



April 4, 2019

Consolidated Financial Results for the Fiscal Year Ended February 28, 2019

Seven & i Holdings Co., Ltd.

(URL <http://www.7andi.com/en>)

Securities Code No. 3382

President : Ryuichi Isaka

The Company's shares are listed on the First Section of the Tokyo Stock Exchange.

Date of the ordinary general meeting of shareholders: May 23, 2019

Submission date of the annual securities report scheduled: May 24, 2019

Starting date of paying year-end dividend: May 24, 2019

Preparation of brief summary materials for financial results: Yes

Holding of financial results presentation: Yes

Note: All amounts less than one million yen have been disregarded.

1. Business Results for the Fiscal Year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(1) Results of Operations

(Millions of yen, except per share amounts)

| | Revenues from Operations | | Operating Income | | Ordinary Income | | Net Income Attributable to Owners of Parent | |
|------------------------------|--------------------------|--------|------------------|-------|-----------------|-------|---|--------|
| Year ended February 28, 2019 | 6,791,215 | 12.5 % | 411,596 | 5.1 % | 406,523 | 4.0 % | 203,004 | 12.1 % |
| Year ended February 28, 2018 | 6,037,815 | 3.5 % | 391,657 | 7.4 % | 390,746 | 7.2 % | 181,150 | 87.2 % |

Note: Comprehensive income:

Year ended February 28, 2019: 184,963 million yen [(0.6)%]

Year ended February 28, 2018: 186,072 million yen [60.2%]

| | Net Income per Share | | Diluted Net Income per Share | | Ratio of Net Income to Owners' Equity | Ratio of Ordinary Income to Total Assets | Ratio of Operating Income to Revenues from Operations |
|------------------------------|----------------------|-------|------------------------------|-------|---------------------------------------|--|---|
| Year ended February 28, 2019 | 229.50 | (yen) | 229.31 | (yen) | 8.2 % | 7.2 % | 6.1 % |
| Year ended February 28, 2018 | 204.80 | (yen) | 204.63 | (yen) | 7.6 % | 7.1 % | 6.5 % |

Notes: 1. Equity in earnings of affiliates:

Year ended February 28, 2019: 961 million yen

Year ended February 28, 2018: 1,496 million yen

2. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.

* Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:

Year ended February 28, 2019: 12,018,004 million yen [8.8%]

Year ended February 28, 2018: 11,048,215 million yen [4.0%]

(2) Financial Position

(Millions of yen, except per share amounts)

| | Total Assets | Net Assets | Owners' Equity Ratio | Owners' Equity per Share |
|-------------------------|--------------|------------|----------------------|--------------------------|
| As of February 28, 2019 | 5,795,302 | 2,672,486 | 43.5% | 2,850.42 (yen) |
| As of February 28, 2018 | 5,494,950 | 2,575,342 | 44.2% | 2,744.08 (yen) |

Note: Owners' equity (net assets excluding non-controlling interests and subscription rights to shares) :

As of February 28, 2019: 2,521,395 million yen

As of February 28, 2018: 2,427,264 million yen

(3) Cash Flows

(Millions of yen)

| | Cash Flows from Operating Activities | Cash Flows from Investing Activities | Cash Flows from Financing Activities | Cash and Cash Equivalents at end of the Fiscal Year |
|------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---|
| Year ended February 28, 2019 | 577,979 | (564,160) | (5,324) | 1,303,610 |
| Year ended February 28, 2018 | 498,306 | (240,418) | (168,510) | 1,300,383 |

2. Dividends

| Cash Dividends | Dividends per Share (yen) | | | Total Amount of Dividends (Millions of yen) | Dividends Payout Ratio (Consolidated) | Ratio of Total Amount of Dividends to Net Assets (Consolidated) |
|--|---------------------------|----------|--------|---|---------------------------------------|---|
| | Interim | Year-end | Annual | | | |
| Year ended February 28, 2018 | 45.00 | 45.00 | 90.00 | 79,611 | 43.9 % | 3.3% |
| Year ended February 28, 2019 | 47.50 | 47.50 | 95.00 | 84,036 | 41.4 % | 3.4% |
| Year ending February 29, 2020 (forecast) | 47.50 | 47.50 | 95.00 | | 40.0 % | |

