



Seven & i Holdings CO., Ltd.

"IR Day2024"

Overseas CVS Operations Strategy

April 23, 2024

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CSA

External Environment



Macro Environment: Inflation & Fed Actions

COVID Hangover Continues to Drive Volatility

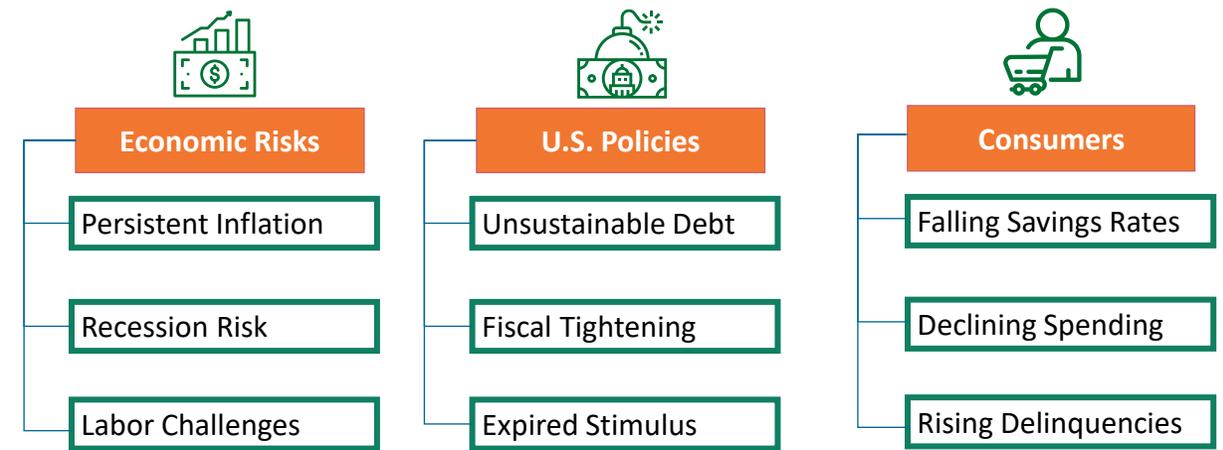
~\$9.7T
 COVID-19 Relief Stimulus
 Mar 2020- Apr 2022

~\$5.3T
 Direct Consumer Support

~\$4.4T
 Quantitative Easing

29%
 Total stimulus given out by
 U.S. Government
 (29% of Country's GDP)

Unintended Consequences of Excessive COVID Support



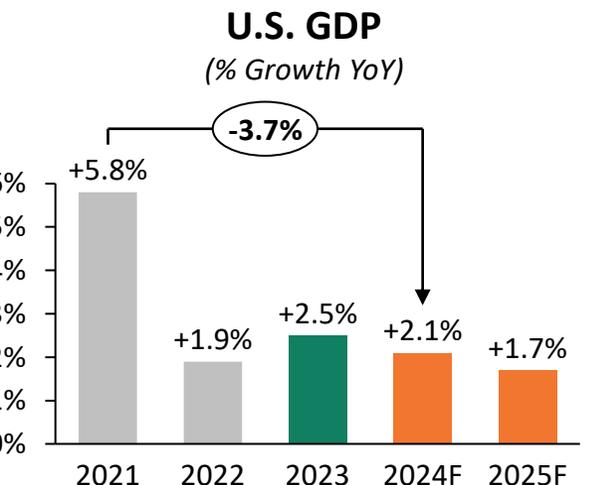
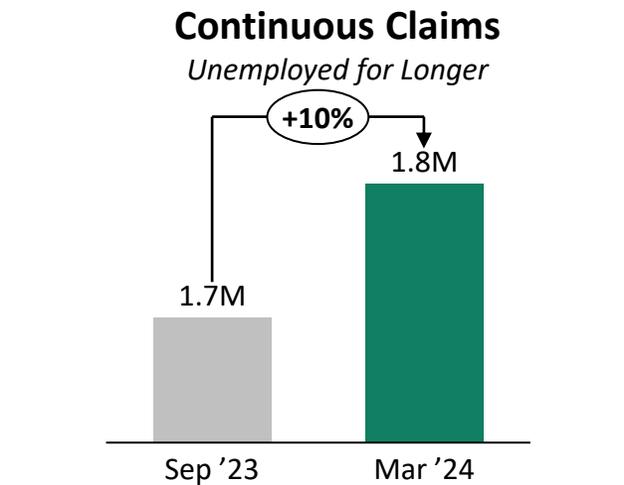
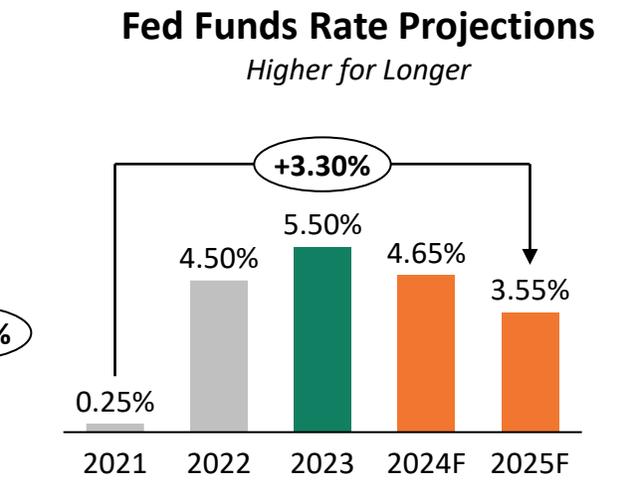
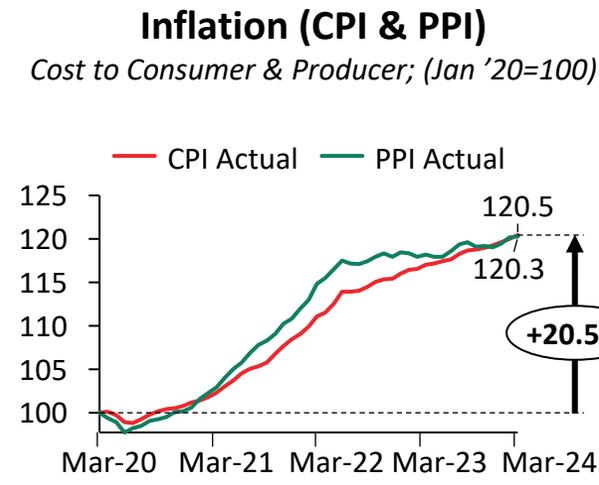
Source: CRFB, Bloomberg

