



Seven & i Holdings "IR Day 2024 Autumn"

Domestic CVS Operations Strategy

October 24, 2024

Agenda

- ① Responding to Recent Environmental Changes
- ② Responding to Medium- to Long-Term Structural Changes
 - SIP Initiatives
 - Merchandise Development by Utilizing the Value Chain
 - Service and Productivity Enhancement Through the DX Utilization

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Trajectory of Responding to Changes

COVID-19 pandemic
(Behavioral restrictions)

Transition to Category 5 Infectious Disease for COVID-19 (Lifting of behavioral restrictions)

Acceleration of inflation (Heightened awareness of protecting livelihoods)

- One-Stop Shopping response
(Expansion of frozen food, alcohol, etc.)
- Safe and secure shopping environment



(Value proposition: Fair)



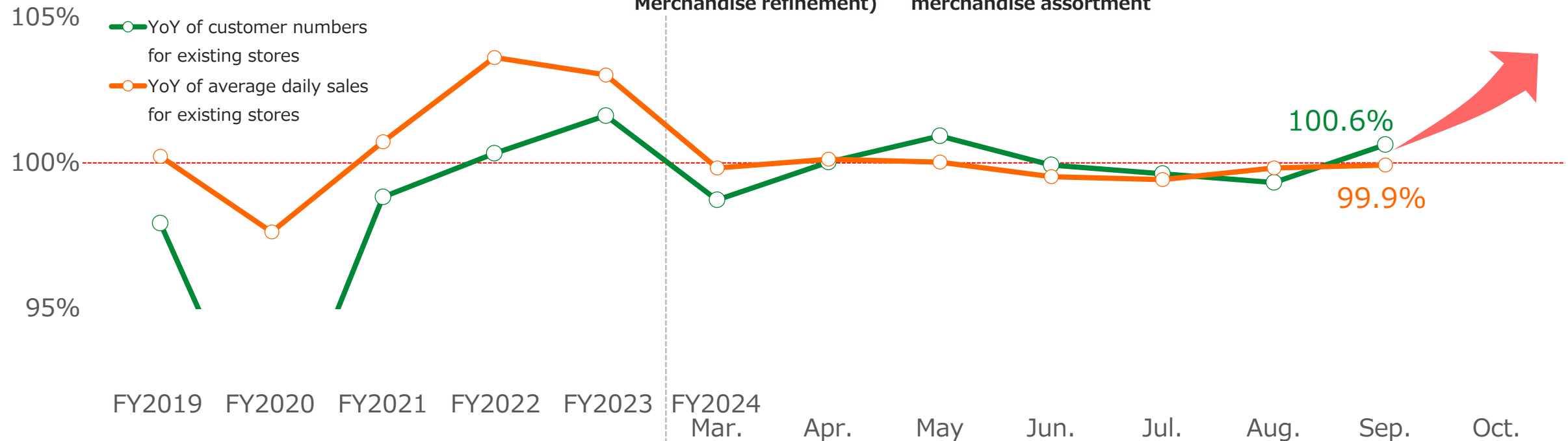
(Value proposition: Merchandise refinement)



Optimization of merchandise assortment



(Balancing value and price)



“Responding to Change while Strengthening Fundamental” as Our Values, and Respond to the Future Structural Changes

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Structural Environmental Changes in Japan



Declining Birthrate and Aging Population

Population
aged 65
and over

CY2000 17.4%
CY2020 28.6%

CY2040(Fct) **34.8%**
(Source: MHLW "Japan's Population")

Increase in Single-Person Households

Single-person
households

CY2000 27.6%
CY2020 38.0%

CY2040(Fct) **43.5%**
(Source: MHLW "Japan's Population")

Advancement of Women in Society

Female
employment
(aged 30-34)

CY2003 56.3%
CY2013 67.2%

CY2022 **81.0%**
(Source: MIC Statistics Bureau, "Labour Force Survey",
"Reiwa 4-Year Employment Structure Basic Survey")

Inbound Tourism

Inbound tourism
to Japan

CY2002 Approx. 5.2M
CY2019 Approx. 31.9M

CY2024(Fct) **Approx. 35M**
(Source: Foreign Tourists JNTO "Japan Tourism Organization")

