

Fiscal Year 2024 Financial Results Presentation Q&A Session

Questioner 1

Q)

- You stressed the importance of speed and discipline during your introductory and closing remarks. Could you describe specific areas you have in mind and how to improve them? Do you believe these improvements will be reflected in the Group's financial results this fiscal year, or do you think it will take longer for these efforts to start bearing fruit?
- As Mr. Reynolds mentioned in his presentation, there is a great deal of uncertainty going forward in terms of the U.S. economy, which further underscores the importance of moving forward with a sense of speed and discipline. Could you share your plans going forward on this front? What exactly do you mean by speed and discipline, and does next fiscal year's outlook incorporate these elements already? Please let me know the rough schedule.

A1)

- When I talk about speed, there are several elements. One is clearly cultural and is about how a company operates. I think we have been a bit conservative, as we are very careful about making sure that we do things right. On the other hand, this care oftentimes also slows us down a bit.
- What is really critical is to bring innovations to market as quickly as we can. We heard both Mr. Reynolds and Mr. Nagamatsu talk about really exciting innovations that they have got. Examples include our SIP store in Japan; in the U.S., you have got the QSRs, our food and beverage modernization programs, the new store formats, etc. These are all things that will deliver great value for our customers and drive our business. That said, we need to pick up the pace on those.
- One good example is the bottom-up process to realize profitability improvements. This is something that the 7-Eleven, Inc. leadership team started a few months ago on their own initiative. The team has already made quite a lot of progress and they are now moving toward execution. I believe you will start to see results from that very soon.
- There is a lot of uncertainty around the macro economy. In that environment, the retailer that can move quickly to adjust and to bring value to customers is the retailer that is going to win. For us, improving our speed to become faster than other industry players will be a huge competitive advantage.

A2)

- Our investments over the years have always been premised on a strict financial discipline. However, as many investors and stakeholders have pointed out, there is still room for improvement in terms of achieving better capital efficiency.
- As such, we will be further prioritizing capital efficiency and adopting even stricter standards pertaining to financial discipline within the scope of the execution of measures to further improve corporate value. To this end, we have plans to redouble our efforts.

A3)

- The consumer in the U.S. is changing very rapidly with the changing economic environment and a drop in consumer spending trends. Consumers are reacting very rapidly to that change, meaning that we have to react just as rapidly. Echoing Mr. Dacus' comments, speed is critical. We need to move with speed to meet that customer need. We have to step up the pace of our actions and it will become increasingly important.

Questioner 2

Q)

- Could you give us a status update following the press release "Seven & i Holdings Publishes Two Documents Responding to Misinformation and Detailing Its Constructive Engagement with Alimentation Couche-Tard" dated March 25?
- Is the Group's second half of 2026 timeline for 7-Eleven, Inc.'s IPO feasible? Personally, it seems like a rather ambitious timeline.

A1)

- We apologize, but unfortunately, we must refrain from discussing any details pertaining to Seven & i's engagement with Alimentation Couche-Tard. We, as part of the Seven & i Group's management team, are focusing on the execution of the Group's corporate strategy. We will be addressing our engagement with Alimentation Couche-Tard at a later date when it is appropriate for us to do so.
- Additionally, as we have disclosed, the Seven & i's Board of Directors and the Special Committee are addressing that offer on a parallel track, and I am prepared to follow their lead on the solution that creates the most value for shareholders.

A2)

- We have always maintained a position equivalent to that of a public company from a standalone perspective at 7-Eleven, Inc., going back to when we went fully private in 2005. Specifically, we produce our own MD&A (Management's Discussion and Analysis of Financial Condition and Results of Operations) and our own form 10-K report. We certainly follow Sarbanes-Oxley and we produce our own audited financial statements in the U.S.
- Consequently, while I agree there is a lot of work in terms of getting ready for an IPO, I think we are in a good base position.

Questioner 3

Q)

- Markets are undergoing a period of considerable instability. In light of this, and in the hypothetical case that the IPO valuation comes in below the Group's expected valuation, or that the IPO itself is no longer an option, to what degree and in what ways do you think this would affect the Group's plans in terms of its growth strategy, shareholder returns, and

capital allocation – especially in the case of headwinds stemming from the external environment in the U.S.?