Inflation

Fed Action

Unemployment

Plateauing Economic Growth



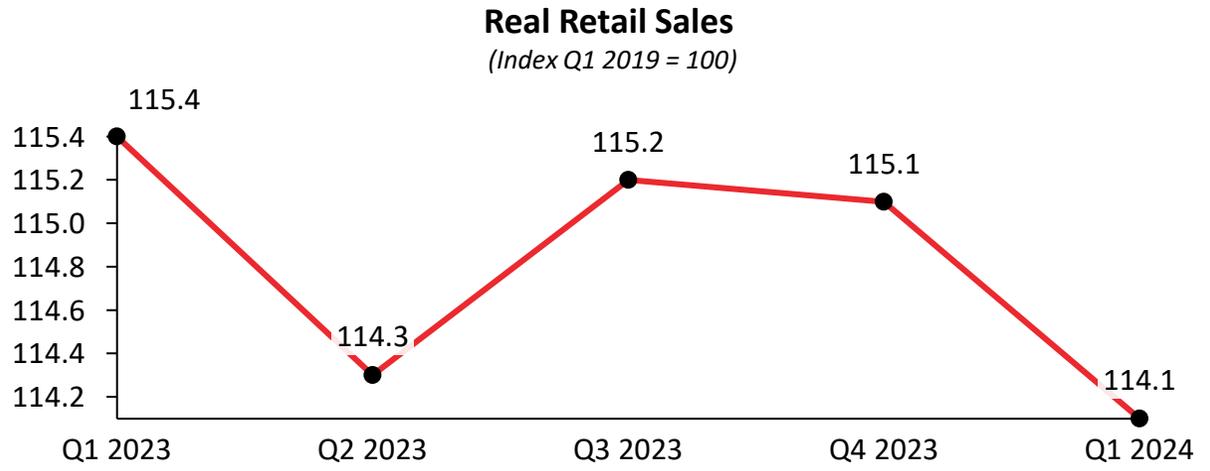
Source: BLS

Source: BEA, Bloomberg

Inflation and Fed Actions Pressuring U.S. Economic Growth

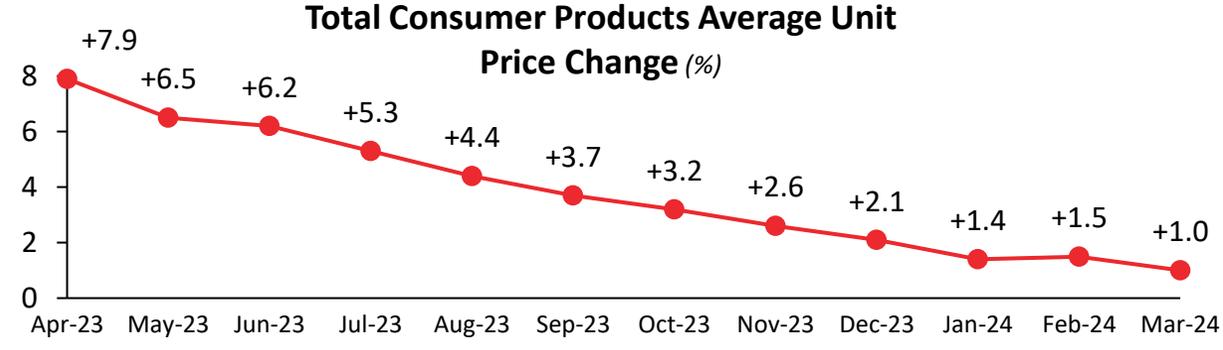
Business Challenges & Response

Real Retail Sales Declining



Source: Fred

Vendors & Retailers Slowing Down Price Hikes



"Firms are telling us that price-sensitivity is much higher now as compared to before" - Mary Daly, President of San Francisco Fed

02/25/2024

Source: NielsenIQ, Business Insider, CFO

Businesses Cutting Costs to Protect Profits

Managing Costs



Working with suppliers to "get costs down more as fast as we possibly can"



02/18/2024
"Companies — profitable or not — make 2024 the year of cost cuts."

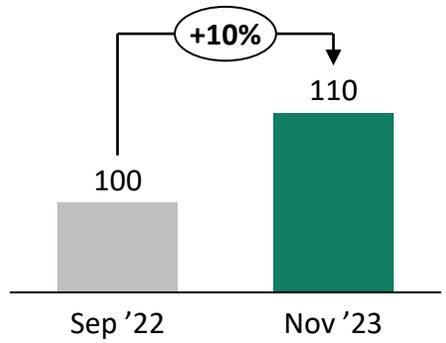


\$300M in savings through 2026 with efficiencies & automation

Retailers Leveraging Technology to Drive Sales

Offering Value

Retail Promotions Index



Source: Retail Dive, Circana

Leveraging Technology to Drive Efficiencies

82%

Retailers planning to invest more in technology



Businesses Facing Declining Real Sales, Rising Costs and Labor Challenges



CSA

Consumer Behavior

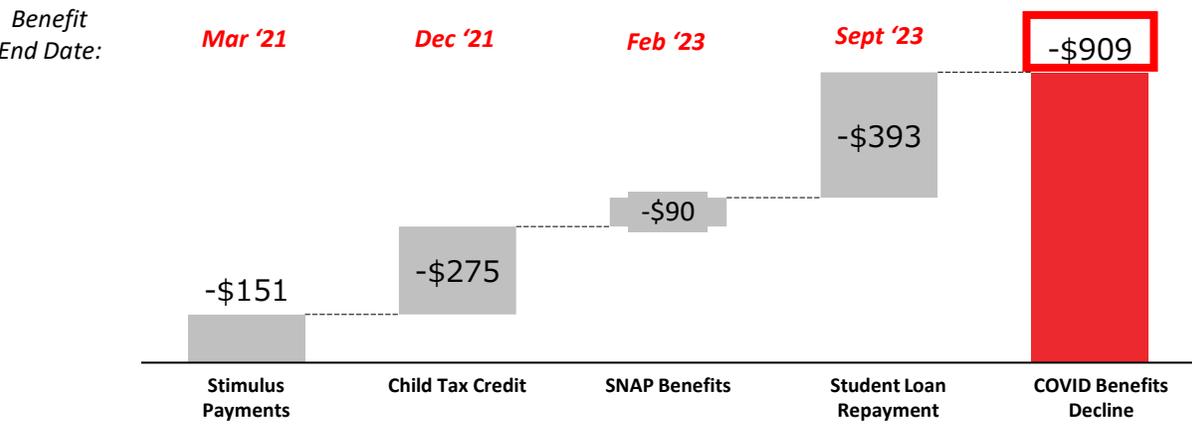


Consumer Financial Position

Stimulus Benefits From COVID Are Gone

Pull-back of COVID Benefits

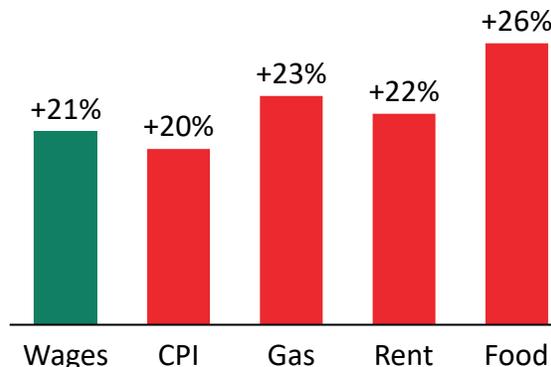
Average monthly benefit decline per participant



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

Rising Costs Increasing Reliance on Debt

Cost of Living Rising Faster Than Real Wages (Dec-2023 vs Dec-2019)



Source: US Joint Economic Committee

~\$780

Monthly increase in spend per household due to inflation

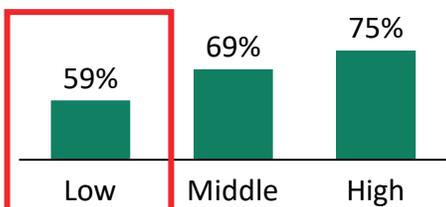
73%

Consumers said higher prices have affected their ability to cover monthly expenses

Impacting Low-Income Consumers Disproportionately

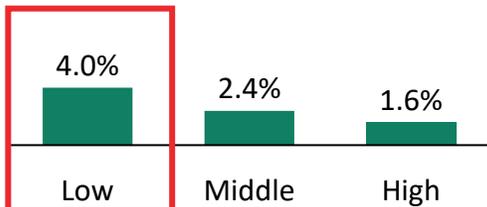
Limited Access to Credit

(CC Holders by Income Level)



Higher CC Delinquencies

(Delinquency Rates by Income Level)



31.2%

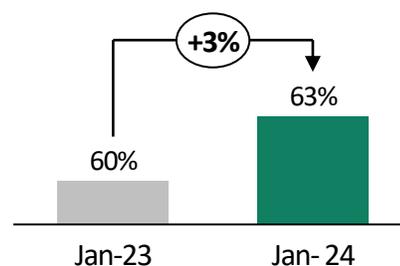
Of income spent on Food expenditure by lowest income quintile vs. 8% for highest income quintile

Source: NY FED, USDA

Impact: Living Paycheck to Paycheck & Seeking Value

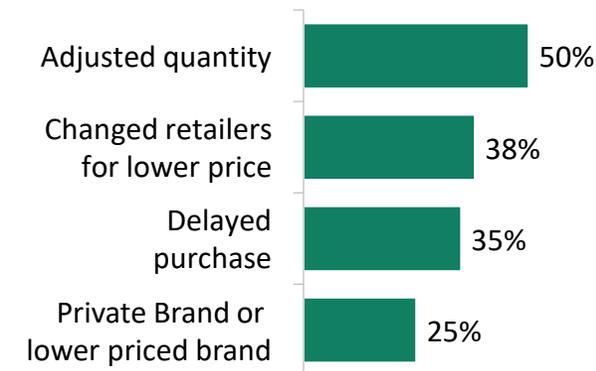
Paycheck-to-Paycheck Lifestyle Becoming the Norm

Share of Population Living Paycheck to Paycheck



Source: PYMNTS, University of Michigan, PlacerAI

Trading Down Tactics



Source: Northwestern Mutual

Consumers are adapting their behavior... seeking value... SEI is positioned well to deliver on that value

