment price per unit that will create a more accessible investment environment for investors including individual investors, and to improve the liquidity of our company's stock, in order to further expand the investor base.

- In accordance with the policy decided by government, the "New NISA (Nippon Individual Savings Account)" will start in January 2024.
- The Tokyo Stock Exchange has specified a desirable investment price per unit level of less than 500,000 yen in order to create a more accessible investment environment for individual investors.

## 2. Content of share split

(1) Share split ratio	Share split into 3 shares for every one common share
(2) Record date	February 29, 2024 (scheduled)
(3) Effective date	March 1, 2024 (scheduled)

## 3. Number of shares to be increased by share split

	Total number of issued shares	Total number of shares authorized to be issued
As of now	886,441,983 shares	4,500,000,000 shares
After the share split	2,659,325,949 shares	10,000,000,000 shares <sup>*</sup>

<sup>\*</sup> In connection with this share split, Company will amend its Articles of Incorporation with an effective date of March 1, 2024, pursuant to the provisions of Article 184, Paragraph 2 of the Companies Act of Japan.



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.