April 9, 2026

FY2025 Financial Results Presentation – Q&A Session

Questioner 1

Q)

Could you please elaborate on SEI's operating environment and strategic outlook? Following Warabeya Nichiyo's decision to delay its new Ohio Commissary, there has been speculation that SEI is reevaluating its North American supply chain. In light of this, and also within the broader context of recent macroeconomic headwinds, are you adjusting the North American strategy?

A)

- The first thing I want to say is that Warabeya Nichiyo has been, still are, and will continue to be a very important partner for Seven & i Holdings globally; not just in Japan. I want to make that very clear. We have a wonderful relationship with them and we expect that to continue.
- However, we are having a hard look at our supply chain in the United States, as part of our Transformation Plan. We are looking at everything and doing a fundamental study of our overall supply chain in order to understand how we can drive better efficiency and better value for our customers. This gets back to our point about "Better Quality at Better Value," and that's what we're doing right now.
- With that in mind, we've put on hold everything, not just the Ohio Commissary but all new projects, so that we can really understand how they all fit into the future, so that, we, Warabeya, and other suppliers can grow together going forward.
- To reiterate, I want to assure you that Warabeya is very important for us and will continue to remain so.

Questioner 2

Q)

Looking at SEJ, it would appear your guidance for next fiscal year points to top-line growth while also implying a step-up in SG&A. What specific areas are driving this spend, and what kind of returns are you anticipating? This lack of profit growth is somewhat disappointing amid strong performance at same store sales, so could you give us some color as to why we aren't seeing better flow-through to the bottom line?

A)

- Last fiscal year we succeeded in achieving 700,000 yen in APSD, and we continue pushing to accelerate this topline momentum.
- In the current environment of structural cost increases, we have to simultaneously reduce costs and boost revenue.
- Based on this dual mandate, our current target is 800,000 yen in APSD by 2030. To this end, we will drive top-line growth while overhauling the cost structure, including by targeting efficiencies we have historically left untouched.
- In terms of our efforts on the top-line front, starting last year, we have used every operational

lever at our disposal. With that said, merchandise innovation is what really drives growth. We need compelling promotions that keep customers coming back to Seven Eleven stores, together with communication touchpoints with customers to communicate our brand value. This strategy is already gradually starting to bear fruit, as we have been able to roll out new merchandise that resonate well with consumers.

- Another important element is our just-made counter merchandise category. These are flavorful items freshly prepared in-store, and this merchandise category drove considerable growth in second half of last year, driving a considerable APSD lift of between 5,000 and 6,000 yen. We have plans to continue strengthening this momentum.
- By the end of fiscal year 2025, we had completed the rollout of approximately 8,000 baking machines and we expect to be able to scale this to all viable stores this fiscal year. Concurrently, we also want to scale SEVEN CAFÉ Tea to an approximately 10,000 stores footprint over the course of the ongoing fiscal year, starting from a current baseline of approximately 2,000 stores.
- On the cost side, one of the main factors behind the step-up in SG&A are costs associated with our system infrastructure.
- Every few years, we revamp our Seven Eleven hardware-heavy on-premise systems, but recently the pace of technological improvement has sped up considerably, making the migration away from on-premise and into cloud infrastructure inevitable.
- Because of this, we are currently bearing the dual-running costs involving our store network/the new cloud infrastructure while winding down the old systems. That said, this is a critical investment hurdle we must clear.
- Ultimately, our job is to unlock value through this infrastructure. For example, our current operating structure creates several bottlenecks for our franchisees. Multi-store owners are hampered by a lack of cross-store connectivity, forcing them to handle ordering and personnel management/staffing on a store-by-store basis.
- We expect to be able to reduce these bottlenecks as we continue our software development efforts going forward. As the returns on these investments begins to gradually materialize, our priority this year is turning that momentum into tangible growth.
- We believe that operating consistently, year in year out, will allow us to raise APSD and grow the bottom line. Ultimately, moving past our legacy on-premise constraints unlocks considerable untapped potential as it pertains to the use of systems, DX and AI, so we intend to further capitalize on this potential.