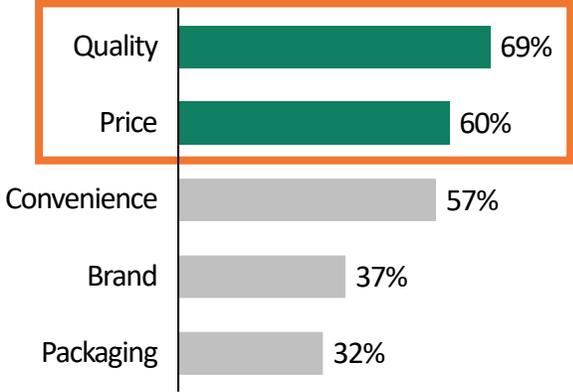
Changing Consumer Behavior

Consumers Want Quality Food at a Great Value

94%

US households concerned about food cost inflation in 2024

Most Important Food Purchasing Factors



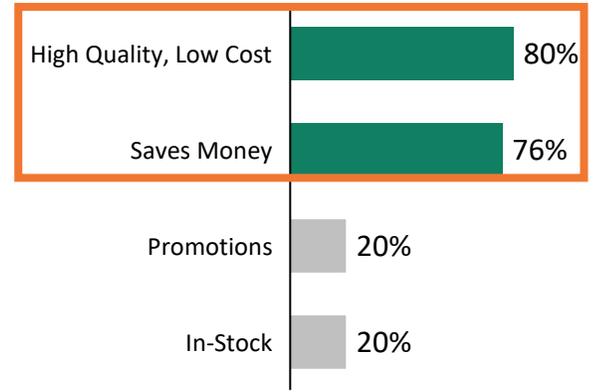
Source: Numerator, YouGov, McKinsey

Seeking Out Private Brands for High Quality at Lower Price

~15%

Price savings between Private Brands and National Brands

Reasons Consumers Purchase Private Brands



Source: NACS

Leveraging Digital & Delivery

Leveraging Digital

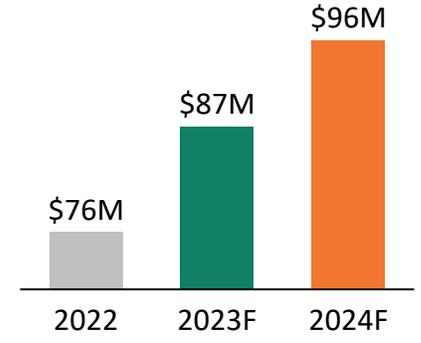
Top 3 Reasons for Engaging with C-Store Apps



Source: MarigAold, IRI

Delivery Demand Remains Strong

U.S. Restaurant Delivery (Market size in \$ millions)



Changing C-Store Expectations

Leveraging Loyalty Programs

71%

Millennials use **Loyalty Programs** to save money

Digital Innovation

63%

More likely to visit c-store with **digital offerings**

Larger, Contemporary Facilities

70%

U.S. consumers said **shopping at larger outlets is a more satisfying experience**

Faster & Easier Fueling

75%

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

Source: Numerator, CSNews, Retail Doctor, PYMNTS

As Shoppers' Expectations Evolve... SEI is Positioned to Meet the Consumer's Needs



SEI Strategy for Growth



1 Grow Proprietary Products

Fresh Food & Restaurants



Enhanced Value Chain



Proprietary Beverages



Private Brands



2 Accelerate Digital & Delivery

Loyalty Programs



Frictionless Experiences



7NOW Delivery

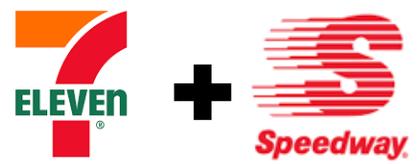


Retail Media Network



3 Generate Synergies From SEI and Speedway Integration

Store & Company Integration



Proprietary Retail System – RIS/ DEX



4 Grow and Enhance Store Network

Organic New Build Stores



Mergers & Acquisitions





Grow Proprietary Products



Proprietary Products Strategy & Growth Plan

Long-Term Strategy

Growth Plan

FRESH FOOD

LAREDO TACO COMPANY

PROPRIETARY BEVERAGES

PRIVATE BRANDS

VALUE CHAIN



- Key Actions for Growth**
- **Grow Assortment – New Categories and Products**
 - **Accelerate Food and Beverage Modernization**
 - Beverage investments
 - Fresh Food investments
 - Restaurant investments
 - **Grow Private Brands**
 - Add new SKUs across categories
 - **Enhanced Store Execution and Exterior Refresh**
 - Targeted Operations training
 - Exterior refresh
 - Detailed merchandising footprint and assortment refresh

Assortment

Quality Improvement, Innovation & New Platforms



Hot Subs



Bread QI
Milk Bread



Rice Balls



Chicken Curry
Rice Bowl



French Toast
Bite



Orange Chicken
Boneless Wings

Food & Beverage Modernization

Elements Include:

- Bake In Store
- Self-Serve Grills
- Self-Serve Hot Foods
- Specialty Coffee



Grow Fresh Food Delivery

- Exclusive Offers & Bundles
- Expand Delivery-exclusive Brands
- Accelerate Fresh Food Growth

\$3.14 Any Large Pizza
 TODAY ONLY
 Order Now

Valid thru 3/14/24. Limit 2 offers per order. Discount valid on delivery and pick up orders. Limited delivery area.

7NOW DELIVERY

Get the app
Subscribe to 7NOW® Gold Pass™

\$15 OFF \$30+ 7NOW® Orders.
 Only on Sunday, February 11th
 Limit 1 per customer. Delivery or pickup.

3 FREE Pizzas!
 With 7NOW® Gold Pass™
 Delivery or Pickup. Limit 1 order per 7NOW® Gold Pass™ subscriber.

\$5 OFF Select Lg-pk Beer & Hard Seltzers
 Delivery or Pickup. 2/11/24 only. Limit 1 per customer.

Consumer pays all applicable sales taxes and fees. A small basket fee may apply to a gift if minimum purchase requirement is not met. Delivery charges may apply. Limited delivery area. All offers limited, while supplies last. 7-Eleven, Inc. reserves the right to modify, change or cancel this offer at any time.

Value & Bundling

Traffic Driving Promotions & Bundles

ONLY WITH **TREWARDS**

\$4 MEAL DEAL when you buy 3 Taquitos and a Monster Energy Drink (19.2 oz.)
 Applies to Taquitos priced up to \$1.79

NEW! Pepparoni Pizza Taquito

TURN UP WITH T REWARDS

BUY 2 LAMP ALBUMS FOR A CHANCE TO WIN MUSIC PRIZES

ONLY WITH **Speedy Rewards**

\$2.50 BIG BITE® Hot Dog and Large BIG GULP®

3/\$3

Mix & Match
 Select Roller Grill Items
 Applies to Roller Grill Items priced up to \$1.79

Restaurant Portfolio



Key Strategies for Growth

Innovation



Frozen Margaritas



Bun on the Run



Loaded Chicken Bowls



Fajitas
(Quality Improvement)



Waffle Sandwiches

Delivery & Catering Acceleration





Value & Bundling



\$5 TENDER BOX MEAL



BUY 1 GET 1 FREE
Grilled Breakfast Wraps



DOLLAR MENU

- \$1** CORN DOG
- \$2** CHEESY CHICKEN FLAUTA
- \$3** SAUSAGE WRAP

Grow Proprietary Beverages

Innovation – 60th Anniversary Cups

7-Eleven was the first retailer to offer coffee to-go 60 years ago



Beverage Modernization & Assortment Expansion

Coffee



Iced Specialty Coffee



Cold Brew

Slurpee



Innovation with Exclusive LTOs

Big Gulp



Regional Big Gulp Assortment

Optimize & Localize Assortment



Boost cravings with unique regional blends.

Hot + Iced Varieties
Launches 3/18

Value & Bundling

Traffic Driving Promotions & Bundles

ONLY WITH **TREWARDS**

\$4 Large BIG GULP[®] and 3 Roller Grill Items

Applies to Roller Grill Items priced up to \$1.79

ONLY WITH **Speedy Rewards**

\$3.50

2 Pizza Slices and Large BIG GULP[®]

Other valid on all varieties of Pizza Slices

NEW! Ultimate Pepperoni Pizza

WIN A HANDHELD SLURPEE X TEARS GAMING DEVICE WITH **Speedy Rewards**

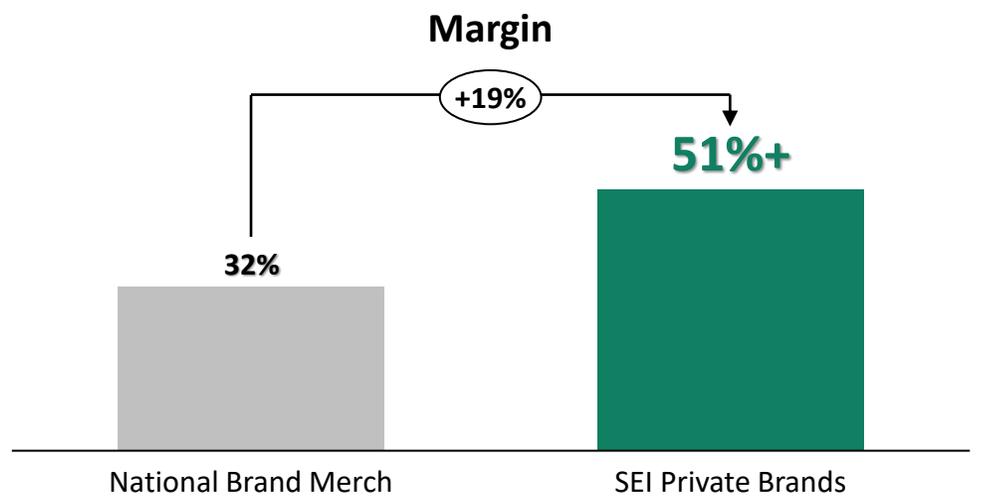
20,000 WINNERS!

