



Seven & i Holdings Co., Ltd.

"IR Day2024"

Domestic CVS Operations Strategy

April 23, 2024

Seven-Eleven Japan “Ideal Image” and “Vision”

“Ideal Image” and “Four-part Vision”

Build a joyful future, together

Health	Realize a healthy society through valuable merchandise and services
Community	Realize a society that thrives alongside neighborhoods
Environment	Realize a circular society that respects the environment
Human Resources	Realize a fulfilling society in which diverse people can play an active role

◆ Major KPI for Growth



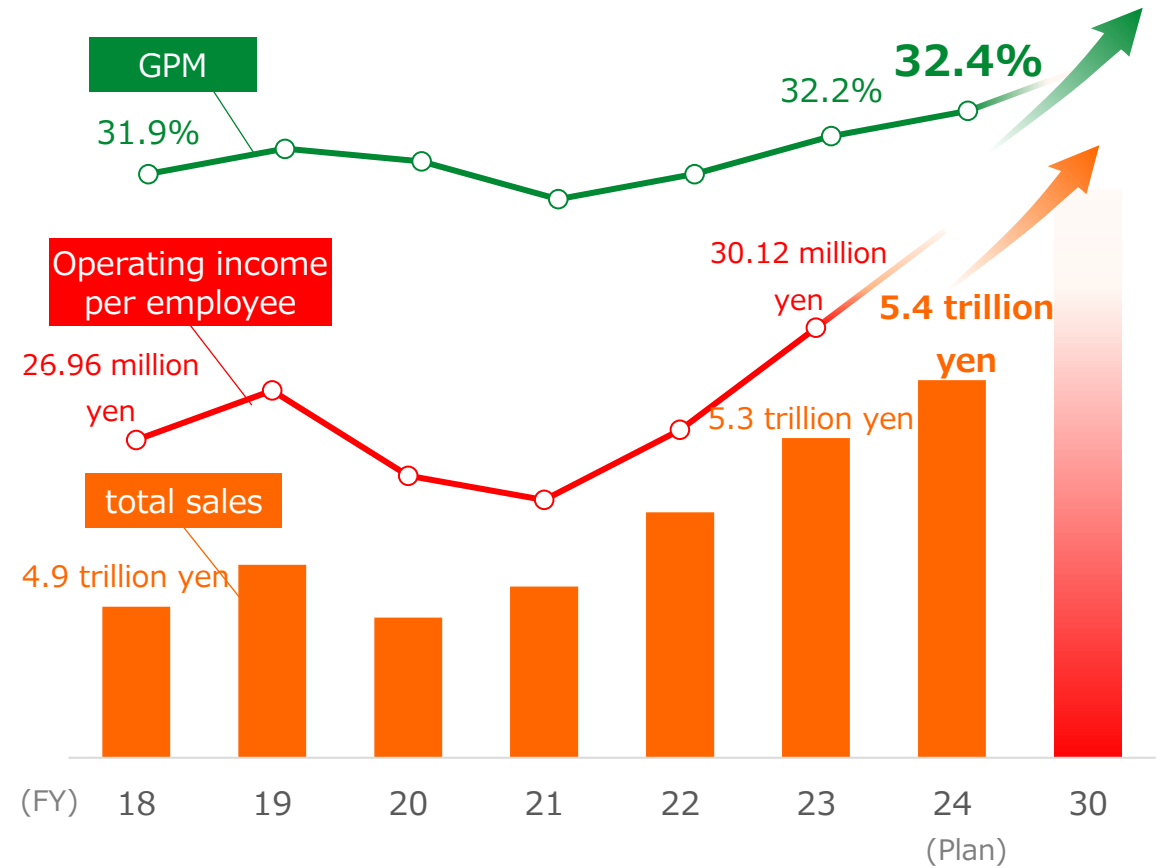
- ✓ New merchandise development
- ✓ Expansion and strengthening of merchandise assortment
- ✓ New business expansion

- ✓ Strengthening of counter goods
- ✓ Strengthening development of high value-added merchandise
- ✓ Merchandise composition and sales floor consideration by merchandise

- ✓ Optimal store openings by characteristics of each area
- ✓ Expansion of top share regions
- ✓ Strategies by municipality

Management indicators·KPI

Increase productivity per employee while improving sales and gross margins and promoting IT/DX



Realize the “Ideal Image” by offering both economic and social value

1 Further Strengthen "Food"

- Expanding what we learned from SIP Store to existing stores
- 7NOW to expand

Average daily sales ↑

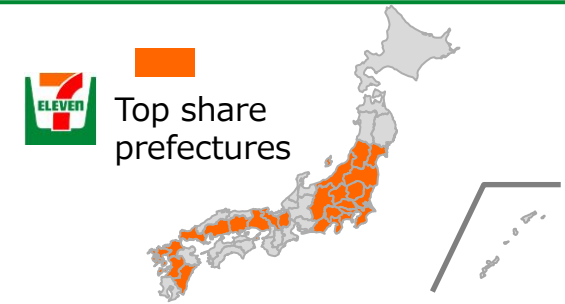
Gross profit margin ↑



2 Store Opening Strategy

- Meticulous plan for opening stores in accordance with location and Community development

Number of stores ↑



3 Sustainable Management

- Improve productivity in HQ and FC stores through pursuing operational efficiency
- Enhance efforts for measures against food loss/waste



Growth Strategy of Domestic CVS Operations (SEJ)

1 Further Strengthen "Food"

- Expanding what we learned from SIP Store to existing stores
- 7NOW to expand

Average daily sales ↑

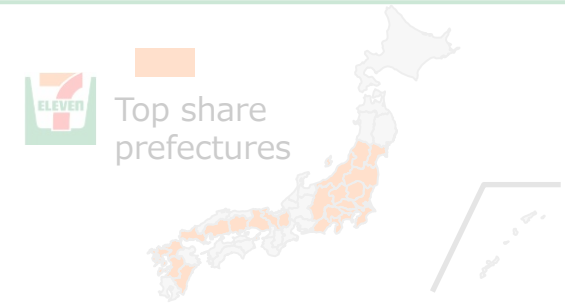
Gross profit margin ↑



2 Store Opening Strategy

- Meticulous plan for opening stores in accordance with location and Community development

Number of stores ↑



3 Sustainable Management

- Improve productivity in HQ and FC stores through pursuing operational efficiency
- Enhance efforts for measures against food loss/waste