Questioner 3

Q)

Looking at the “Trend in income of franchised stores” on page 31, it is concerning to see four consecutive periods of franchised stores income decline. Heading into the new fiscal year, do you have clear visibility into driving franchisee profit growth? Also, what is your overarching message to franchisees?

A)

- We take the fact that franchised stores income has declined for two consecutive fiscal years very seriously. However, as we have focused on driving top-line growth since the second half of last year, our efforts are starting to gain real traction. Looking at the second half, you'll see that franchised stores income recovered to 99.3%, which is more or less in line with the prior fiscal year's level. In fact, successful promotions and new merchandise launches drove results in February. We aim to make solid progress this year.
- As I touched on earlier regarding our "just-made merchandise", the category we refer to as "Live-Meal" carries highly attractive gross margins, thus serving as a tailwind for franchisee profitability.
- In fiscal year 2024, we prioritized our "Ureshii-ne" campaign, which was a strategy designed to suppress retail price increases to drive foot traffic. By the time I stepped into my current role, footfall was up slightly on a year-over-year basis—by around 1%—but actual gross profit was actually trailing the prior year. In other words, franchisees were experiencing a structural margin squeeze resulting from rising operating expenses, particularly labor costs. To reiterate, sales were up by approximately 1%, basket size was flat, and stores were failing to capture gross profit. We took initiatives to rectify this headed into second half of last year, by boosting our corporate communications through campaigns, TV spots, social media campaigns, etc., and have now successfully restructured our approach to the point where we are generating positive gross profit growth.
- That said, operating expenses continue to rise, and our gross profit improvements alone have not been enough to fully offset these costs.
- Moving forward, and to address this, we will continue enhancing our just-made merchandise category as a top-line driver this year. By further expanding our gross margins through this category, we aim to offset these rising operating expenses.
- Additionally, to drive further sales growth, we are also overhauling our category strategy. Historically, our approach has been to aim to capture as broad a customer base as possible, but with increasingly diversifying consumer preferences and value drivers, we must now adopt a sharper merchandising strategy that specifically defines the value we are delivering, where we deliver that value, and to what type of customer. For example, we need to cater to senior demographics, who are becoming increasingly more health-conscious, while simultaneously engaging younger consumers, who are somewhat skeptical of the Seven Eleven brand. We want to appeal to this younger demographic because they dictate broader trends and define the concept of "value." Additionally, as work habits and lifestyles evolve, we are committed to coming up with merchandise and rolling out campaigns that resonate with customers seeking convenience and ease. Going forward, we will be executing this highly-targeted category strategy.
- Also, to counter rising costs at the franchised store level, we will roll out new hybrid registers that can toggle into self-checkout counters this autumn. Take our fryer operations, for example, these are just very labor-intensive, so the playbook here is to streamline customer-facing operations at

the counter, rolling out an operational model that broadens our fast-food offerings while minimizing staff burden. When we roll out the new registers this autumn, we will concurrently optimize our counter layouts, implementing changes to allow a single employee to serve a higher volume of customers, and thus achieve a model to simultaneously suppress cost inflation and improve profitability.

- While we are not at liberty to share specific targets and figures with you just yet, we are committed to fostering an environment that guarantees sustainable profit growth for our franchisees.
- As we drive further labor efficiencies and streamline scheduling, we believe there's a need for us to enable an operating model for single-employee shifts. Naturally, we prioritize the safety and well-being of our staff, so we are in the process of deploying "remote security monitoring system".
- Through these combined initiatives, we will curb store-level operating expenses while simultaneously driving top-line growth and promoting high-margin product to boost profits at our franchised stores.
- I believe I have significant transparency on how we will execute this roadmap, and we are ready to gradually execute these plans.