3. Forecast of Business Results for the Fiscal Year ending February 29, 2020 (From March 1, 2019 to February 29, 2020)

(Millions of yen, except per share amounts)

| | Revenues from Operations | | Operating Income | | Ordinary Income | | Net Income Attributable to Owners of Parent | | Net Income per Share |
|----------------|--------------------------|---------|------------------|-------|-----------------|-------|---|-------|----------------------|
| Interim Period | 3,337,000 | (0.2) % | 204,600 | 2.5 % | 202,000 | 2.6 % | 106,900 | 5.5 % | 120.85 (yen) |
| Entire Year | 6,741,000 | (0.7) % | 420,000 | 2.0 % | 414,500 | 2.0 % | 210,000 | 3.4 % | 237.40 (yen) |

Note: Percentages represent increase (decrease) from the corresponding period in the prior year.

* The forecast of Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:

Interim Period: 6,072,000 million yen [2.0%]

Entire Year: 12,151,000 million yen [1.1%]

4. Others

- (1) Changes in significant subsidiaries during the fiscal year ended February 28, 2019
(changes in specific subsidiaries accompanying change in scope of consolidation): None
Added: none Excluded: none

- (2) Changes in accounting policies, accounting estimates or restatements

1. Changes due to amendment of accounting standards: None
2. Changes due to other reasons: None
3. Changes in accounting estimates: None
4. Restatements: None

- (3) Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury stock)
As of February 28, 2019: 886,441,983 shares As of February 28, 2018: 886,441,983 shares
2. Number of treasury stock at the end of period
As of February 28, 2019: 1,873,384 shares As of February 28, 2018: 1,897,782 shares
3. Average number of shares during the period
As of February 28, 2019: 884,568,131 shares As of February 28, 2018: 884,531,496 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to Per Share Information on page 38 of attached materials.

Reference: Summary of Nonconsolidated Financial Statements

1. Nonconsolidated Business Results for the Fiscal Year ended February 28, 2019 (from March 1, 2018 to February 28, 2019)

(1) Results of Operations

(Millions of yen, except per share amounts)

| | Revenues from Operations | | Operating Income | | Ordinary Income | |
|------------------------------|--------------------------|---------|------------------|---------|-----------------|---------|
| Year ended February 28, 2019 | 120,072 | 4.7% | 95,209 | 6.0% | 94,571 | 5.8% |
| Year ended February 28, 2018 | 114,665 | (47.4)% | 89,842 | (53.8)% | 89,414 | (53.8)% |

| | Net Income | | Net Income per Share | | Diluted Net Income per Share | |
|------------------------------|------------|--------|----------------------|-------|------------------------------|-------|
| Year ended February 28, 2019 | 90,098 | 28.7% | 101.85 | (yen) | 101.78 | (yen) |
| Year ended February 28, 2018 | 70,029 | (4.8)% | 79.17 | (yen) | 79.12 | (yen) |

Note: Percentages represent increase (decrease) from the prior year unless otherwise stated.

(2) Financial Position

(Millions of yen, except per share amounts)

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|-------------------------|--------------|------------|--------------|----------------------|
| As of February 28, 2019 | 1,817,506 | 1,476,199 | 81.1% | 1,665.98 (yen) |
| As of February 28, 2018 | 1,826,118 | 1,467,985 | 80.3% | 1,657.19 (yen) |

Note: Owners' equity (net assets excluding subscription rights to shares) :

As of February 28, 2019: 1,473,714 million yen

As of February 28, 2018: 1,465,895 million yen

NOTICE REGARDING AUDIT PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This consolidated financial results statement is not subject to audit.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

1. 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. The forecast for the year ending February 29, 2020 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication.
2. Brief summary for the fiscal year ended February 28, 2019 is posted on the Company's website (<http://www.7andi.com/en/ir/library/kh/201902.html>). The presentation materials related to management policy and financial results which will be used on financial results presentation planned to be held on April 5, 2019, will be posted as soon as possible after the presentation.