SIP Initiatives

Merchandise Development by Utilizing
the Value Chain

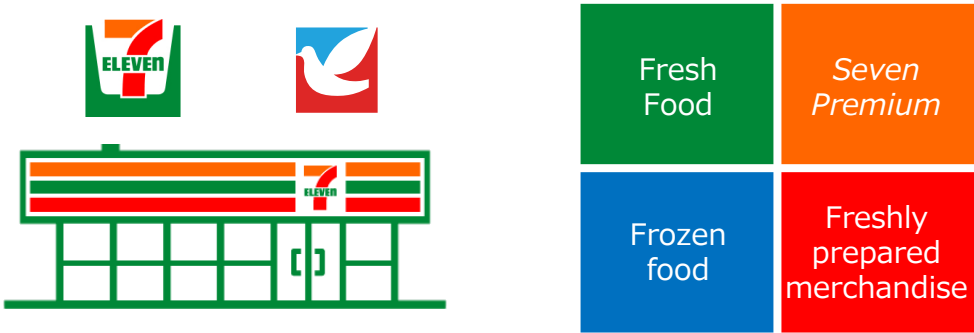
Service and Productivity Enhancement
through the DX utilization

Establishing the Significance of “7-Eleven” in the Evolving Future Society

SIP Initiatives to the Future of 7-Eleven

SIP store

A new type of store
combining convenience stores and superstores



Realizing a **new type of convenience store** that enables **one-stop shopping** in response to social structural changes

Initiatives of Merchandise Assortment and Store Layout

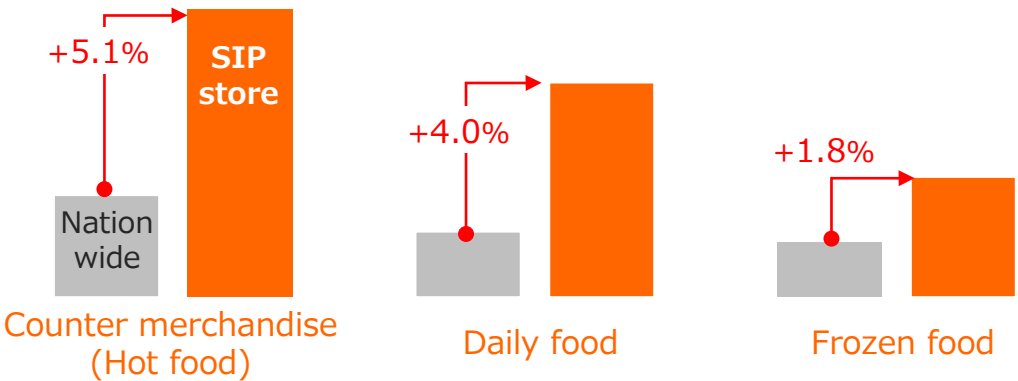
Expansion of counter merchandise

Enhancement of the dining support category

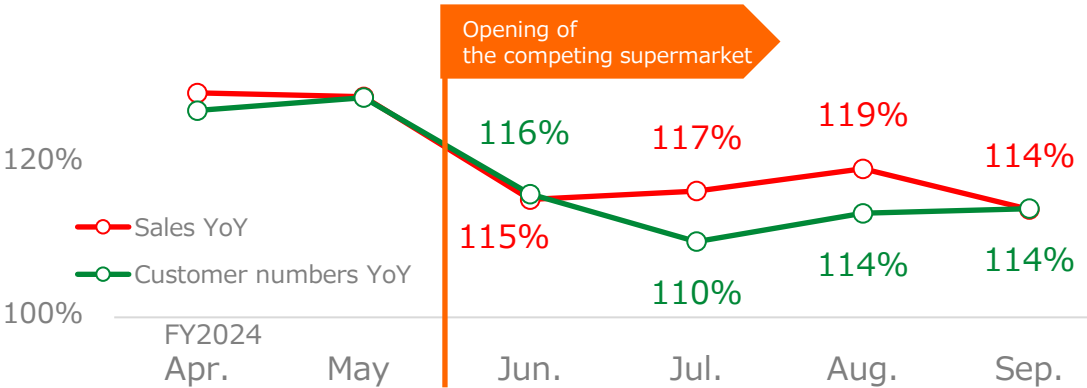
Expansion of SKUs

Evaluation of the first SIP store

Average Comparison of Sales Composition Ratio by Category (1H)