<u>Questioner 4</u>

Q)

Over the past year since CEO Dacus took office, the Group has implemented various reforms coupled with a meaningful improvement in communication. Even on this call, the commentary from the heads of each respective operating company feels more grounded in the front-line realities, giving us the impression that real change is underway. Looking at the turnaround, what do you think is your most significant achievement over the past year and what further transformation efforts are in the cards over the next 12 months?

A)

- I agree with you, I think communication is incredibly important to any business, but especially for a business like ours, which is truly global in scope, and which is truly focused on our customers.
- I do believe we've improved our internal communications quite a bit, as well as our external communications. That said, and to be perfectly honest, we still have a long ways to go on this front. Every day I wake up and I think about what we need to do, and, frankly, it's never enough.
- If I think about this last year, the first thing I want to say is that whatever we achieve, we achieve together; we've achieved because we've got a great team: these guys sitting right behind me. I meant it when I said up there that I feel very fortunate to have leaders like this leading our business, because they make all the difference, and I think the biggest change is in the way our people are working.
- The most significant change that happened in SEJ is in workstyles and habits when Mr. Akutsu came on board with his new leadership team. They've changed communications internally, they've gotten a lot more aggressive, and they've regained momentum.

- Similarly, in North America, I think with Mr. Reynolds and Rosencrans as Interim Co-CEOs, they have really motivated the team and they're regaining momentum.
- This year, I'm most happy about the fact that we're back on a growth path, because if you don't have growth, you've got a real problem. "Sales growth fixes everything," as the old saying goes, and I think that, in many ways, that is true. This year has been about getting that momentum back and setting the foundation.
- Fiscal year 2026 will be all about executing on the transformation plan that we've put in place. It's a really aggressive transformation plan, which we will discuss in greater detail during our IR Day event.
- We're placing some big bets; we're pushing really hard, and, if we execute well, it will fundamentally transform our business, and that's what I'm most excited about, personally.
- But, as I said, the thing that I'm really grateful for is the fact that we've got really great people working for us—our management team—many of them sitting right here.

Questioner 5

Q)

Looking at the turnaround in the Domestic CVS operations, there is still some skepticism over whether the recent initiatives are truly resonating with consumers or not. Specifically, store traffic actually improved from +0.4% to +0.9% on the rollout of the "Ureshii-ne" campaign in second half of fiscal year 2024. We understand you have course corrected since to restore core price points, leading to an increase in the basket size coupled with lower store traffic.

That said, even netting out fiscal year 2024's foot traffic gains in the third and fourth quarters and the corresponding declines in the third and fourth quarters in fiscal year 2025, this means footfall has essentially gone down over the past two years, raising questions about the underlying health of the business. Looking ahead to fiscal year 2026, is the playbook here to raise the average basket size slightly higher to secure a higher gross profit amount, or do you accept negative sales growth rates as a necessary tradeoff on the road to your same-store sales target of +2.0% to +2.5%?

A)

- I do recognize that customer traffic is a critical issue for us, and that there is a need for us to consider our initiatives going forward very carefully.
- As you point out, our strategy has unfortunately come at the expense of the store traffic we worked hard for and succeeded in recovering last year. That said, we did see footfall nearly reach parity with the prior year in February, so we know store traffic is a complex metric influenced by various factors.
- Ultimately, this is a structural issue. Essentially, given the current inflationary environment, we have been forced to pass on costs to the consumer, underscoring our operating model's exposure to these external pressures. As raw materials and personnel costs continue to rise, our task becomes devising systems to insulate our cost of goods sold and overhaul the overall supply chain and value chains.