Attached Materials

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Major Seven & i Group Companies by Business Segment

Seven & i Group consists 160 diversified retail companies, mainly engaged in domestic convenience store operations, overseas convenience store operations, superstore operations, department store operations, financial services, and specialty store operations.

Business segments, major group companies and number of companies are as follows.

This segmentation is same as the reportable segment shown in the section of segment information.

| Business Segments | Major Group Companies | Number of Companies | |
|--|--|---------------------------|----|
| Domestic Convenience Store Operations | SEVEN-ELEVEN JAPAN Co., Ltd. SEVEN-ELEVEN OKINAWA Co., Ltd. 7dream.com Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. TOWER BAKERY CO., LTD. SHAN DONG ZHONG DI CONVENIENCE CO., LTD. | Consolidated Subsidiaries | 10 |
| | | Affiliates | 5 |
| | | Total | 15 |
| | | | |
| Overseas Convenience Store Operations | 7-Eleven, Inc. SEJ Asset Management & Investment Company | Consolidated Subsidiaries | 73 |
| | | Affiliates | 2 |
| | | Total | 75 |
| Superstore Operations | Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. York Mart Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd. K.K. Sanei K.K. York Keibi IY Foods K.K. Seven Farm Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd. DAIICHI CO., LTD. | Consolidated Subsidiaries | 14 |
| | | Affiliates | 5 |
| | | Total | 19 |
| | | | |
| Department Store Operations | Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. | Consolidated Subsidiaries | 5 |
| | | Affiliates | 2 |
| | | Total | 7 |
| Financial Services | Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. Bank Business Factory Co., Ltd. Seven Payment Service, Ltd. Seven Pay Co., Ltd. FCTI, Inc. TORANOTEC Ltd | Consolidated Subsidiaries | 9 |
| | | Affiliates | 1 |
| | | Total | 10 |
| Specialty Stores Operations | Akachan Honpo Co., Ltd. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd. Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD. Nissen Holdings Co., Ltd. Nissen Co., Ltd. SCORE Co., Ltd. MARRON STYLE Co., Ltd. Francfranc Corporation Tower Records Japan Inc. Nissen Credit Service Co., Ltd. | Consolidated Subsidiaries | 14 |
| | | Affiliates | 5 |
| | | Total | 19 |
| | | | |
| Others | Seven & i Create Link Co., Ltd. Seven & i Asset Management Co., Ltd. Seven & i Net Media Co., Ltd. SEVEN & i Publishing Co., Ltd. Seven Culture Network Co., Ltd. Yatsugatake Kogen Lodge Co., Ltd. K.K. Terre Verte I ing Co., Ltd. PIA Corporation | Consolidated Subsidiaries | 9 |
| | | Affiliates | 4 |
| | | Total | 13 |
| | | | |
| Corporate | SEVEN & i Financial Center Co., Ltd. | Consolidated Subsidiary | 1 |

Notes: 1. TOWER BAKERY CO., LTD., SHAN DONG ZHONG DI CONVENIENCE CO., LTD., Tenmaya Store Co., Ltd., DAIICHI CO., LTD., TORANOTEC Ltd, Francfranc Corporation, Tower Records Japan Inc., Nissen Credit Service Co., Ltd., I ing Co., Ltd., and PIA CORPORATION are affiliates.