ONLY WITH **TREWARDS**

\$3 BIG BITE[®] Hot Dog and Large BIG GULP[®]

Key Private Brand Differentiators

- 1 High Quality Products
- 2 Deliver **Value To Customers**
Less Expensive than National Brands
- 3 **Better Margin and Penny Profit**
for Franchisee & Store



Innovation

Recent Launches

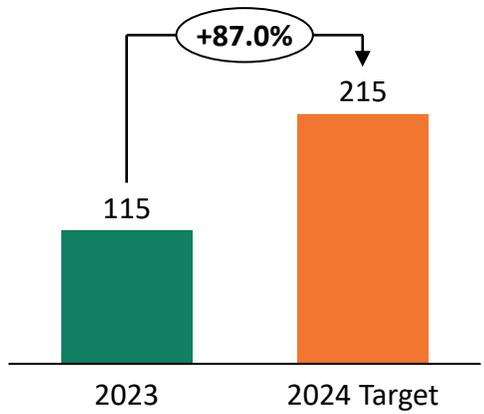


Upcoming



Private Brands New Item Launches

- **215 New Items**
- **Entering 5 New Categories**





SEI Strategic Initiatives

Accelerate Digital & Delivery

7NOW Value Proposition

Delivery from 7-Eleven Meets Customer Needs



~28 min

National avg. YTD

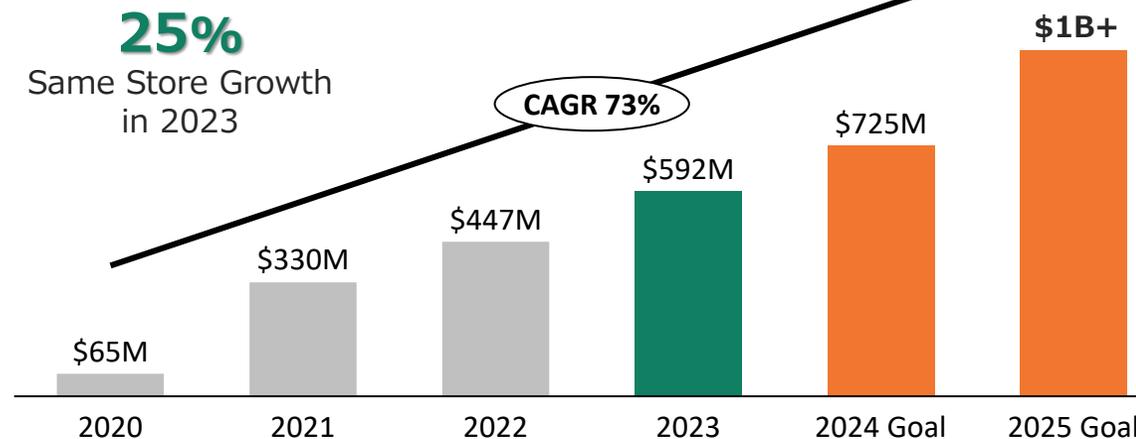
>50% US Population

Within 2 miles of a store

8+
Marketplace
Partnerships



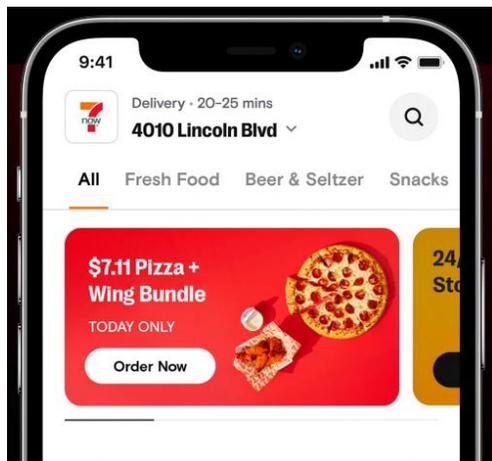
7NOW Total Sale Results



Strategies for Growth

Key Actions to Drive Growth

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



Goal to Hit \$1B in Delivery Sales by 2025

Customers Seek Value with Loyalty Programs

84%

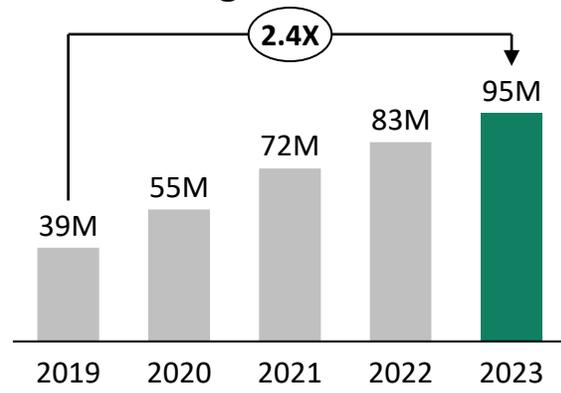
Consumers stick with a brand with a loyalty program

66%

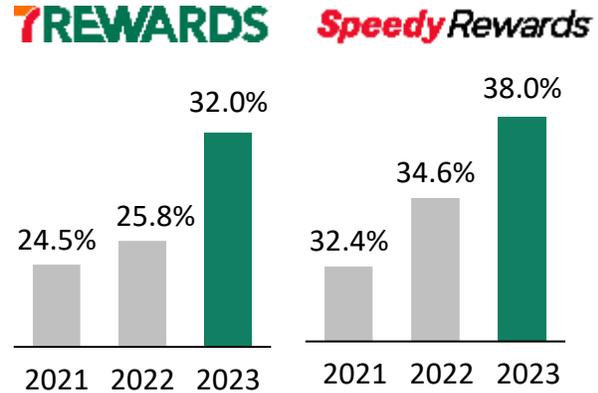
Consumers say that earning rewards changes their shopping behavior

SEI Registered Members & Scan Rate Continue to Grow

Total Registered Members



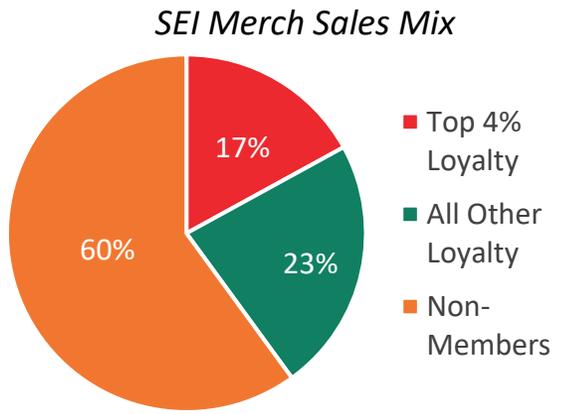
Scan Rate



*7Rewards and Speedy Rewards September in US and Canada

Loyalty Members Spend More

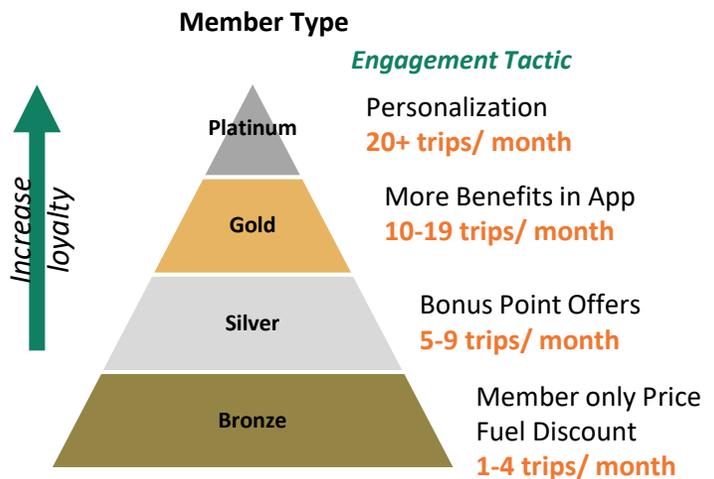
Top 4% Loyalty Members Drive 17% Overall Revenue



Source: Paytronix 2022

12 months to August 2023 7R and SPW

Loyalty Members Shop More Frequently



7REWARDS



Speedy Rewards



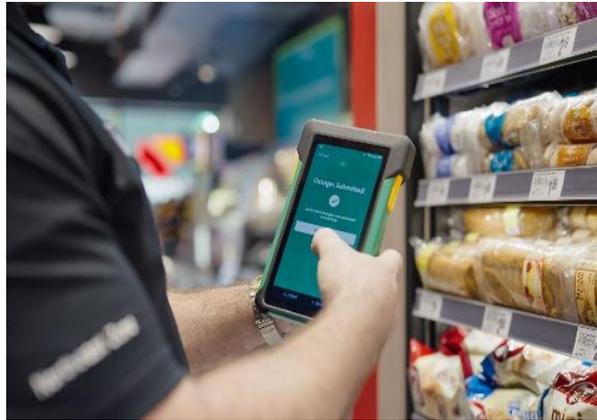
1 in 4 Americans are part of our industry-leading 7Rewards and Speedy Rewards loyalty programs