- In fact, we have already initiated these structural reforms, but it’s simply the case that making these changes requires deep collaboration with our partners due to the fact that our supply chain has been built over the past 50 years. In other words, we are currently tackling areas we cannot overhaul on our own.
- For instance, in Hokkaido, we have transitioned from our legacy three-cycle system to a daily two-cycle manufacturing and delivery system.
- This consolidation was only possible thanks to our success in extending merchandise shelf life. For example, we used the longer shelf life of items like rice balls primarily as a way to extend the sales window for our franchisees, and we historically prioritized this format so our franchises could reap the benefits. Now, we have leveraged this same extended freshness strategy to cut out one daily manufacturing and delivery cycle entirely.
- Thanks to this optimization, we are projecting a decrease of approximately 10% in commissary labor costs, coupled with lower logistics costs resulting from fewer delivery trucks on the road. During this initial phase, instead of immediately absorbing those savings to boost our gross profit, we designed this process so that manufacturers of perishable food products and logistics centers see their profitability improve first.
- As these efficiencies stack up, this allows us to better control COGS, ultimately allowing us to improve gross profit. Our next step is to secure savings in the prices our customers have to pay, ensuring that our products remain accessible to our customers.
- Historically, our model has centered heavily on asking our perishable food manufacturers to lower their costs, but we are now pivoting to an integrated value chain strategy; that is, to a model where these cost benefits are shared across all companies in the supply chain, while making sure our franchise owners are on board.
- Our supply chain success in Hokkaido is but one example, and we want to take these learnings and expand them to other regions, and eventually roll out similar optimizations on a nationwide scale. We will also share details on other initiatives as soon as it’s feasible to do so.
- Overhauling our supply infrastructure allows us to change our retail price dynamics, allowing us to set prices to draw customers into our stores. Stopgap fixes only go so far, underscoring the need for comprehensive transformation across procurement, manufacturing, primary and secondary processing, logistics, and store operations.
- Within this scope, our objective is two-fold: keep prices accessible to drive footfall while simultaneously securing gross profit. In practical terms, this means offering a mix of premium items people are willing to pay extra for and affordable daily staples, as this strategy will allow us to boost both foot traffic, as well as the basket size, thus driving the topline.

<u>Questioner 6</u>

Q)

I’d like to ask how the situation in Iran is or will be impacting your business. The two-week ceasefire is on the brink of collapse, with escalating tensions and reports of a blockade at the Strait of Hormuz, raising concerns in the crude oil markets. Given Seven & i Holding’s fuel retail

presence across its store footprint in North America, I believe this could present some upside for the company. Conversely, soaring raw materials costs and cooling consumer sentiment have the opposite effect.

How do you see the situation in Iran affecting fiscal year 2026 earnings and what steps are you taking to mitigate those risks?

A1)

- I think the first thing that we have to say about this is that it's really hard to know what is going to happen. Things change on a daily basis. For example, you pointed out the ceasefire—we'll see how long that lasts—but clearly, volatility has returned.
- We know from experience, from history, that when you have big spikes in gasoline prices, there's a bit of a lag effect. That said, within weeks—certainly within months—we expect you will see changes in customer behavior, depending on how long the gasoline price spike lasts. It is very difficult to know because a lot of it depends on how prices go, how long it lasts, and what other impacts there will be.
- As far as the other impacts are concerned, the reality is that oil pervades almost every aspect of our economy. It isn't just personal transportation: it shows up in the cost of moving goods around, it shows up in the cost of fertilizer to grow our crops. As such, we expect that the impact will be quite broad if this keeps up, although we currently have no way of determining how long this will last and what the impacts will be. It's really hard to say.
- In terms of the specific impact on our customers, our objective is to look after our customers. The reality is, with higher gasoline prices, that means they're economically feeling some pressure.
- It's our duty to try to help them, so I can tell you that, already, the team in Dallas has been very aggressive in coming up with ways to help our customers save money.
- Lastly, as I mentioned, there's also the impact on people's pocketbooks, so the team at SEI is doing our best to come up with ways to help our customers in this very difficult time for them.
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A2)

- Allow me to address the impact on the domestic front. As Mr. Dacus touched on just now, we anticipate an effect on the broader market. Now, real wages are turning positive and the government has subsidies in place for rising gasoline prices, but it's still too early to say exactly how this will play out. We're keeping an eye on the situation.
- Cost-wise, we expect electricity to be our biggest headwind. Assuming the price of crude oil stays in the $100 to $110 range over the course of fiscal year 2026, this will translate into soaring electricity costs in the second half of the fiscal year, translating into a net impact of several hundred million yen.
- On the packaging side, we are working with our naphtha suppliers to secure our supply needs allowing us to ensure our operational continuity.
- Another line of defenses against these soaring raw material costs is growing the top line while overhauling our cost structure. We need to move faster, specifically by upgrading our fast-food

offerings and tightening our category targeting. We are also accelerating our cost reforms, starting with IT infrastructure. Things are very dynamic right now, so we are watching new developments very closely.