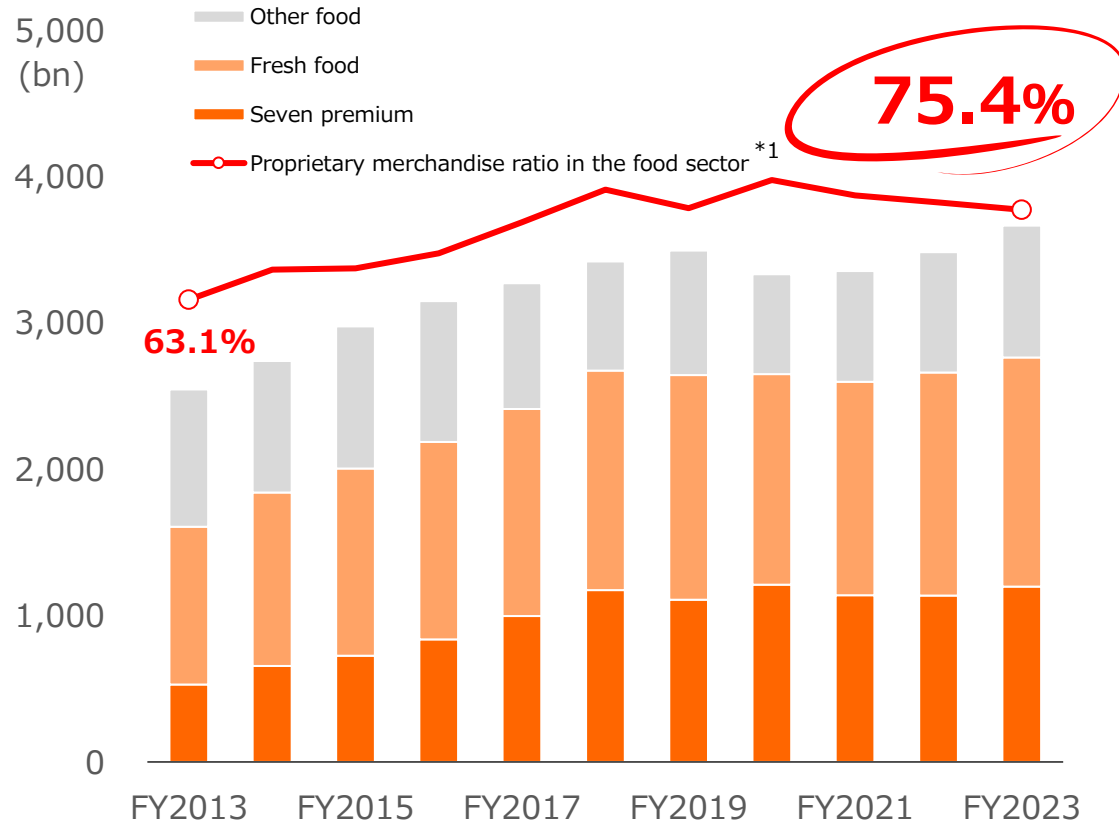


Further Strengthen Food Area : Strength of "Food" in Seven-Eleven



Trend in sales of proprietary merchandise as our growth foundation

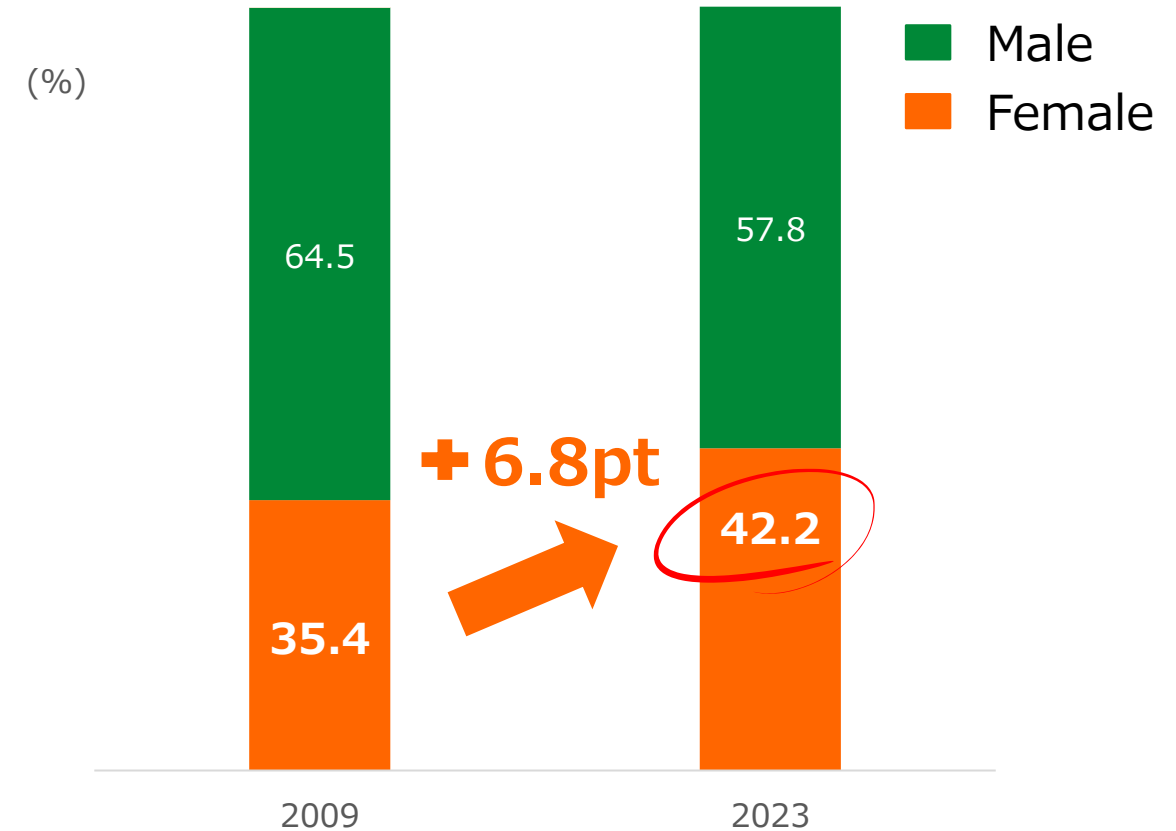
Merchandise strategy adapts flexibly to the changing environment...