SEI Strategic Initiatives

Generate Synergies from SEI & SPW Integration

SEI's Proprietary Retail System Enables a Customized Assortment for Each Store Based on Local Demand



- ✓ Localized Assortment for Each Store
- ✓ Differentiates each Store from Competitors



- ✓ Increases Customer Satisfaction
- ✓ Provides a Unified Customer Experience across Banners



- ✓ Maximizes Each Store's Profitability
- ✓ Optimizes Space-to-Sales, Margins and GP

Enables SEI to Assort Stores Based on Local Demand. This is a Significant Competitive Advantage





SEI Strategic Initiatives

Grow & Enhance Store Network



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 **8.5%**
- ✓ 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)	8.5%
2	Alimentation Couche-Tard Inc	3.8%
3	Casey's General Stores Inc.	1.7%
4	EG Group	1.1%
5	GPM Investments LLC	1.0%
6	Murphy USA, Inc	0.7%
7	Wawa, Inc.	0.7%
8	QuikTrip Corporation	0.7%
9	Kwik Trip, Inc.	0.6%
10	Sheetz, Inc.	0.5%
Top 10 C-Store Chain Total		19.1%
Total US C-stores (2023 CS News Data)		

Japan	Company Name	Share (based on store count)
1	7-Eleven Japan	38.7%
2	Family Mart	29.2%
3	Lawson	25.2%
Top 3 C-Store Chain Total		93.1%

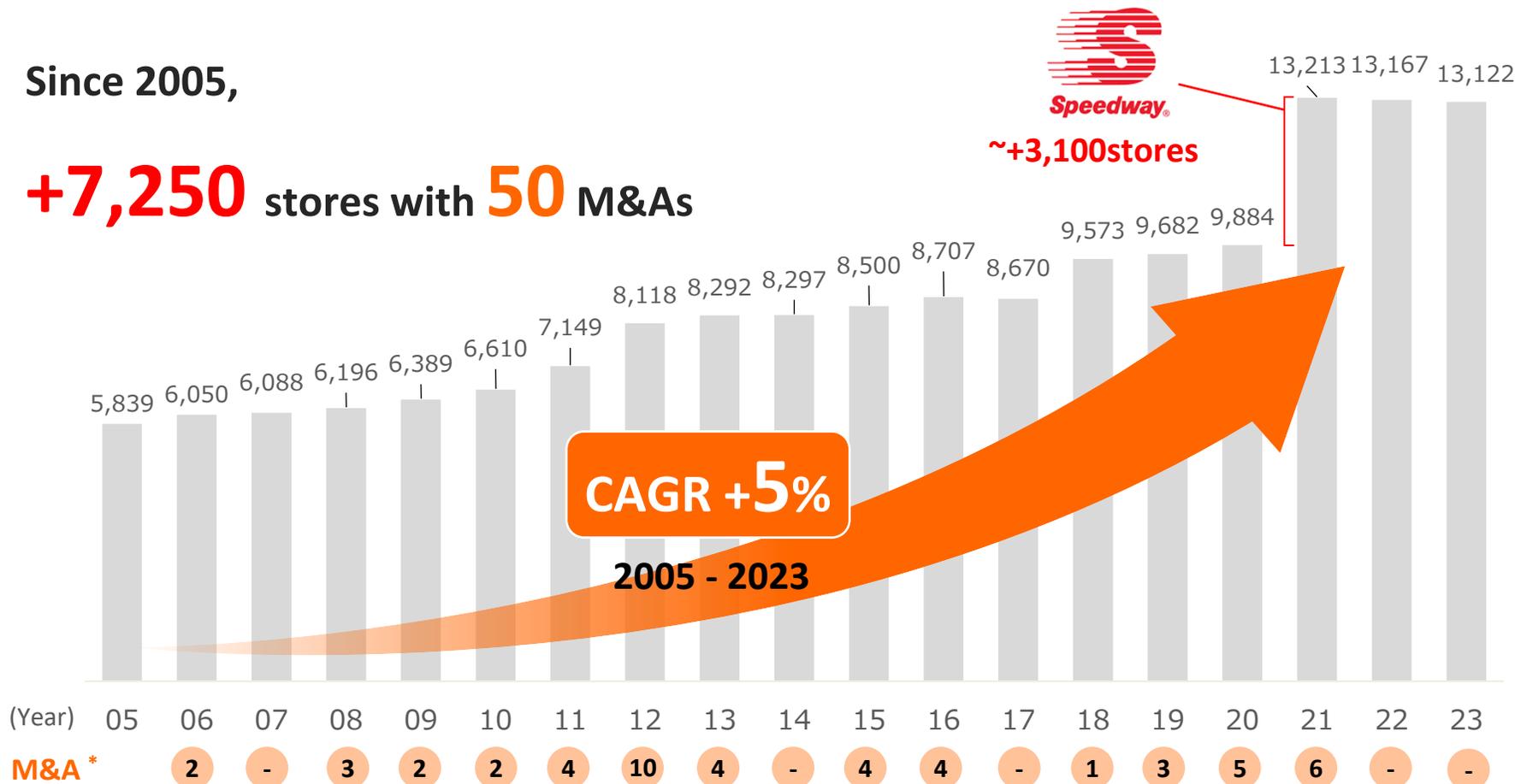
SEI Positioned to Continue Growth through M&A and Deliver Accelerated Returns

M&A – Proven Track Record of Successful Acquisitions

M&A and number of stores

Since 2005,

+7,250 stores with **50** M&As



* number of M&A closings

Mature acquisitions results (23/12LTM)

Average daily sales

+34.0%

GPM improvement

+288bps

ROIC

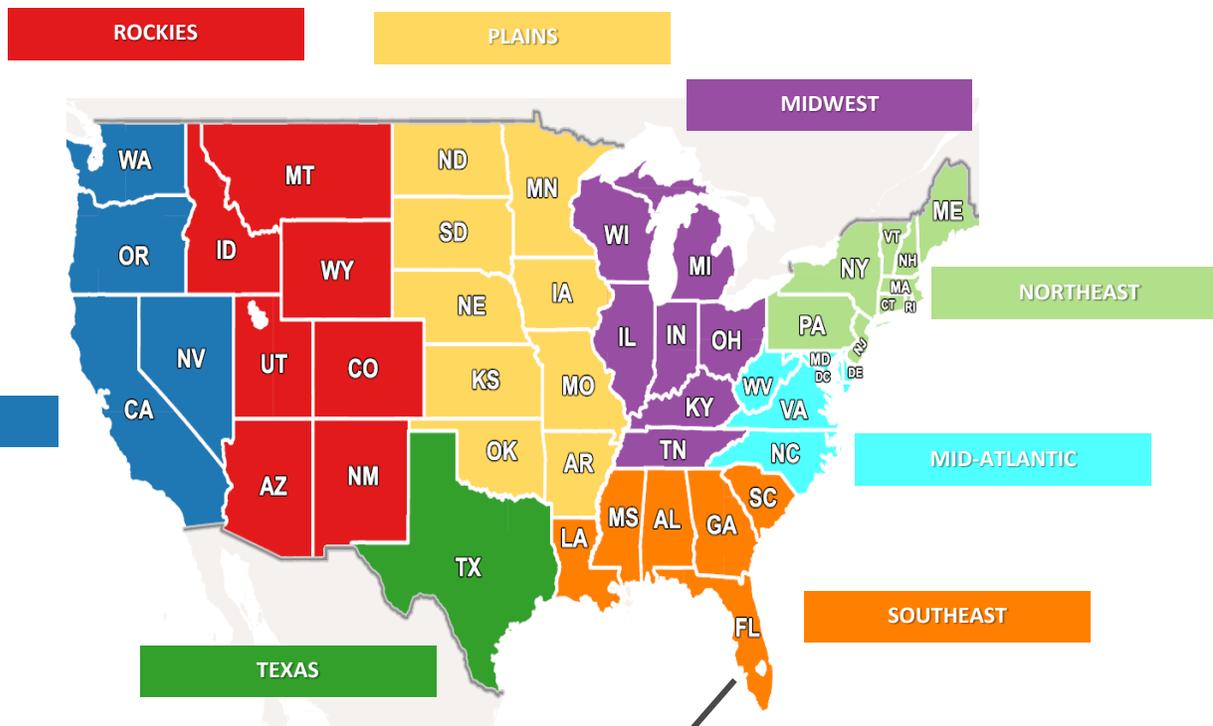
14.3%

Implement Store Expansion Strategy Utilizing M&A and Increase Average Daily Sales