A3)

- Allow me to add one observation: this is really where you see the benefit of having 7NOW. We are already seeing a significant uptick in 7NOW sales. Specifically, if people don't want to spend the gasoline to drive, we can deliver it to their house. This is a business that delivers convenience and a profitable business for us, and the more it grows the better off we are. It is also good for the customers.

Questioner 7

Q)

I'd like to ask about the shift in the IPO timeline. While I understand that listing by the second half of fiscal year 2026 wasn't a hard deadline, you have already laid out a capital allocation framework through fiscal year 2030 that commits over 4 trillion yen to growth investments, shareholder returns, and debt repayments. This assumes the IPO proceeds. With the target now pushed to fiscal year 2027 at the earliest, does this delay alter your financial plans?

A1)

- The short answer is "no," we don't expect that to have any impact on any of our plans, in terms of capital allocation. When we first announced our plans to do an IPO of the North American business, the whole objective was actually to drive shareholder value.
- It wasn't necessarily because we needed extra cash: we believe that, by doing an IPO, we could get a re-rating of our stock, which would allow our shareholders to benefit from the true value of our North American business.
- We felt that, by doing an IPO, that would allow our shareholders to benefit by getting that value reflected in the 7&i share price. That will be delayed now until 2027, at the earliest, but in terms of our overall cash allocation and capital allocation plan, it won't have any effect on any of the things we are planning to do between now and all the way out to 2030.

A2)

- Looking at our 7.5 trillion yen capital allocation plan, recycling capital is indeed important, but our priority is driving stronger cash generation.
- As such, we are now prioritizing and deliberating on investments that accelerate this cash flow.
- Additionally, paying down over 400 billion yen in interest-bearing debt in fiscal year 2025 has allowed us significantly more financial flexibility than we initially modelled. We are shifting our capital toward investments with fast, reliable returns, with no downside to our credit rating. On this front, while you will see some adjustments to our share buyback schedule through 2030, we are realigning the plan to ensure that we still deliver on our 2030 commitments.

Questioner 8

Q)

I'd like to ask you about the outlook for fiscal year 2027. Given mounting macroeconomic uncertainty, could you share with us your level of conviction and confidence in driving earnings growth? Also, do you still see a stock price of 2,600 yen as an achievable target?

A1)

- As it pertains to the fiscal year 2026 plan, with the deconsolidation of Superstore and Financial Services operations, we are now a pure-play CVS business. To accelerate cash generation in this new structure, 7-Eleven, Inc. launched a comprehensive transformation program in early 2025, followed by a similar initiative at Seven-Eleven Japan, which we started mid-last year. Circling back to what Mr. Akutsu touched on earlier, we are tackling our core issues head-on and executing the necessary solutions.
- We expect these financial benefits to start materializing over the course of 2026 and into 2027, so disciplined execution is a top priority for us here.
- Specifically, we are guiding for 405.0 billion yen in operating income for fiscal year 2026, which represents a year-over-year increase of 20 billion yen. To this end, we will first make sure we deliver top-line growth at Seven-Eleven Japan and at 7-Eleven, Inc.
- Having now resolved past headwinds stemming from our non-CVS legacy businesses, we have been able to significantly improve our net income margins, giving us high conviction in our ability to hit our 270 billion yen net income target.
- Looking at the core business, Seven-Eleven lost step with our customers between 2024 and early 2025, and we are now moving to close that gap. We are therefore working to realign our service and merchandise offerings in a way that resonates with customers. Across the Group, Seven & i Holdings is unifying our message and staying focused on execution.
- Looking at valuations, driving the stock price right now comes down to securing a vote of confidence and anticipation from the market as it pertains to our ability to deliver future cash flows and our ability to strategically execute measures to further improve capital efficiency, like through share repurchases. If we successfully execute on this end, then we believe the stock is deeply undervalued, and we need to convey this reality to the market and to investors.