*1 Sales ratio of Fresh Food and Seven Premium in Food area

Customer's gender ratio*2

... and contributes to greater share of female customers



*2 2009 figures based on in-store surveys. 2023 figures based on internet survey

High ratio of proprietary merchandise contributes to Seven-Eleven's resilience and secures wider range of customers

Further Strengthen Food Area : What we learned from SIP Store

SIP Store: 5,300SKU (1.7x more than general stores)

Changes brought about by expanding assortment

◆ March average excluding open sale period (YoY)



◆ Avg. spending per customer/Number of Items Purchased

※ Index based on performance in general stores as 100



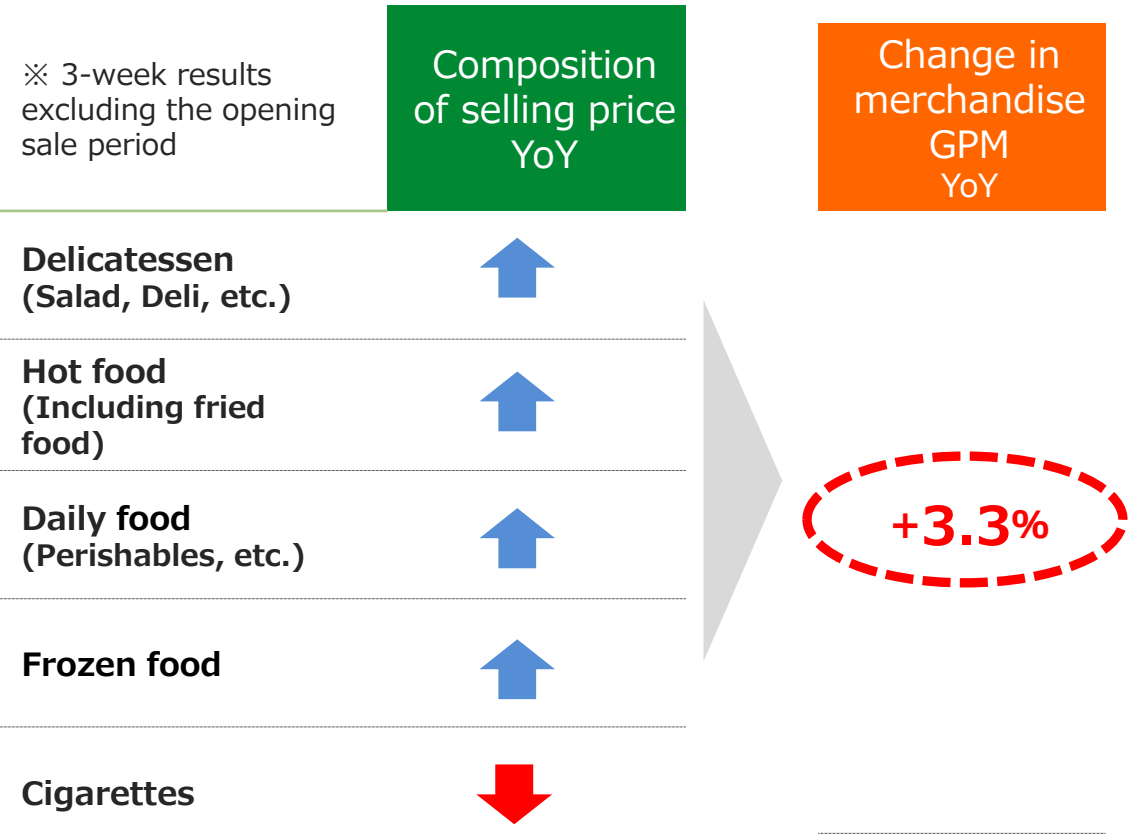
※ Index based on overall performance in SIP Store as 100

Categories with particularly high index	Avg. spending per customer	Number of items purchased
Daily food (Perishables, etc.)	149	139
Frozen food	149	147



Improving GPM

merchandising mix increases gross profit amount



SIP store initiatives in response to changes such as the shift to small trade areas will lead to higher sales and gross margins

Further Strengthen Food Area : What we learned from SIP Store

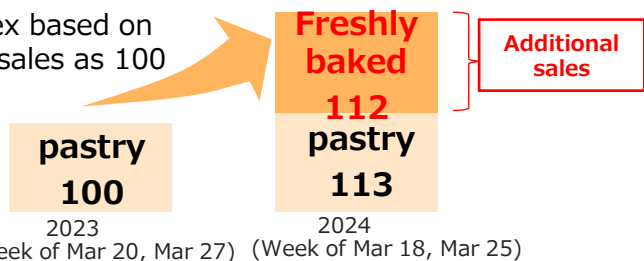
Rapidly expanding effective merchandise in SIP Store to existing stores

Bake In Store



Freshly made products in high demand
(including Pizza)

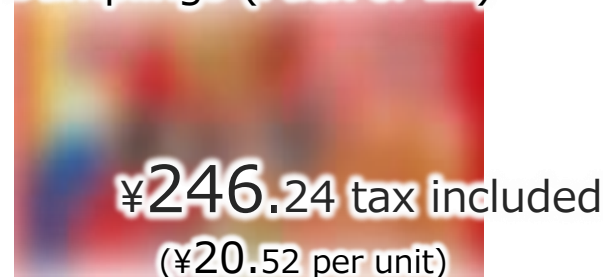
* Index based on pastry sales as 100



Assortment expansion (Example: Frozen Food)

Responding to changes in purchasing preferences and resulting expansion in customer base

Company A
Dumplings (Pack of 12)



7P Microwavable Fried Dumplings (pack of 5)

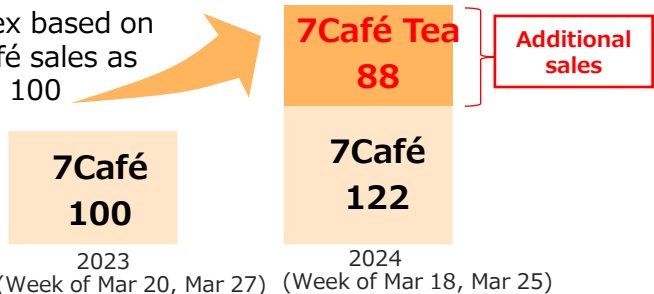


7 Café Tea

Entering the tea market

(Sparking innovation in the marketplace)

* Index based on 7 Café sales as 100



Pros.



Family Affordable

Cons.



Small household Simple operability
(Baking process required)

Pros.



Small household Simple operability
(Microwavable)

Cons.