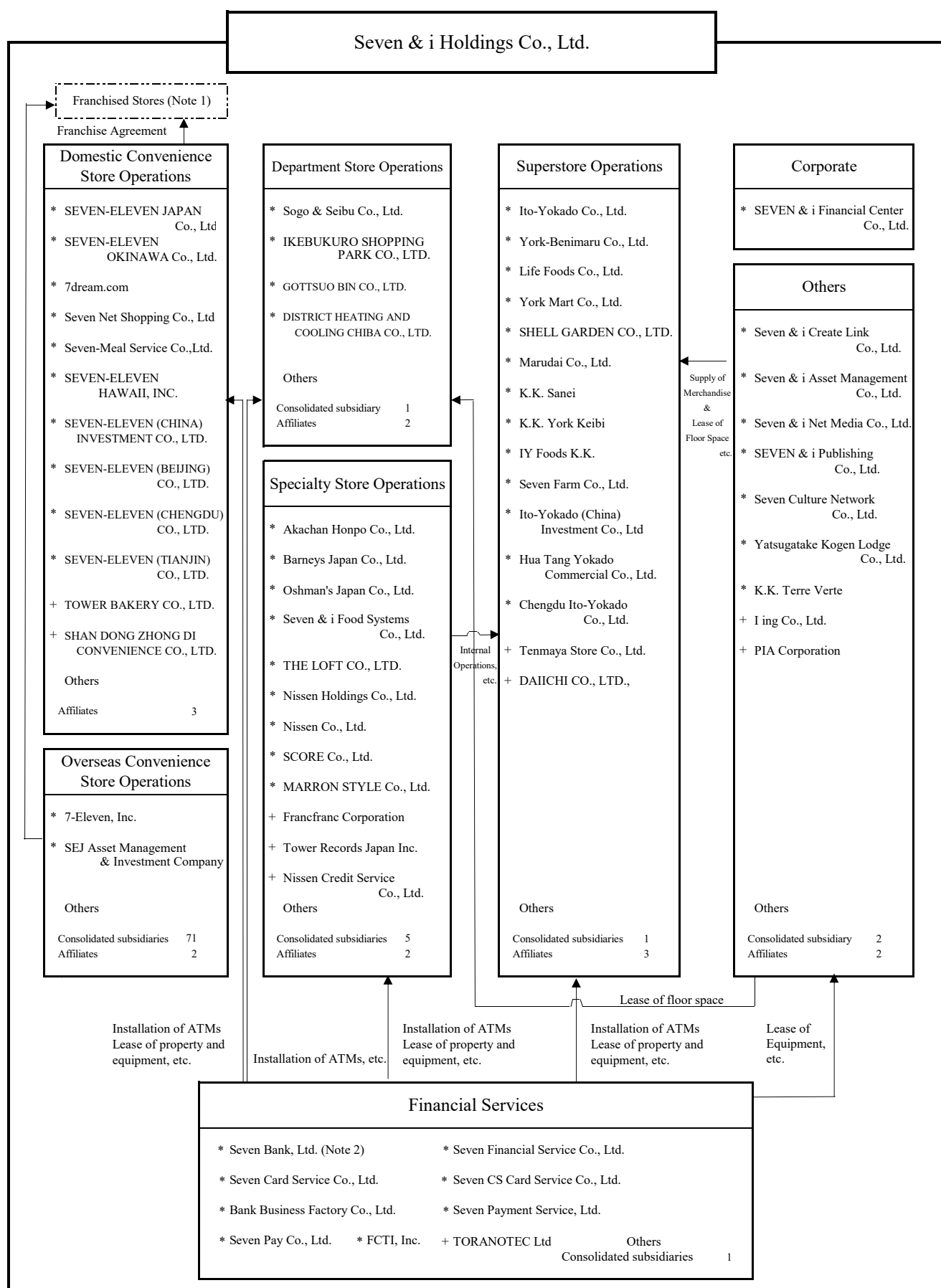
Notes: 2. On June 14, 2018, Seven Pay Co., Ltd. was established as the Company's consolidated subsidiary.

Notes: 3. On January 31, 2019, Toranotec Co., Ltd. became a consolidated affiliate of the Company through a stock acquisition.

Notes: 4. On September 4, 2018, SCORE Co., Ltd. was established as the Company's consolidated subsidiary.

Notes: 5. On February 1, 2019, MARRON STYLE Co., Ltd. became a consolidated subsidiary of the Company through a stock acquisition.