M&A Opportunity Pipeline

SEI Prospects & Monitors Chains to be Ready When Available

Regional Evaluation of Opportunities for M&A



Dedicated & Experienced SEI Team

- ✓ Dedicated team with a proven track record of 50 deals since 2005
- ✓ Experience in successful, large integrations
- ✓ Evaluated 131 deals since 2020
- ✓ Rigorous process to prioritize potential acquisitions
- ✓ Sunoco was high-priority target for SEI

Sunoco-Stripes Acquisition

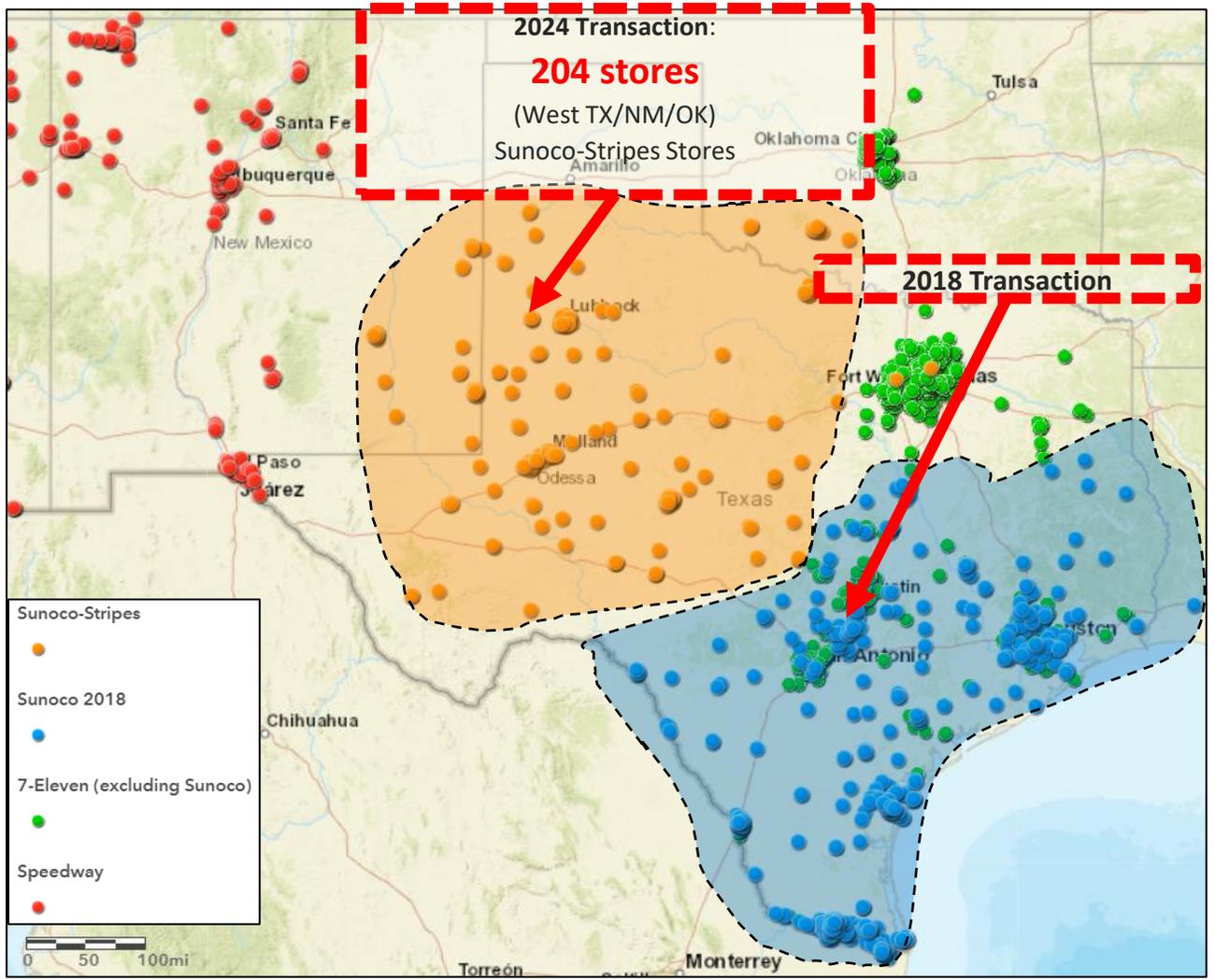
Sunoco-Stripes Acquisition – Strategic Rationale

Strategically Significant Scaled Acquisition Opportunity

Priority M&A Target since 2018 – Geographically Completes 2018 Sunoco Acquisition & Complements Speedway network

All Stripes Stores & Laredo Taco Company Restaurants under 7-Eleven Operations

Grows Restaurants, Leverages Private Brands/Proprietary Products & Increase Digital/Delivery



Sunoco-Stripes Acquisition Complements our Network

Organic Store Development

Prior Standard



Evolution Stores



New Standard



✓ Standard c-store design

- ✓ Test and learn
- ✓ Food forward design
- ✓ Customized design for each store

- ✓ Includes Evolution store elements at scale
- ✓ Larger lots, large format fuel

Progressively Developed New Design Standards to Meet Customer Expectations

Current Store Standard – Gen 2.0





Financial Performance



2023 Actions & Results

- **Cost Leadership Committee** tracked 240 discrete cost improvement initiatives
- **400+ Sourcing Events** completed

Resource Optimization
Cost Savings / Avoidance
Targeted OSG&A Reductions
Negotiations
Process Improvements
Other Near-Term Actions



\$308M
 2023 Total Reduction / Avoidance

2024 Strategy & Target

Strategy

- 1 Cost Leadership Committee
- 2 Vendor Cost Reductions
- 3 Company Cost Structure Review



Opportunities

-  Merch and Fuel COGS
-  Store Labor Optimization
-  Indirect Spend
-  In-House Maintenance
-  Debit/Credit Card Fees



\$350M
 2024 Budgeted Cost Reduction

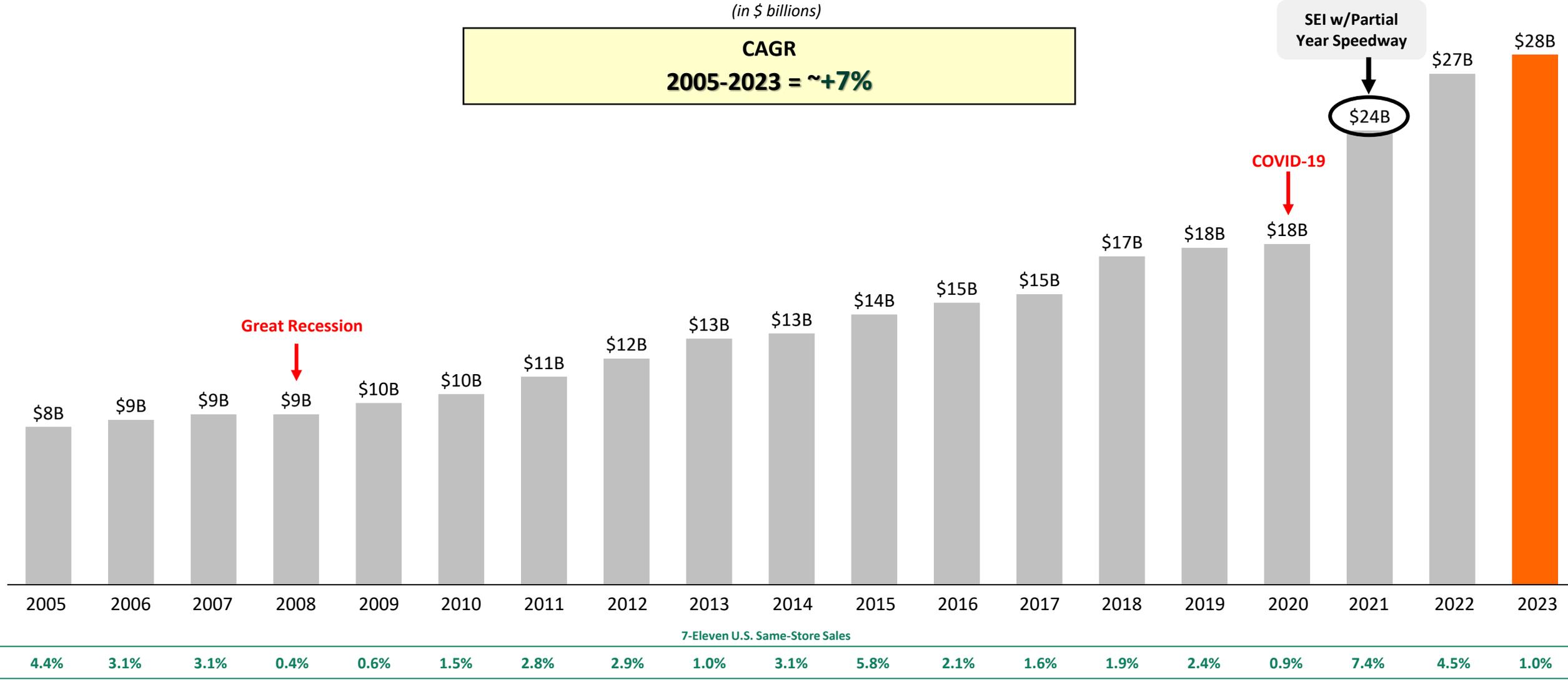
SEI Will Strategically Identify Where We Can Take Costs Out of Our Business