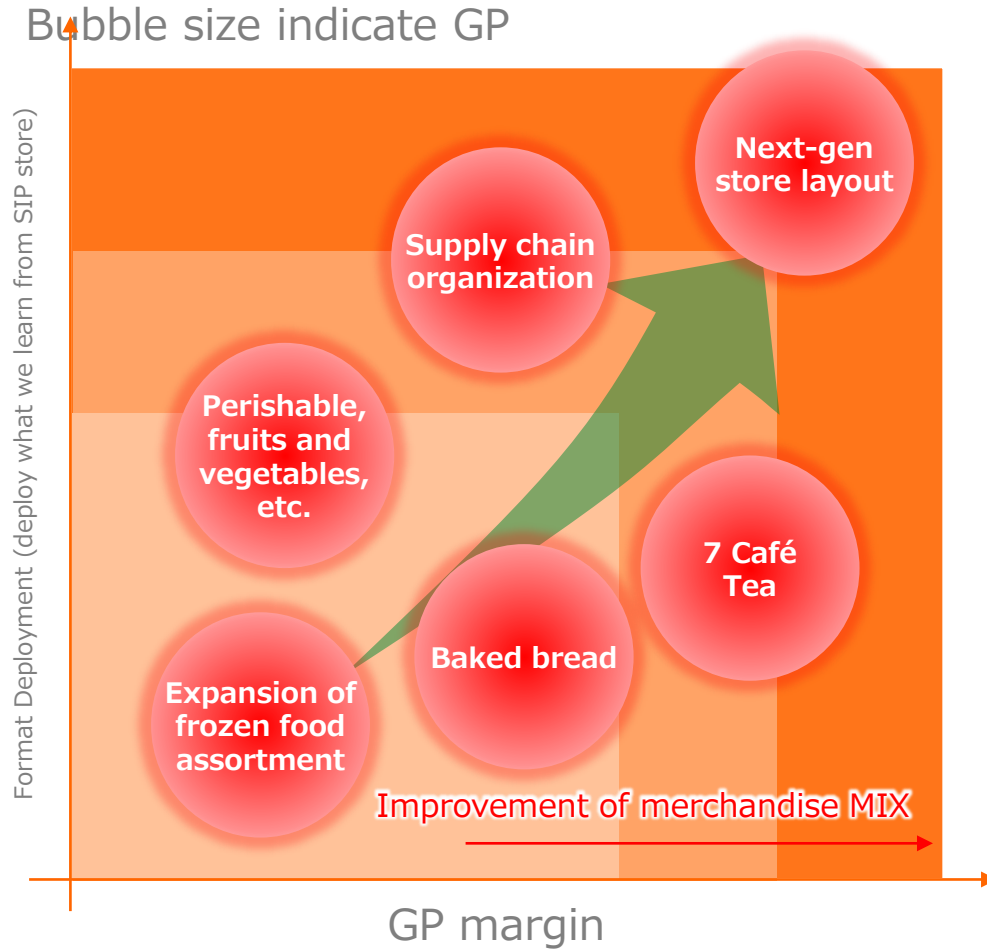
Family Affordable

* Prioritizing machine development in FY2024

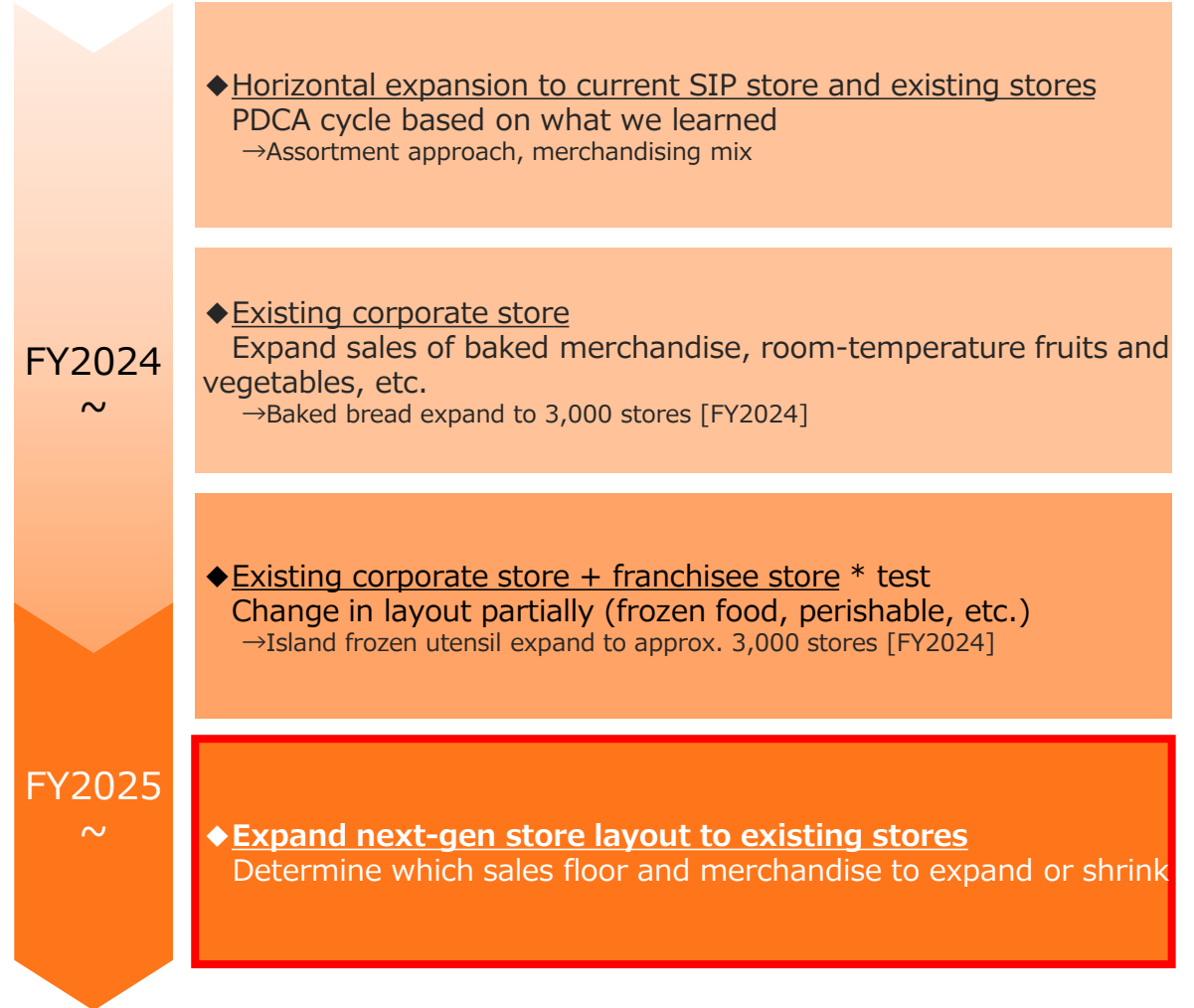
Rolling out what we learned from SIP Store to existing stores and leading to sales expansion