Business Relation in Group



* Consolidated subsidiary
+ Affiliate accounted for using the equity method

- Notes: 1. Each franchised store is operated by an independent franchisee which enters into franchise agreement with Seven-Eleven Japan Co., Ltd. or 7-Eleven, Inc. or SEVEN-ELEVEN (BEIJING) CO., LTD. or SEVEN-ELEVEN (CHENGDU) CO., LTD. or SEVEN-ELEVEN (TIANJIN) CO., LTD.
2. As of February 28, 2019, Seven Bank, Ltd. has 25,083 units of ATMs placed mainly in the stores of Group companies.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| ASSETS | | |
| Current assets | 2,340,207 | 2,353,042 |
| Cash and bank deposits | 1,316,793 | 1,314,564 |
| Notes and accounts receivable-trade | 337,938 | 336,070 |
| Trade accounts receivable-financial services | 95,482 | 101,490 |
| Merchandise and finished goods | 173,999 | 178,178 |
| Work in process | 27 | 60 |
| Raw materials and supplies | 2,962 | 2,781 |
| Prepaid expenses | 52,282 | 55,867 |
| ATM-related temporary payments | 96,826 | 95,694 |
| Deferred income taxes | 27,981 | 26,582 |
| Other | 241,356 | 247,497 |
| Allowance for doubtful accounts | (5,441) | (5,747) |
| Non-current assets | 3,154,734 | 3,442,159 |
| Property and equipment | 1,989,455 | 2,118,630 |
| Buildings and structures, net | 872,271 | 954,093 |
| Furniture, fixtures and equipment, net | 327,961 | 306,321 |
| Vehicles, net | 5,463 | 10,277 |
| Land | 725,180 | 751,616 |
| Lease assets, net | 4,899 | 6,858 |
| Construction in progress | 53,677 | 89,463 |
| Intangible assets | 461,966 | 608,487 |
| Goodwill | 251,233 | 371,969 |
| Software | 61,115 | 85,475 |
| Other | 149,617 | 151,043 |
| Investments and other assets | 703,313 | 715,040 |
| Investments in securities | 175,856 | 191,985 |
| Long-term loans receivable | 14,794 | 14,415 |
| Long-term leasehold deposits | 383,276 | 372,348 |
| Advances for store construction | 573 | 548 |
| Net defined benefit asset | 45,620 | 43,666 |
| Deferred income taxes | 28,375 | 31,079 |
| Other | 58,310 | 63,878 |
| Allowance for doubtful accounts | (3,493) | (2,881) |
| Deferred assets | 7 | 101 |
| Business commencement expenses | 7 | 101 |
| TOTAL ASSETS | 5,494,950 | 5,795,302 |

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| LIABILITIES | | |
| Current liabilities | 1,944,007 | 1,992,795 |
| Notes and accounts payable, trade | 420,012 | 411,602 |
| Short-term loans | 127,255 | 143,160 |
| Current portion of bonds | 74,999 | 50,000 |
| Current portion of long-term loans | 82,656 | 106,688 |
| Income taxes payable | 32,211 | 42,642 |
| Accrued expenses | 117,362 | 128,802 |
| Deposits received | 174,382 | 174,043 |
| ATM-related temporary advances | 45,165 | 43,530 |
| Allowance for sales promotion expenses | 19,793 | 19,467 |
| Allowance for bonuses to employees | 14,662 | 13,829 |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 345 | 364 |
| Allowance for loss on future collection of gift certificates | 1,590 | 1,296 |
| Provision for sales returns | 89 | 98 |
| Deposits received in banking business | 553,522 | 588,395 |
| Other | 279,957 | 268,873 |
| Non-current liabilities | 975,600 | 1,130,020 |
| Bonds | 305,000 | 361,914 |
| Long-term loans | 393,149 | 443,425 |
| Deferred income taxes | 35,416 | 44,132 |
| Allowance for retirement benefits to Directors and Audit & Supervisory Board Members | 988 | 925 |
| Allowance for stock payments | 95 | 159 |
| Net defined benefit liability | 9,185 | 7,534 |
| Deposits received from tenants and franchised stores | 54,806 | 53,145 |
| Asset retirement obligations | 79,412 | 85,971 |
| Other | 97,546 | 132,811 |
| TOTAL LIABILITIES | 2,919,607 | 3,122,816 |
| NET ASSETS | | |
| Shareholders' equity | 2,348,841 | 2,470,808 |
| Common stock | 50,000 | 50,000 |
| Capital surplus | 409,128 | 409,859 |
| Retained earnings | 1,894,444 | 2,015,630 |
| Treasury stock, at cost | (4,731) | (4,680) |
| Total accumulated other comprehensive income | 78,423 | 50,587 |
| Unrealized gains on available-for-sale securities, net of taxes | 27,897 | 26,150 |
| Unrealized gains (losses) on hedging derivatives, net of taxes | (92) | (69) |
| Foreign currency translation adjustments | 46,638 | 23,768 |
| Remeasurements of defined benefit plan | 3,979 | 737 |
| Subscription rights to shares | 2,623 | 2,805 |
| Non-controlling interests | 145,454 | 148,285 |
| TOTAL NET ASSETS | 2,575,342 | 2,672,486 |
| TOTAL LIABILITIES AND NET ASSETS | 5,494,950 | 5,795,302 |