A2)

- I would just add one other point: if you look at our objectives, we are looking at more than doubling our earnings per share over the next several years, so I have to believe 100% EPS growth over that timeframe should result ultimately in a significant impact on our share price.

Questioner 9

Q)

I have a question on Seven-Eleven Japan's store development strategy for fiscal year 2026. Specifically, could you elaborate on your approach to geography and store formats for the 200 planned openings this fiscal year? Additionally, given that rival convenience store and small-format supermarkets are also aggressively expanding their footprints amid an environment of

sustained foot traffic headwinds, how confident are you in executing these 200 openings and about your 2030 target of 1,000 store openings?

A)

- We closed fiscal year 2025 with 170 net new stores, against a target of 200 stores. In the past, the drive to make the numbers often led us to backload openings into the fourth quarter, which created a real bottleneck in terms of frontline operations. To fix this, I directed our team to prioritize disciplined execution over an arbitrary February deadline, even if this meant pushing some store openings into the first quarter. In light of this, we don’t view this as a shortfall, as we believe we have made strong progress on the store opening front.
- Our standard store formats will continue to anchor our strategy in fiscal year 2026. From a geographic standpoint, the Tokyo Metro area and other urban centers are seeing incredibly strong sales and traffic momentum, so, naturally, this is where we are concentrating our efforts.
- In regional markets, the “community co-creation” store model we debuted in Yame City, Fukuoka Prefecture last year is an important blueprint for us moving forward. Specifically, this store was developed side-by-side with the local government to address the specific needs of that municipality.
- This type of store we debuted in Fukuoka operates with about half the footprint of a standard store. Furthermore, reducing daily deliveries from three to two allows for a highly cost-effective operating model. Also note that we stepped away from the 24-hour schedule for this store.
- As I mentioned just now, we rolled out this store in partnership with the local community, in part leveraging government subsidies to achieve low build-out costs. Since launching this location, we have received numerous requests from other municipalities that are facing aging, shrinking populations, and struggling with a loss of local retail access.
- We are also targeting compact store openings within urban buildings and corporate offices: these are essentially single-staff operations where the customer pays for items using their phone.

Questioner 10

Q)

When a competitor, for example a small-format supermarket, opens within one of your stores’ retail catchment area, to what extent does this typically impact sales? Also, beyond standard corporate-level strategies, how are you tailoring your defensive playbook on a store-by-store basis?

A)

- We are certainly seeing the emergence of low-cost mini-supermarkets—some even completely automated. While these do have some localized effect on existing Seven-Eleven Japan stores, the impact isn’t particularly material.
- We operate on a different business model regarding price points and quality, so we don’t see them as a direct replacement for what we offer. Mini-supermarkets serve a valuable purpose, but we offer a number of differentiators, such as our fresh food offerings prepared directly in-store

and our high-touch checkout experience. Also, over the New Year holidays, we shared a message with our franchisees about being a warm, welcoming presence for our customers. Within this context, our stance is to continue valuing high-touch service and remain a community-centric hub that values human connection, even as the broader retail industry is moving toward automation and labor optimization. In summary, we are betting on and further elevating our hospitality.

- Also, Seven-Eleven's ability to roll out new products at an exceptional pace is a competitive advantage unique to us. By meticulously creating engaging store environments and merchandise displays, and by promoting these items, we believe we can clearly demonstrate our value to the consumer.
- Broadly speaking, playing to our strengths is an effective defense. Locally, we are working in lockstep with franchise owners: when they face challenges, we listen to their concerns and dedicate corporate resources to give them the backing they need.