Further Strengthen "Food": SIP Store potential

Effects by expanding SIP store elements



Schedule of expanding SIP store elements

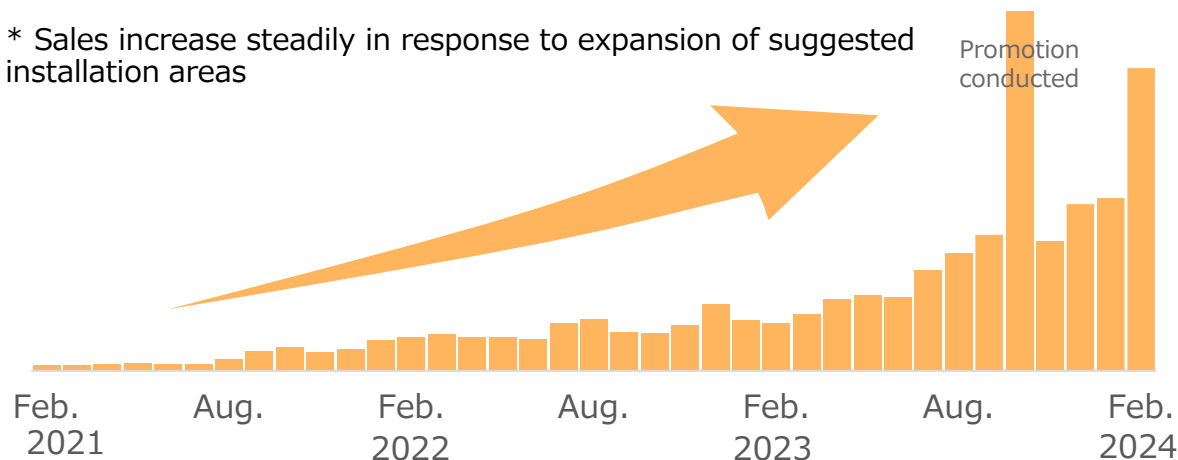


Improve profitability by responding to one-stop shopping in each region

Further Strengthen "Food": 7NOW

Initiatives by FY2024 (Area expansion)

* Sales increase steadily in response to expansion of suggested installation areas



Further enhance of 7NOW app

UI/UX improvement / Visualization of delivery status and convenience improvement

FC store initiatives

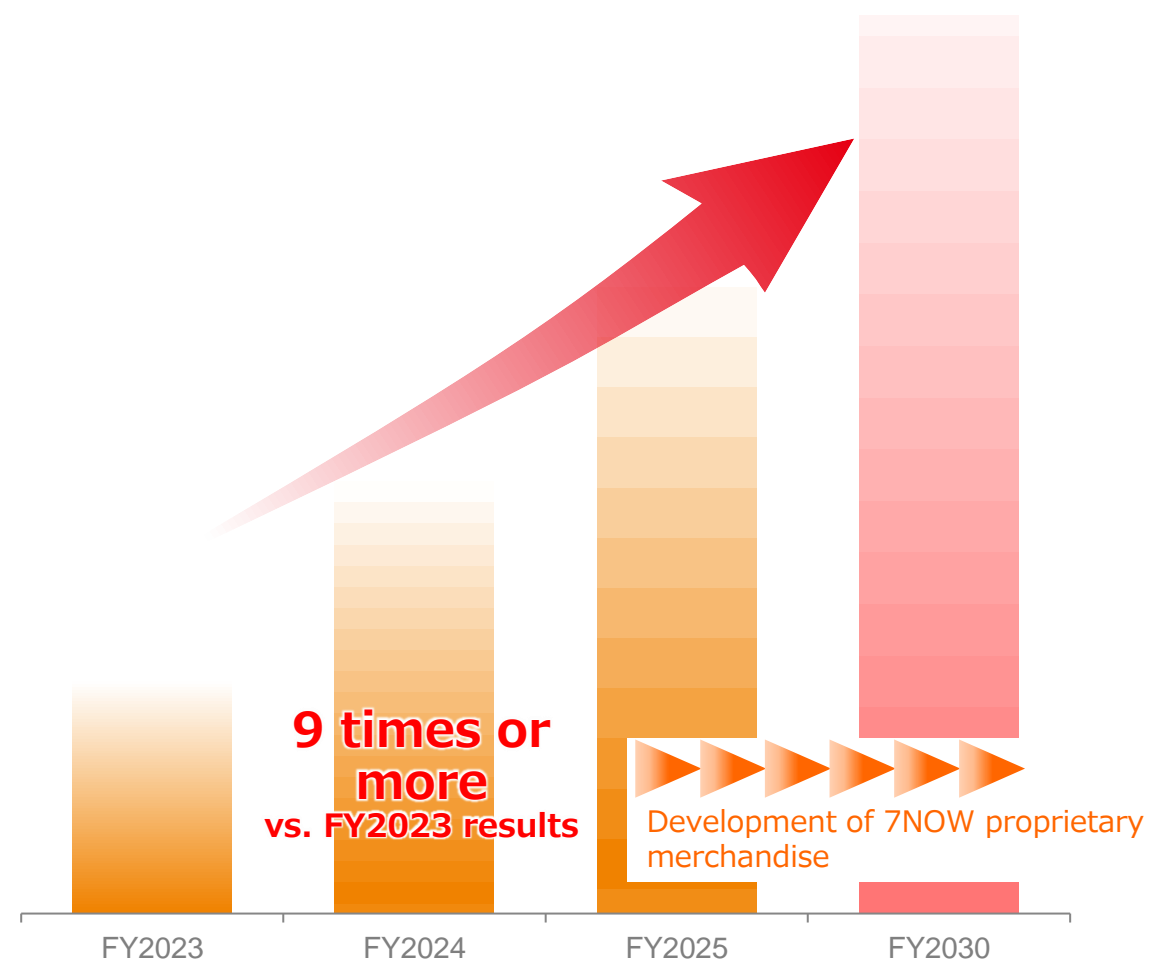
Service announcements in stores (in-store/leafleting/ FC store delivery enhancement)

Delivery area expansion and cooperation enhancement

Further cooperation enhancement with delivery companies

Suggested installation nationwide by the end of FY2024

Sales trend (target)



Complete suggested installation nationwide in FY 2024, and shift to sales expansion phase through raising awareness

1 Further Strengthen "Food"

- Expanding what we learned from SIP Store to existing stores
- 7NOW to expand

Average daily sales ↑

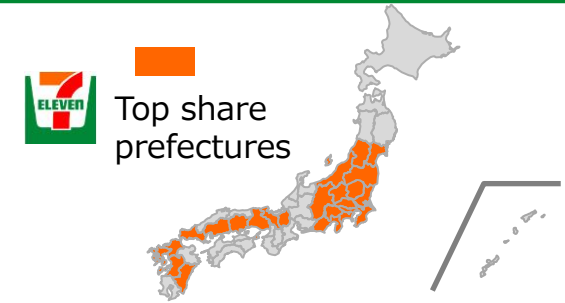
Gross profit margin ↑



2 Store Opening Strategy

- Meticulous plan for opening stores in accordance with location and Community development