SEI Resilience Through Past Recessions and Macro Headwinds

SEI Merchandise Sales

(in \$ billions)

CAGR
2005-2023 = ~+7%



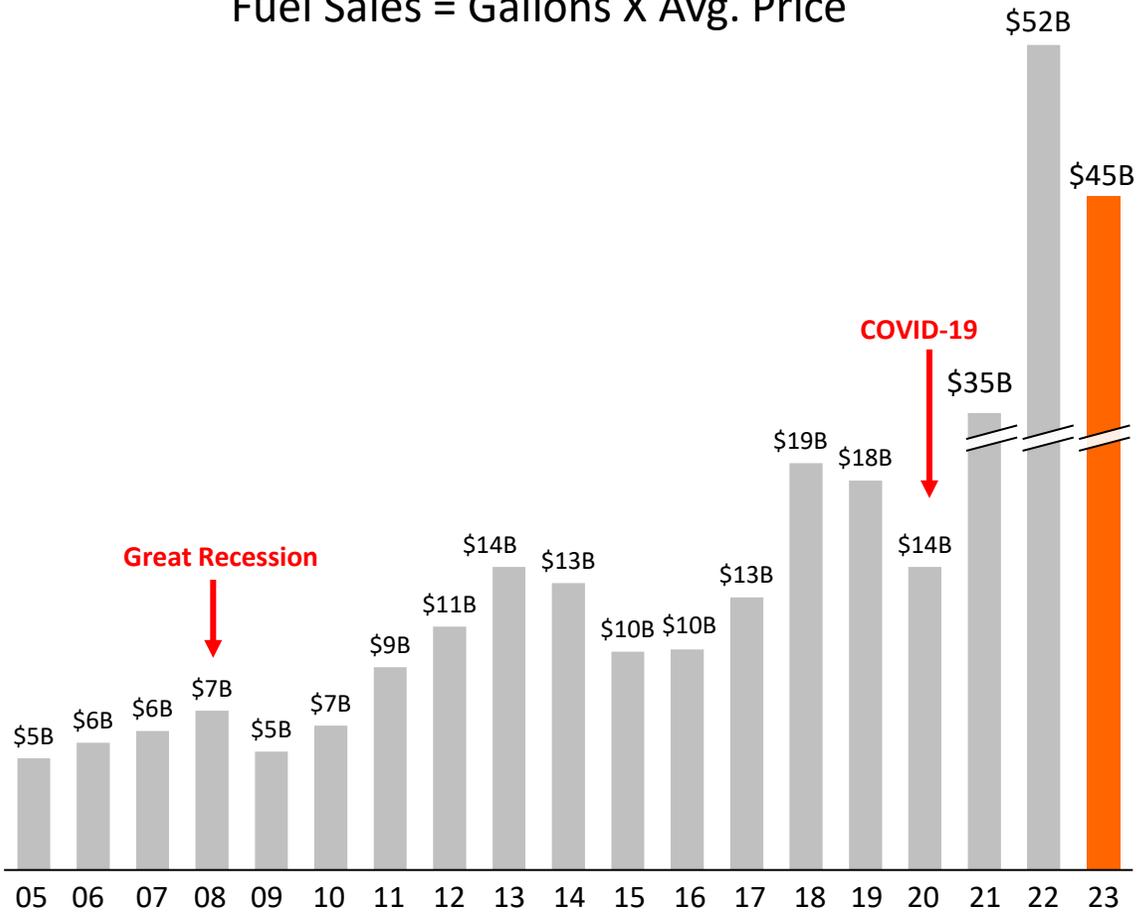
SEI's Merchandise Sales Have Grown at a ~+7% CAGR Since 2005

SEI Resilience Through Past Recessions and Macro Headwinds

SEI Fuel Sales (in \$ billions)

CAGR
2005-2023 = ~+13%

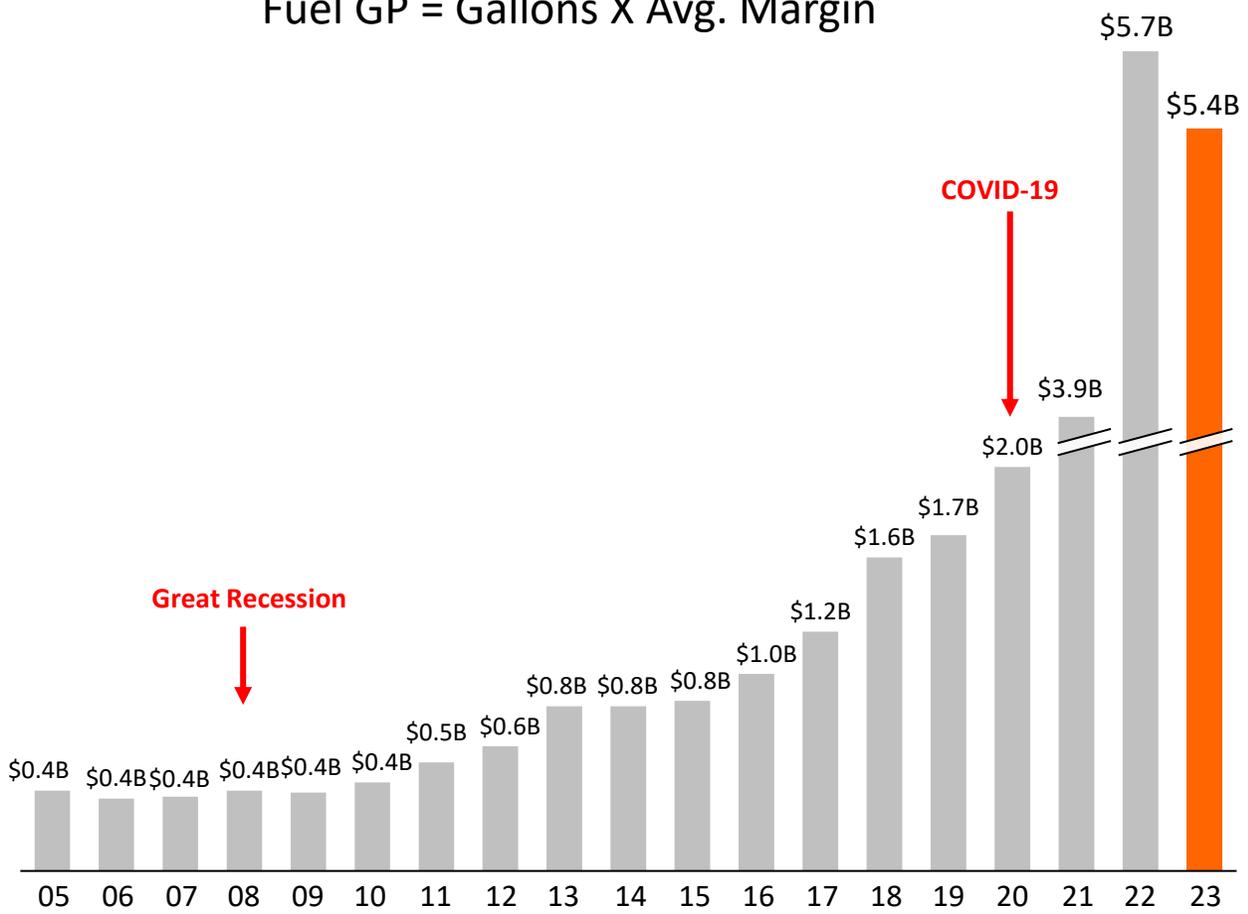
Fuel Sales = Gallons X Avg. Price



SEI Fuel GP \$ (in \$ Billions)