A)

- Any IPO has to take into account the market environment and whether if the market environment worsens and there is a possibility of a decrease in value, appropriate measures must be considered.
- Clearly, we are going to take into account the overall IPO market in the U.S., at that time. It might be the case that we need to push back the timing of the IPO for those reasons, although we feel this is a rather unlikely scenario.
- If we do push back the timing, then we will adjust our capital allocation plan accordingly. However, that should not impact our growth investments at all. As you saw from CFO Maruyama's presentation, we believe that our business is capable of generating sufficient cash for growth investments. Therefore, even if the timing of the IPO is delayed, the policy regarding growth investments will not change.
- That said, I would like to emphasize that the likelihood of delaying the IPO is low.

Questioner 4

Q)

- You mentioned the Group's plans to carry out proactive strategic investment to further improve corporate value. Could you give us a breakdown of the investment amounts you have planned each for the U.S. and Japan? What do you position as the key driver of this future growth?

A1)

- As far as the specific amounts for investment in either North America, Japan, or any other market – for that matter – we will probably be sharing that with you when we talk about our medium-term plan sometime this coming summer.
- Today we talked about 40% of our total investment amount being for organic growth. What year, how much, which initiative – we will come back to you later on that – but the total amount is ¥3.2 trillion, corresponding to 40% of the total investment amount, over the next 5 years out to 2030.
- We have got some significant investments in building new stores and improving our ability to provide hot fresh food prepared in-store. That is, frankly, going to be a really big pillar in both North America and Japan. Within this scope, we talked about QSRs in North America, and, in Japan, we have bakeries, pizza, etc. We will have to break it down more specifically, but that is by far going to be the most important theme of our investment.
- Earlier, Mr. Reynolds mentioned 1,300 new stores in the U.S. including our new format, and an additional 1,100 QSRs in North America. These are both really large and significant investments, but we know from our experience already that they work really well and drive really good returns.

A2)

- In addition to allocating the cash generated through our operating activities, our Group's debt capacity is expected to increase significantly. We will therefore continue to strengthen our financial standing to ensure we are well-positioned to pursue large-scale deals should attractive investment opportunities arise.

Questioner 5

Q)

- You mentioned that the impact of tariffs is unclear. The U.S. currently faces fears of a return in inflationary pressures and a possible recession. From the perspective of price competitiveness, consumers tend to be more discerning with their money during economic downturns, so there is a concern that people will start to gravitate away from convenience store options. What measures do you think are needed to counteract the headwinds from the current economic climate? Are you considering options such as a flexible price strategy and new initiatives? Do you think 7-Eleven, Inc.'s initiatives are compatible with a challenging economic climate like the one the world is now facing?

A1)

- With regards to the impact of the tariffs, while it is really hard to know exactly what is going to happen, one has to assume that the economic impact will be negative and the impact on consumer behavior is likely also to be negative. I think people will be much more careful about how they spend their money.
- It is important to bear in mind that what we sell is not discretionary; we are not selling big-ticket items. What we sell are daily consumables, that is, things that people need every single day. However, while people will still continue to need those items, they are going to be much more choiceful about where they make those purchases, even among convenience stores.
- What is important in this environment is that we be a better option for our customers than other retailers, specifically other convenience stores. The way that we do that is, first and foremost, that we control our costs throughout the value chain. In this environment, it becomes even more important that we are focused and disciplined on cost control throughout the value chain, so that we can deliver greater value to our customers than our competitors can. I believe that if we can do that – and do it quickly and steadily – we should be able to do relatively well, even in a difficult environment. When things get tough, the tougher retailers always prosper, so we need to make sure we are one of the tougher retailers.
- As I said in the beginning of my discussion, our merchandise sales per store are 20% to 30% above our competitors. What that says is that customers are already choosing us over our competitors. They are doing that because a) we provide a better value, and b) that definitely comes with a greater innovation. We have got to get our innovations into our store quicker and deliver better value to our customers – as we have done before – and do it even

more and do it even faster.

A2)

- In the U.S., to the extent that I think the tariffs have an impact on the consumer, the key will be our ability to emphasize value. We are trying to do that through two ways.
- One is leveraging our scale, strengthening control over the cost of goods, and creating opportunities to offer higher value to customers through collaboration with vendors.
- Second is expanding and accelerating all the great programs we have today that offer great value: food, private brands, restaurants, etc.
- We believe it is important to expand the sources of value, which I think will play well in an environment where the consumer is strapped for cash.