Number of stores ↑



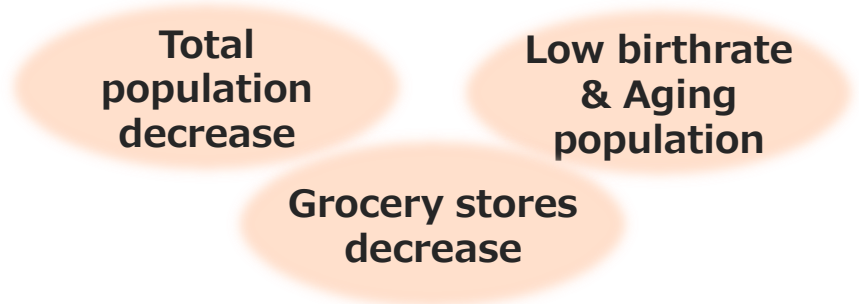
3 Sustainable Management

- Improve productivity in HQ and FC stores through pursuing operational efficiency
- Enhance efforts for measures against food loss/waste



Environmental change

◆ Domestic environmental change (Keywords)



- Shorter travel distance
- People with shopping difficulties increase (Not only rural areas, but also urban areas)

◆ Population with food inaccessibility (2020)

Inaccessibility population: 65+ years old who cannot use a car, and live more than 500 meters from the store

Areas	People with food inaccessibility	vs. 2015
Nationwide	9,040,000	+790,000
Three largest metropolitan areas	4,140,000	+360,000
Others	4,900,000	+430,000

* Source: Policy Research Institute, Ministry of Agriculture and Fisheries, food access map

Future Seven-Eleven

Respond in detail to the different needs of each area based on what we learned from SIP stores from the traditional one format

Assortment to meet local needs

Range of assortment / needs of perishables, etc.

Taste preferences and price range to meet local needs

Local production for local consumption / Cooperation with public sectors/ Regional fairs

Store format suited to the region

Store opening strategies for each area



Source: Ministry of Land, Infrastructure, Transport and Tourism, Ground Design 2050, Population-related reference materials