YoY trends in sales and customer numbers for the first store



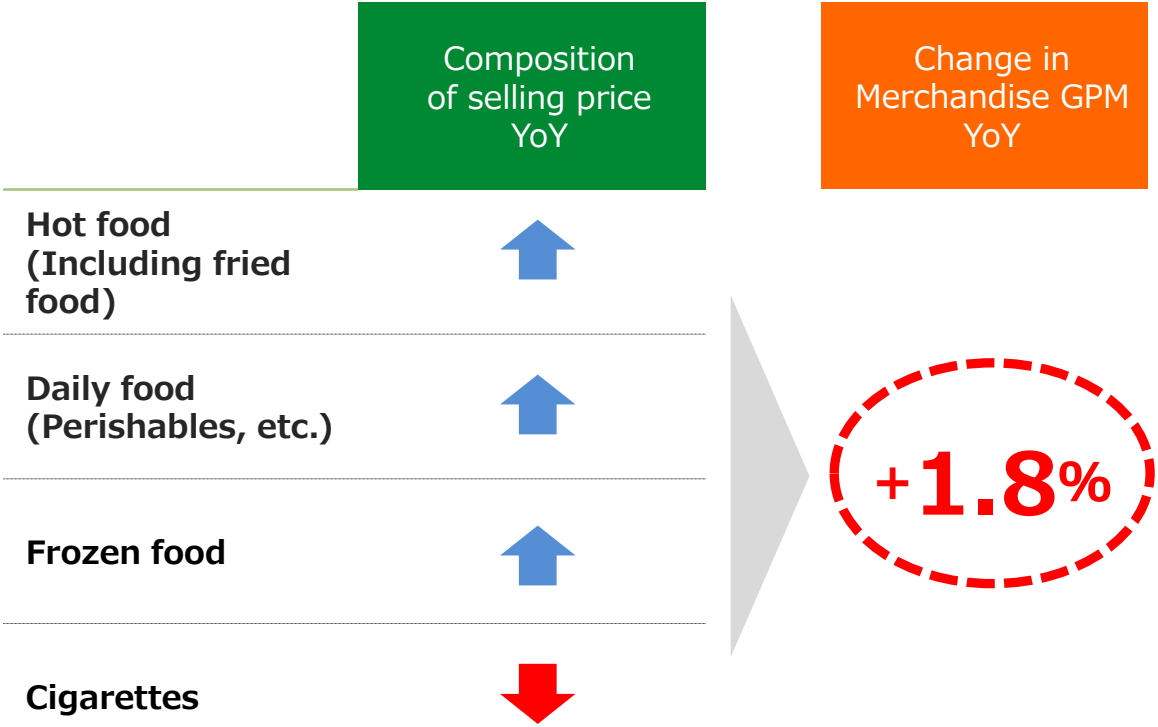
Sales and customer numbers **continue to grow by more than 10%** even after the opening of the competitor

Established Know-How to Realize Merchandise Assortment Tailored to the Market Area