Questioner 6

Q)

- I believe the optimal path forward for the Seven & i Group is to engage stakeholders from a place of humility and sincerity. My question pertains to the rationale for holding today's financial results presentation online instead of at a physical venue, and for Mr. Isaka's absence today, despite the fact that he remains Group CEO. What is the Group's policy going forward?
- During the analyst briefing held back in January, you stated that a decision would be made by the time of the Company's Annual General Meeting, scheduled for May 2025. This decision would be made on the basis of the evaluation of 3 different scenarios. I believe these scenarios included the Ito family's offer to take the Company private, so given that this possibility has now been excluded, this leaves a choice between Alimentation Couche-Tard's offer and the standalone option. Is this the current timeline, that is, will a decision be made between these two options by the time the Company's Annual General Meeting is held in May? Or has the choice been pushed further back down the line?

A)

- While Mr. Isaka does currently hold the title of CEO, upon shareholder approval, Mr. Dacus is expected to become the new CEO. We had to make a judgement call in choosing to have Mr. Dacus on today's panel, given the purpose and importance of today's financial results presentation, which is to convey to stakeholders the Group's initiatives for fiscal year 2025 and beyond, as well as our management policy and outlook. We therefore ask for your understanding on this front.
- At the third quarter results briefing held in January of this year, we announced that we would be evaluating various options and stated that we would continue to consider our future options with a view to Annual General Meeting scheduled for May 2025. Subsequently, we communicated that the founding family had decided not to pursue the option of taking the company private.
- Consequently, the two remaining options are Alimentation Couche-Tard's offer and the

execution of standalone initiatives. As announced in a press release dated March 25, 2025, we still do not have all the necessary information to make an informed decision as to which of the two options is most conducive to an improvement in our corporate value. However, as we had already stated our intention to provide an update around the time of the Annual General Meeting, we disclosed the current status on March 25 in order to be as transparent as possible about the situation at that point in time. As it stands, we do not have all the necessary elements allowing us to compare and evaluate the two options. Additionally, engagement with the principal proposer is being led by the Special Committee. Should there be any changes in the situation and we reach a stage where we can provide an explanation, we will disclose information promptly and in an appropriate manner.

Questioner 7

Q)

- Against the backdrop of the Group's focus on its core CVS Operations, I believe it is vital for the Company to stage a results recovery in fiscal year 2025, also in the sense that a recovery would be crucial in validating in the eyes of the market the Group's ability to operate on its own. Could you give us some color on this front as it pertains to your commitment and confidence in a results recovery in fiscal year 2025?

A1)

- Your assessment is correct. We now have a clearer outlook for our plans to optimize the Group's business portfolio. In fiscal year 2025 and beyond, we will be focusing our efforts on CVS Operations and concentrate on measures to drive a significant increase in corporate value.

A2)

- In a word, I am very confident. I am actually very excited.
- You heard Mr. Reynolds and Mr. Nagamatsu talk today about a number of really exciting initiatives. Others are not doing these things – if we can get out there and execute quickly and aggressively on these things, I think we can do really well.
- We have got some really significant strengths. We have got a culture and history of innovation here, both in Japan and in the U.S. We have a wonderful and powerful franchisee team in both countries. They are right there with the customer and are key contributors to our whole innovation process.
- I believe that gives us really great opportunity to serve our customers in a way that they have not been served before, so I am very confident and very excited that we can go out, execute on the initiatives that you heard our team talk about today and really drive the growth of this business.
- If I were one of our competitors, I would love to have Seven & i's franchisee network, as well as the sort of merchandising results we have, which are 20% to 30% higher than our competitors. I would also love to have our global scale, which we can and will leverage –

and are indeed currently leveraging already. Those are all things that get me very excited about our future and our ability to win versus the competition.

- As we face into maybe a very difficult economic environment, if I were a competitor, I would really love to have these three strengths, namely Seven & i Holdings' culture of innovation, franchisee network, and global scale. This is what is going to allow us to differentiate ourselves and continue to grow our business even in difficult times.