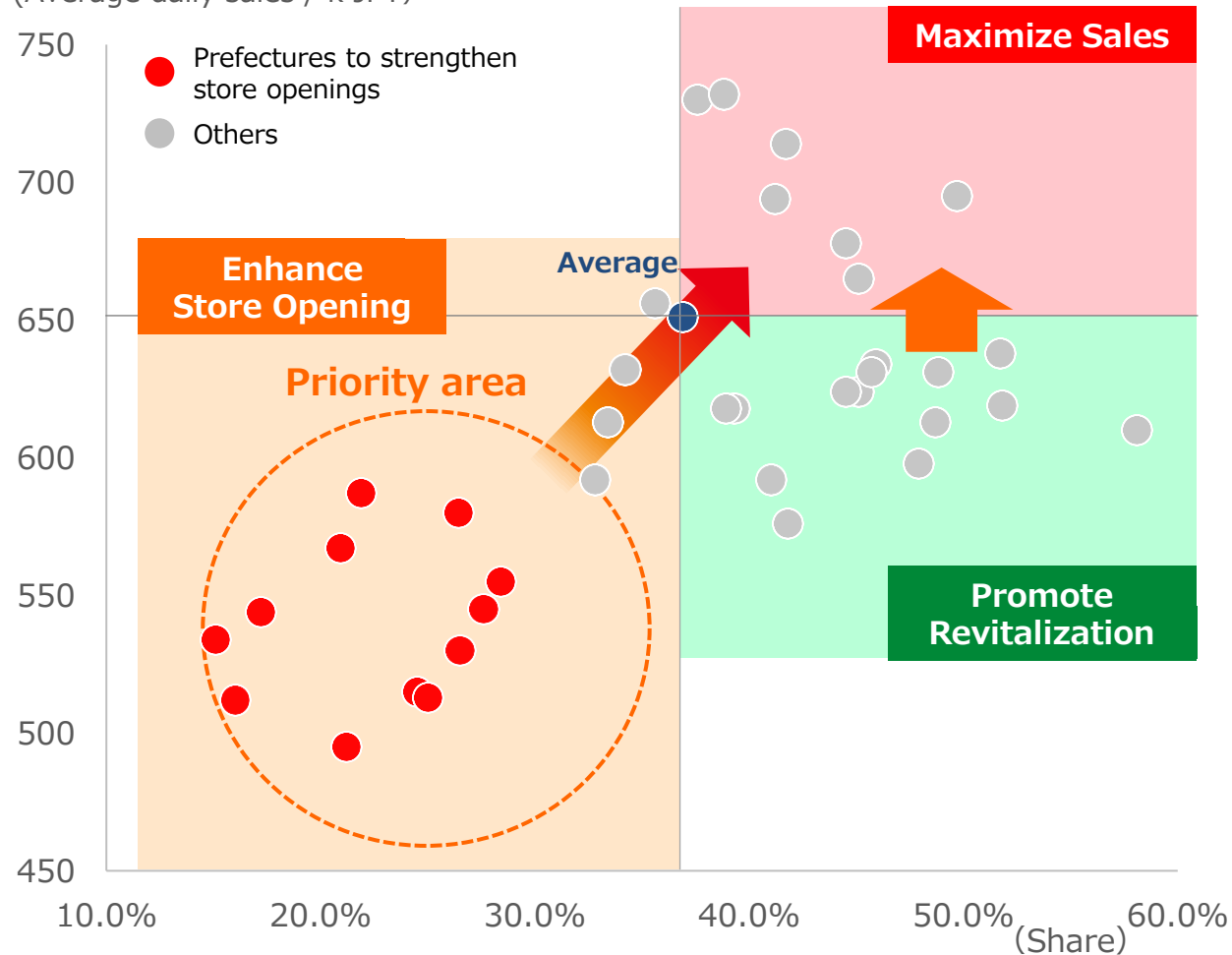


Review the HQ structure to enhance the promotion of initiatives

* Merchandising Dept. & Store Development Dept. have been changed

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

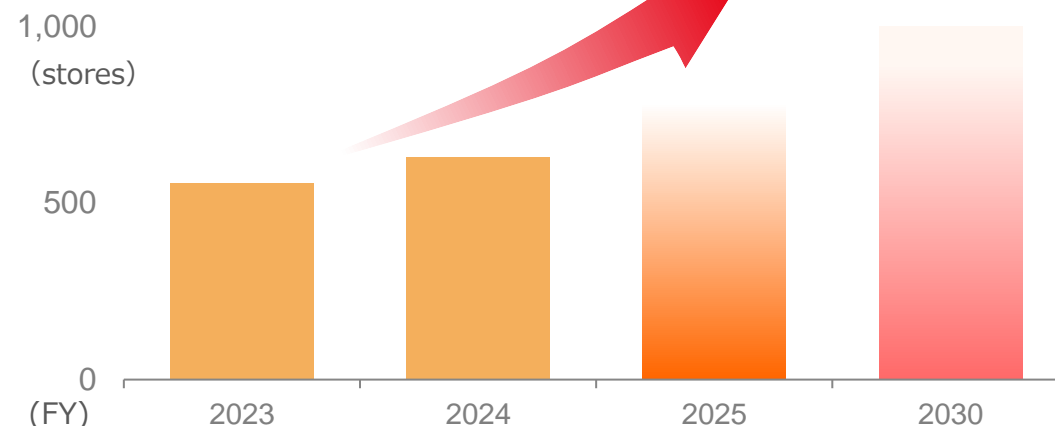
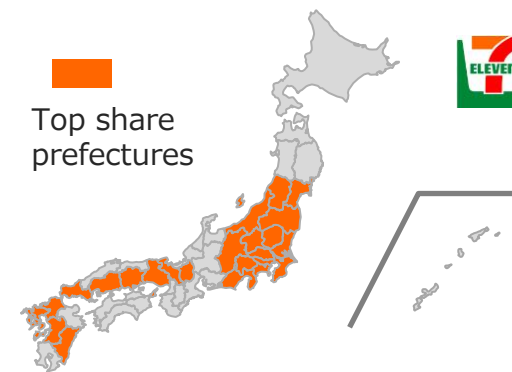
(Average daily sales / k JPY)



Store Opening Plan

◆ Community-focused store openings

- ✓ Execute **optimal store openings** according to the characteristics of each area
- ✓ Expand **top share prefectures** to white space
- ✓ Develop plans for each **municipality**



As there is room to open more stores in Japan, we will execute store opening strategies and plans depending on the local situation, and plan to re-accelerate store openings starting from FY2025

Growth Strategy of Domestic CVS Operations (SEJ)

1 Further Strengthen "Food"

- Expanding what we learned from SIP Store to existing stores
- 7NOW to expand

Average daily sales ↑

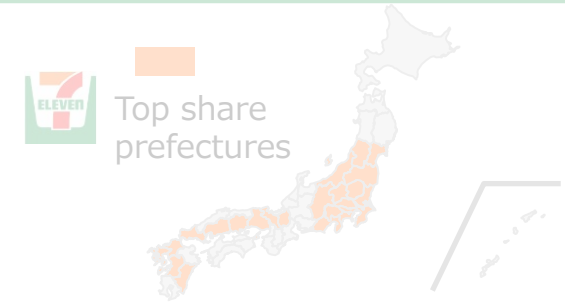
Gross profit margin ↑



2 Store Opening Strategy

- Meticulous plan for opening stores in accordance with location and Community development

Number of stores ↑

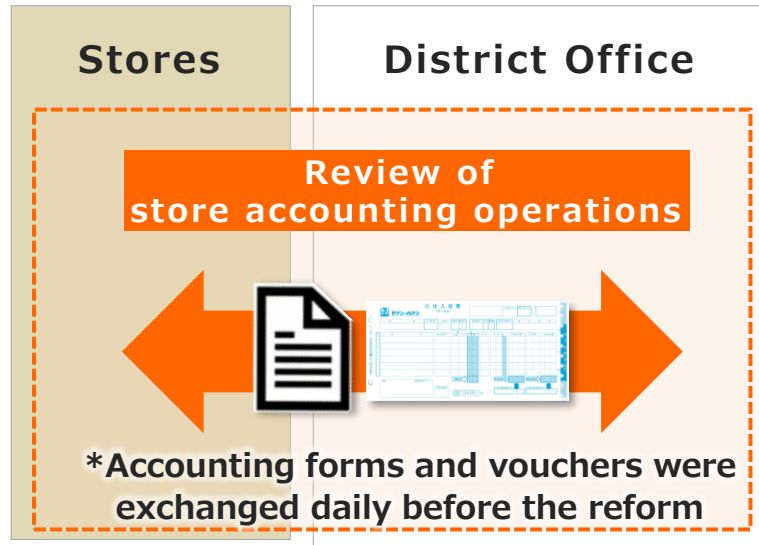


3 Sustainable Management

- Improve productivity in HQ and FC stores through pursuing operational efficiency
- Enhance efforts for measures against food loss/waste



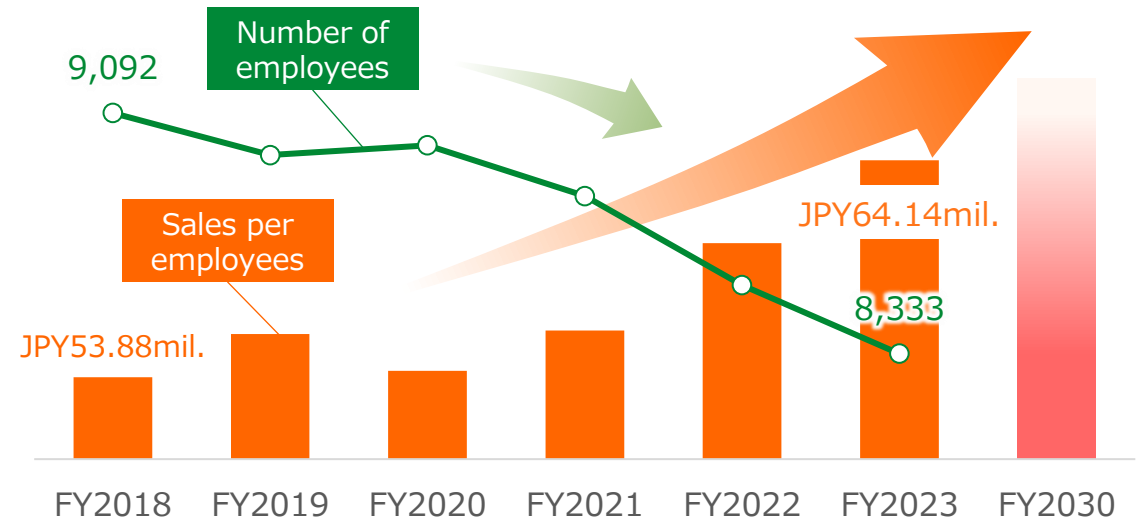
HQ operational reforms (Productivity improvement between FC stores and HQ)



Store accounting forms/
Handwritten vouchers
Approx.
63.60mil. sheets
Reduction per year
(Approx. -99% vs FY 2018)



Improving productivity among headquarters employees



Effects of Revision of Accounting Practices (FY2023 vs FY2017)

- ✓ Reallocation thanks to Increased Store-to-Accountant Ratio
 - Number of stores per person: 19.8 → 43.4 (+23.6)
 - Number of accounting personnel: 1,021 → 496 (-525)
- ✓ Cost Reduction: **Approx. JPY -2.5 bil.** (Including Transport Cost Savings)