Initiatives for Improving GPM by SIP Stores

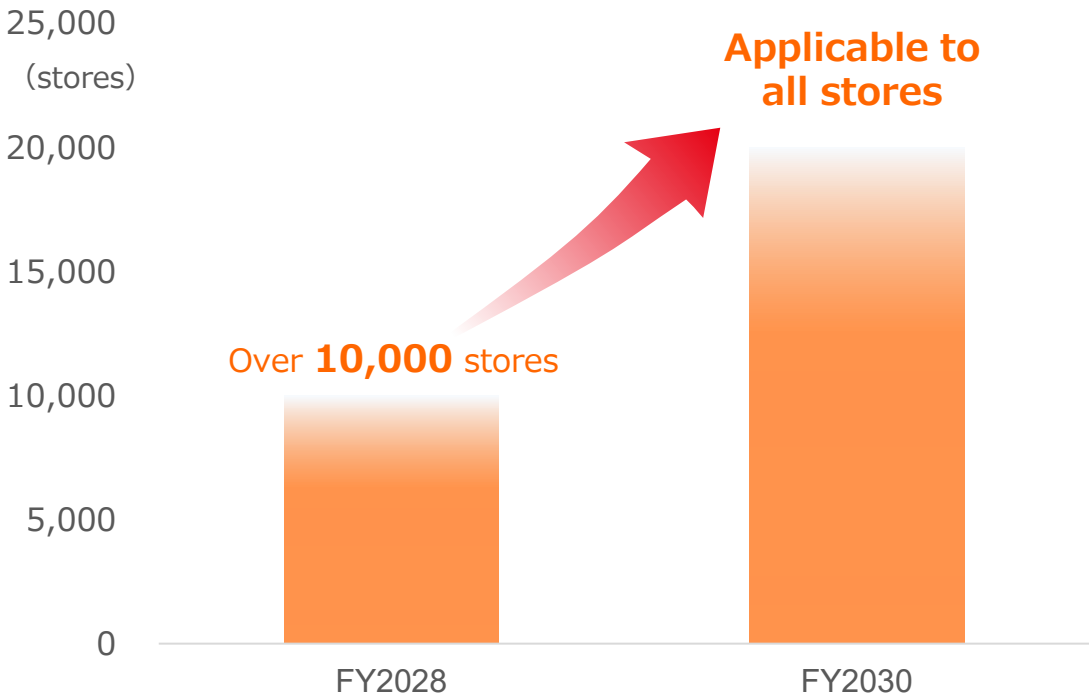


Merchandising Mix



The gross profit margin increased due to changes in the merchandise mix

SIP Elements Expansion and Effects



Daily Sales Effects

+15 thousand yen

+30 thousand yen

Not Only the Increase in Number of Customers due to Merchandise Development and Enhanced Assortment, but also the Improvement in Profitability

Merchandise Development by Utilizing the Strengths of Value Chain (Example)

Curry Bread Fried in Store

Infrastructure by utilizing the strengths of value chain

Bread-Making Equipment

Bread dough production



Heating Equipment

Filling production



Freezing Equipment

Merchandise freezing



Guinness World Records™ Certified

Best-selling freshly made curry bread brand (current) (2023)

Achieved (Jan. – Dec. 2023)

76,987,667 units

Donuts Fried in Store

Utilize the curry bread infrastructure



Approx. **2.4M** donuts sold in two weeks



Maple



Chocolate



Custard

Deployment Results (September 2024)

Number of Stores	Sales volume/day
Approx. 5,000	Approx. 25
APSD Effects	GP effects
Approx. +0.4%	Approx. +0.2%

FY2024 2H

Expand to all possible stores

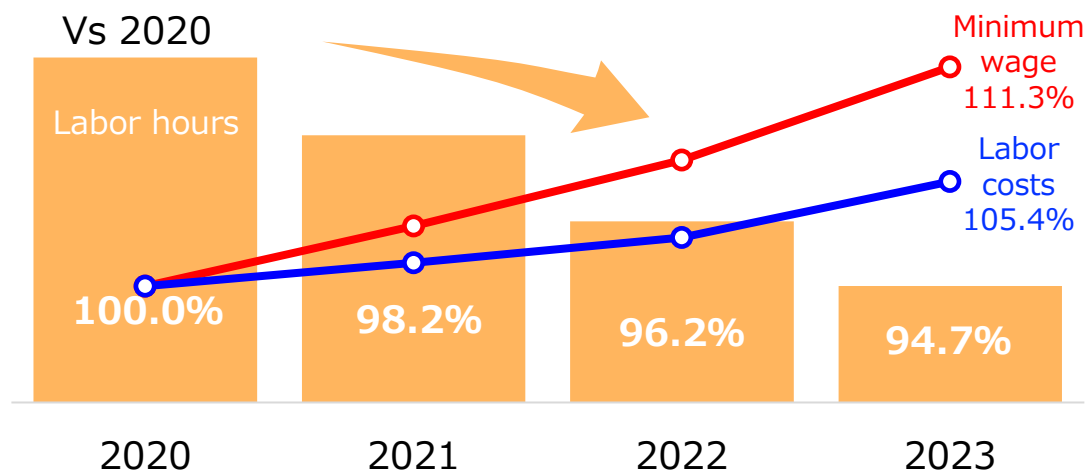
Differentiation through offering freshly made merchandise, possible only by 7-Eleven

Initiatives of Improving Store Productivity through DX Utilization



Trends in Franchise Store Labor Productivity

Improvement trend due to initiatives using DX



Major franchise support initiatives utilizing DX since 2020



Self Cashout
(90)min./day



New inspection
system
(25)min./day



AI ordering
(32)min./day

Improve store management efficiency with next-gen store systems

Franchisee employees

Complete tasks with a single mobile device

- Ordering, inspection, information checking, and manual checking, as well as task handover, can all be done
- User-friendly UI/UX for immediate work, with multilingual support

Franchise owner

Connect from anywhere

- Check and analyze store information from anywhere
- Transmit the same information to multiple stores simultaneously

Headquarters

Provide real-time information to franchisees

- Improve communication density and contribute to more agile business activities

Allocate the time saved to value-creating activities such as producing counter merchandise and customer service