CAGR
2005-2023 = ~+16%

Fuel GP = Gallons X Avg. Margin



SEI's Fuel Gross Profit Has Grown at a ~+16% CAGR Since 2005

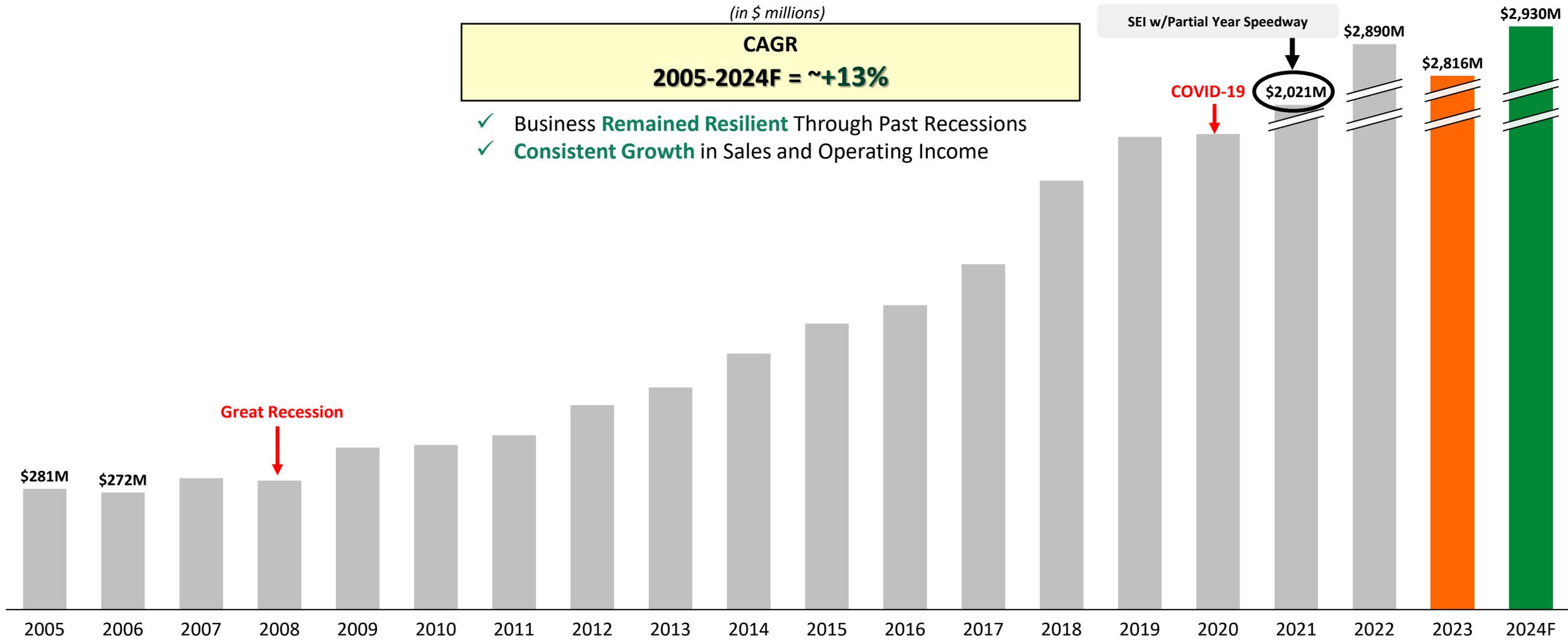
SEI Resilience Through Past Recessions and Macro Headwinds

SEI Operating Income (\$M)

(in \$ millions)

CAGR
2005-2024F = ~+13%

- ✓ Business **Remained Resilient** Through Past Recessions
- ✓ **Consistent Growth** in Sales and Operating Income

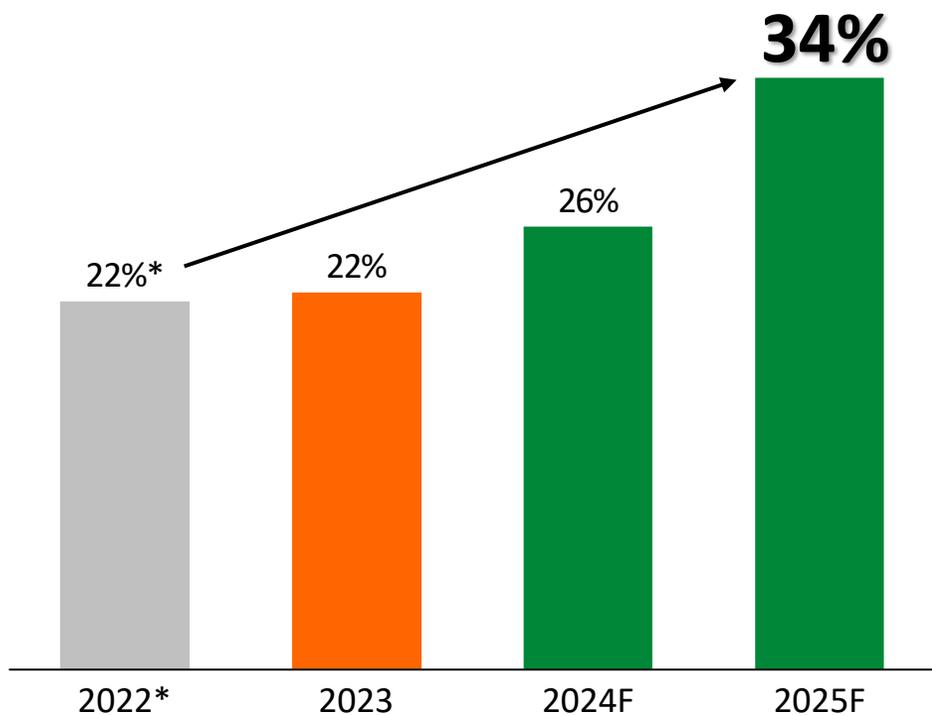


SEI Has Grown Operating Income at a ~+13% CAGR Since 2005

SEI Financial Performance Forecast

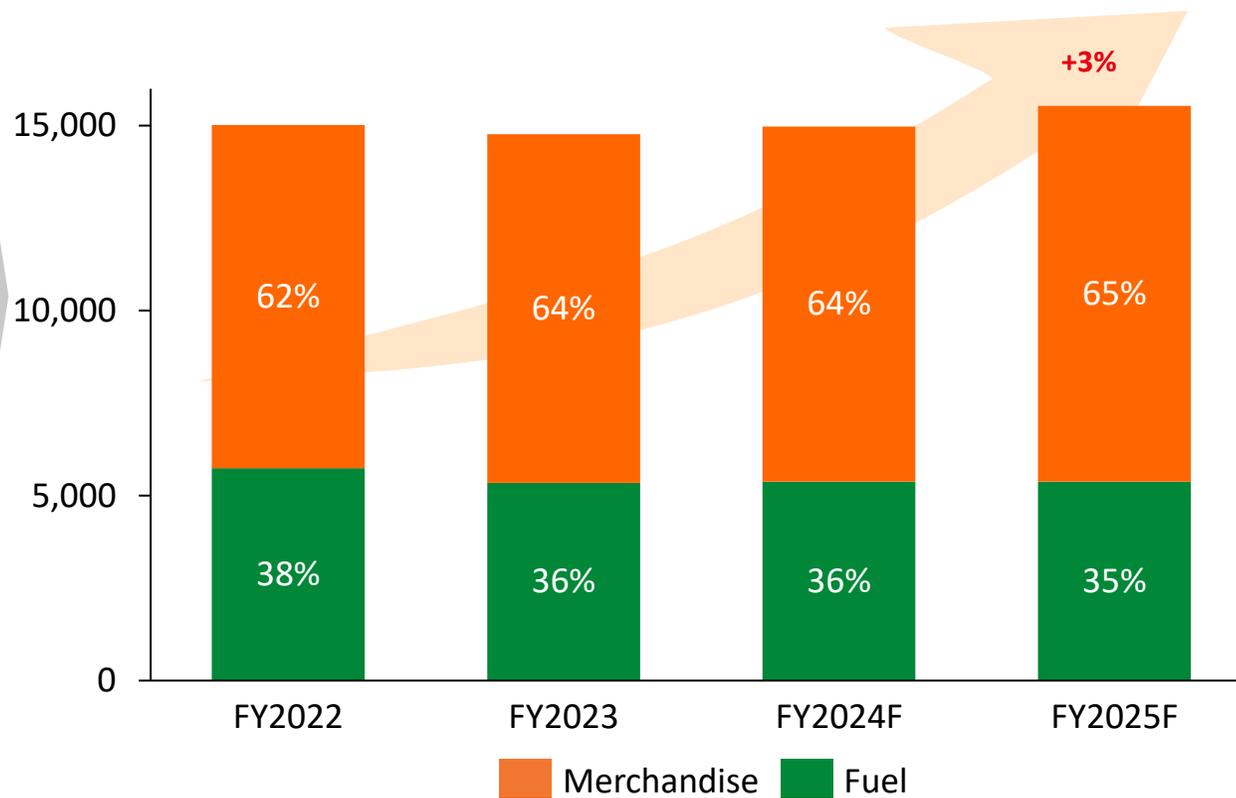
- Grow Proprietary Products as percentage of Merchandise sales mix to generate profitable growth
- Improve Merchandise Margin by growing Proprietary Product Mix

Proprietary Product Mix



*SEI alone at 24% - including SPW at 22% - plan to get all stores to 34% by 2025

Trend of Gross Profit and Mix (\$M)



Improve Merch GP & Margin by Growing Proprietary Products (Fresh Food, Proprietary Beverages, and PB)



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