Review workstyles of OFC and HQ employees (FY2023 vs FY2018)

- ✓ Enhance employee productivity through promotion of DX
- ✓ Number of employees: 9,092 → 8,333 (-759)
- ✓ Number of company-owned stores: 377 → 193 (-184)

Actively promote IT/DX to reduce burden on Stores

Enhance productivity per employee

**Review organizational structures and processes
to enhance productivity among OFC and HQ employees**

Sustainability Management: Measures for Food Loss

Environmental initiatives (GREEN CHALLENGE2050)

	2050 Target Theme	2030 Target
CO2	Reduction of CO2 emissions	vs. 2013 50% reduction
Plastic	Use of environmentally friendly containers for original products	Use 50%
Food loss/waste	Reduction of food waste at the amount generated by unit	vs. 2013 50% reduction
	Food waste recycling rate	70%
Procurement	Sourcing of sustainable raw material that guarantee sustainability for original products	Use 50%

Initiatives for food loss to date

- ◆ **History**
 - ① **Merchandise** : long life extension (since FY2009)
 - ② **System** : Price reduction selling guideline (FY2009)
 - ③ **Social** : Ethical PJ (FY2020)
 - ④ **In-store** : Initiative to take merchandise from the forefront (FY2021)
- ◆ **In FY2024 price reduction sales "Eco-friendly Price" recommendation**

Purpose of price reduction sales "Eco-friendly Price" recommendation

- ◆ **Economic value realization**
Reduction of opportunity loss and food loss through item-by-item management
 ↓
Maximize business profit by leading to expansion equilibrium
- ◆ **Social value realization**
Solving Social Issues
 ↓
Work to reduce food loss/waste

What is "Eco-friendly Price"



Premise

Assortment of well-sold items
In revising the hypothesis, food loss/waste is also reduced

In-store initiative

Consider **price reduction amount & timing**, merchandise display and order placement **depending on the situation**

Customer minds

Do something good for the environment through purchases

★ "Eco-friendly Price"

FC stores and HQ work together to reduce food loss through "Eco-friendly Price"

Financial Performance through Growth Strategies

Strategy for Growth

Average daily sales ↑

- ✓ New merchandise development
- ✓ Expansion and strengthening of merchandise assortment
- ✓ New business expansion



Gross profit margins ↑

- ✓ Strengthening of counter goods
- ✓ Strengthening development of high value-added merchandise
- ✓ Merchandise composition and sales floor consideration by merchandise



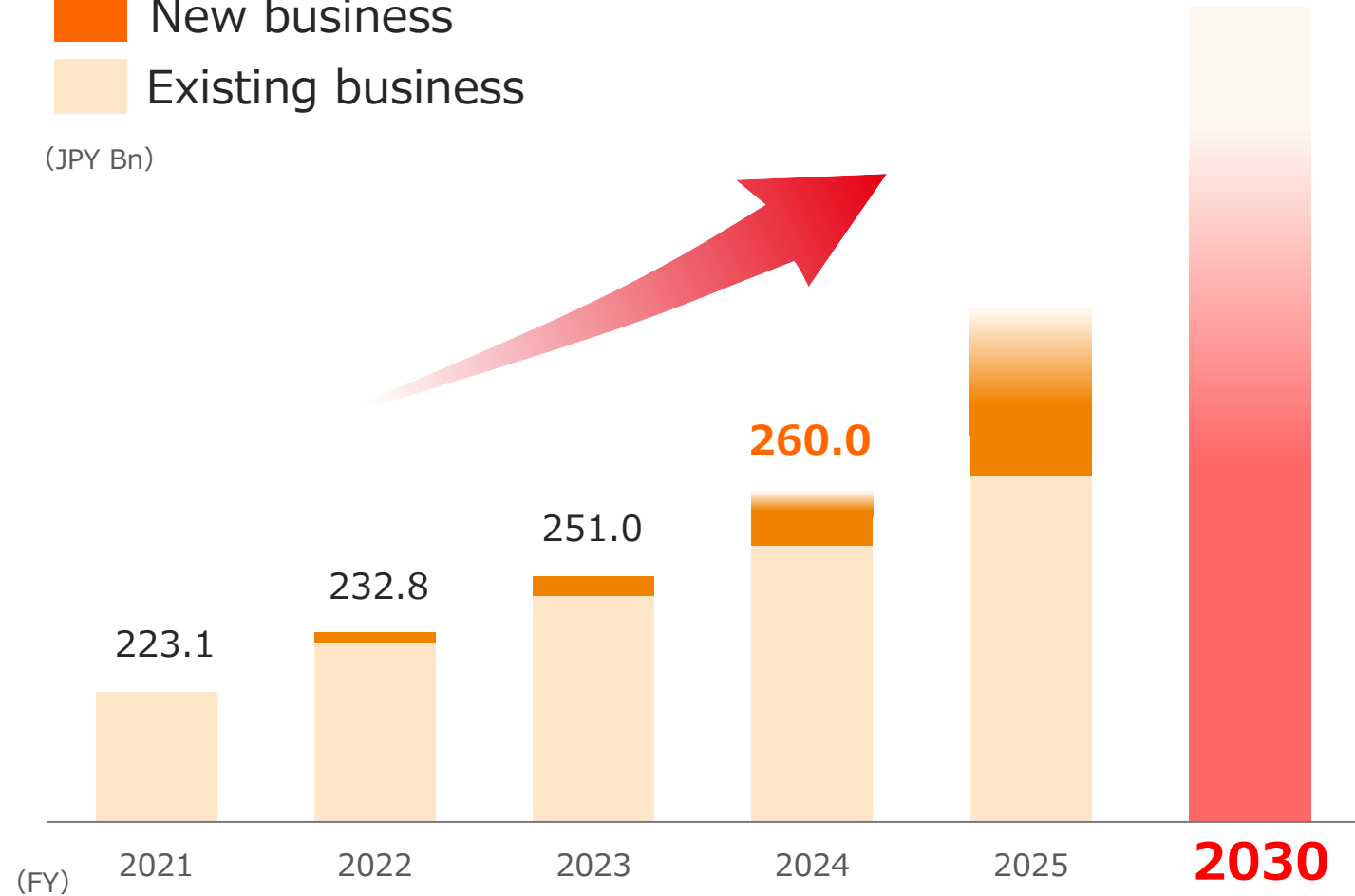
Number of stores ↑

- ✓ Optimal store openings by characteristics of each area
- ✓ Expansion of top share regions
- ✓ Strategies by municipality

SEJ Operating Income Growth

- New business
- Existing business

(JPY Bn)



Achieve sustainable growth by combining economic and social value



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.