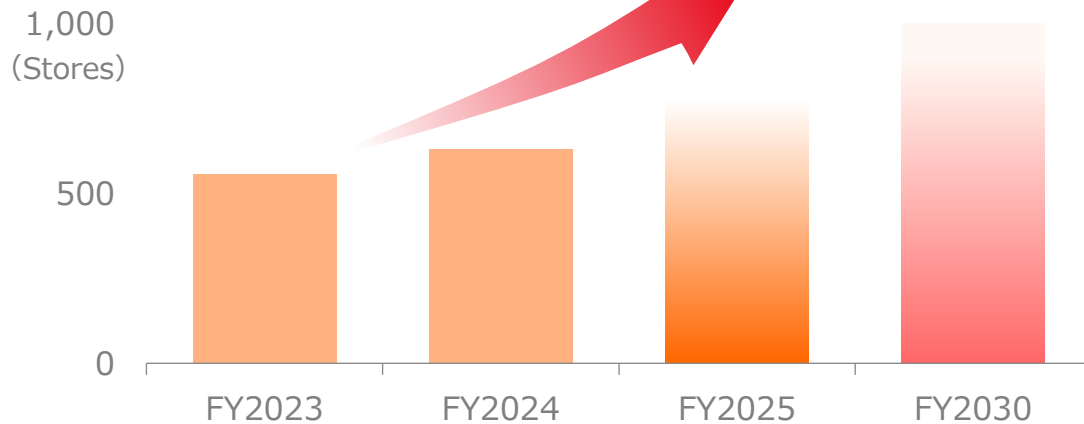
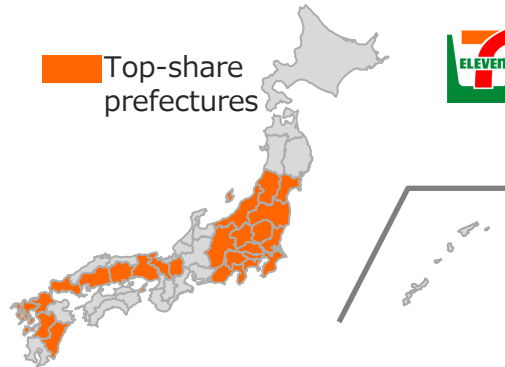
Improving Store Productivity to Address Employee Aging and Diversification, Building a Sustainable Operation

Growth Through Market Area Expansion

Store Opening Strategy

Store openings responding to local needs

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

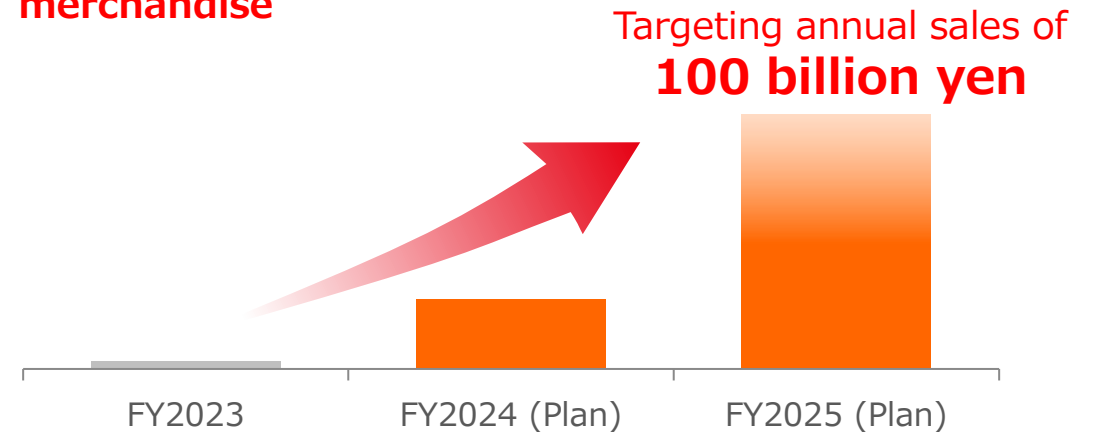


7 NOW

Nationwide expansion complete this FY

→ Focus on strategies to increase the number of users going forward

- ✓ Increase awareness through **TV commercials**
- ✓ Continuous **promotions**
- ✓ Strengthen **cooperation with delivery companies**
- ✓ Expansion of **7NOW exclusive merchandise**



Targeting annual sales of **100 billion yen**

Expanding market areas through store growth and 7NOW, as well as further growth and solving social issues

2030 Financial Targets and KPIs for Achievement

Strategy for Sustainable Growth

Average Daily Sales

- ✓ New merchandise development **SIP**
- ✓ Expansion and enhancement of merchandise assortment **SIP**
- ✓ Sales increase by 7NOW

Gross Profit Margin

- ✓ Strengthening counter merchandise **SIP** **Value Chain**
- ✓ Enhancing high value-added merchandise **Value Chain**

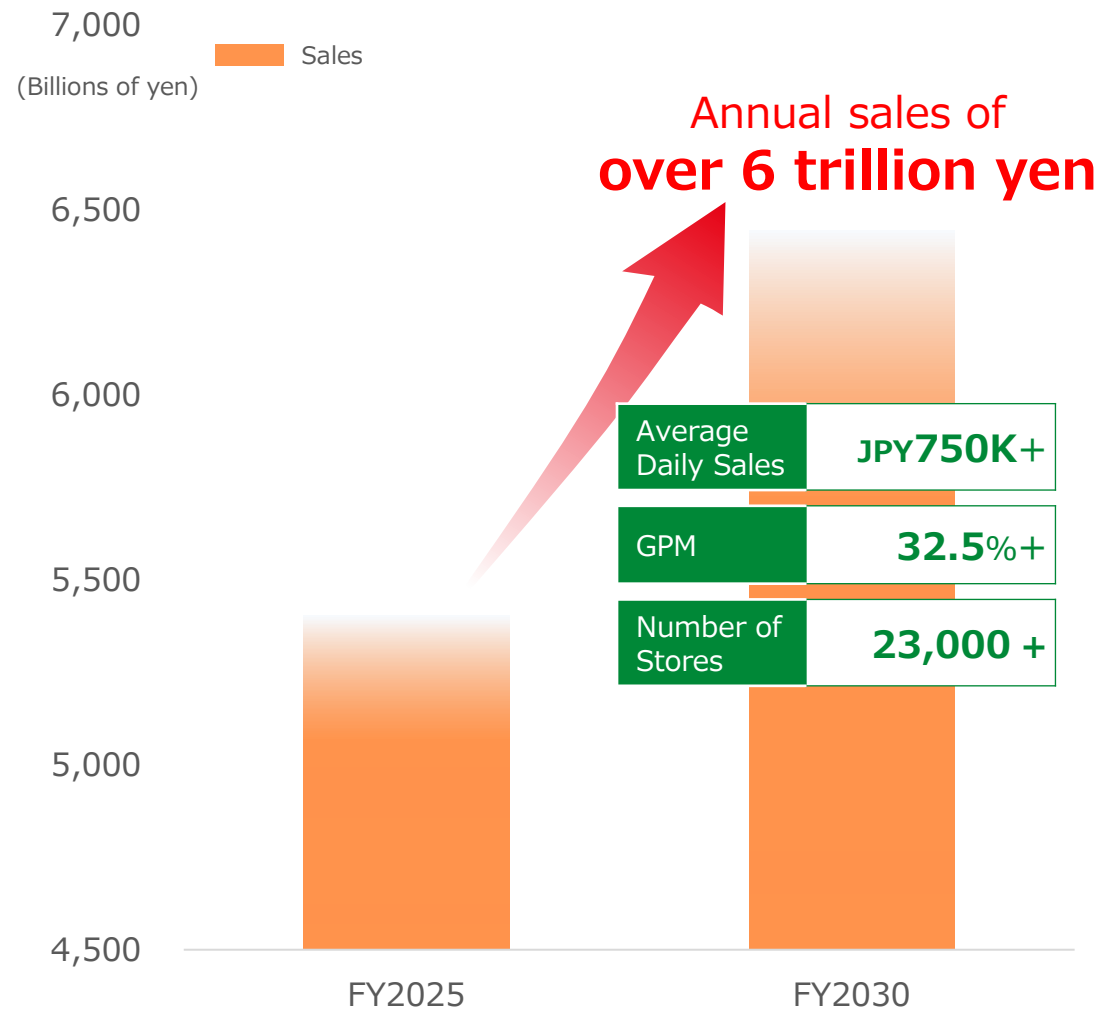
Number of Stores

- ✓ Optimal store openings by area characteristics
- ✓ Market area expansion through 7NOW

Productivity Improvement

- ✓ Improving store operations efficiency through DX **DX**

Major KPIs to achieve the targets



Balancing economic and social values, aiming for sales of over 6 trillion yen by 2030



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