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|--|---------------------------------|---------------------------------|
| | Amount | Amount |
| Revenues from operations | 6,037,815 | 6,791,215 |
| Net sales | 4,807,748 | 5,508,600 |
| Cost of sales | 3,773,220 | 4,411,816 |
| Gross profit on sales | 1,034,527 | 1,096,784 |
| Operating revenues | 1,230,067 | 1,282,615 |
| Gross profit from operations | 2,264,594 | 2,379,399 |
| Selling, general and administrative expenses | 1,872,936 | 1,967,802 |
| Advertising and decoration expenses | 136,473 | 134,850 |
| Salaries and wages | 450,662 | 473,273 |
| Provision for bonuses to employees | 14,606 | 13,809 |
| Pension expenses | 14,471 | 12,365 |
| Legal welfare expenses | 61,857 | 62,611 |
| Land and building rent | 360,547 | 379,510 |
| Depreciation and amortization | 203,694 | 210,190 |
| Utility expenses | 112,938 | 118,428 |
| Store maintenance and repair expenses | 74,120 | 74,264 |
| Other | 443,564 | 488,498 |
| Operating income | 391,657 | 411,596 |
| Non-operating income | 12,014 | 11,654 |
| Interest income | 5,791 | 4,878 |
| Dividend income | 1,202 | 1,232 |
| Equity in earnings of affiliates | 1,496 | 961 |
| Other | 3,523 | 4,582 |
| Non-operating expenses | 12,925 | 16,727 |
| Interest expenses | 6,475 | 10,219 |
| Interest on bonds | 2,351 | 1,891 |
| Other | 4,098 | 4,615 |
| Ordinary income | 390,746 | 406,523 |
| Special gains | 13,347 | 15,556 |
| Gain on sales of property and equipment | 8,375 | 11,214 |
| Gain on sales of property and equipment related to restructuring | 2,663 | 427 |
| Gain on sales of investments in securities | 10 | 2,665 |
| Other | 2,299 | 1,248 |
| Special losses | 127,774 | 104,668 |
| Loss on disposals of property and equipment | 20,635 | 18,956 |
| Impairment loss | 57,070 | 55,776 |
| Amortization of goodwill | - | 3,895 |
| Loss on sales of shares of subsidiaries | 1,644 | 3,320 |
| Restructuring expenses | 42,680 | 2,619 |
| Other | 5,743 | 20,099 |

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|--|---------------------------------|---------------------------------|
| | Amount | Amount |
| Income before income taxes | 276,320 | 317,411 |
| Total income taxes | 79,423 | 104,351 |
| Income taxes - current | 94,421 | 96,076 |
| Income taxes - deferred | (14,997) | 8,275 |
| Net income | 196,896 | 213,060 |
| Net income attributable to non-controlling interests | 15,746 | 10,056 |
| Net income attributable to owners of parent | 181,150 | 203,004 |

Consolidated Statements of Comprehensive Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|--|---------------------------------|---------------------------------|
| | Amount | Amount |
| Net income | 196,896 | 213,060 |
| Other comprehensive income | | |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | (563) | (1,512) |
| Unrealized losses on hedging derivatives, net of taxes | (108) | 15 |
| Foreign currency translation adjustments | (10,008) | (23,298) |
| Remeasurements of defined benefit plan, net of taxes | (106) | (3,272) |
| Share of other comprehensive income of entities accounted for using equity method | (36) | (28) |
| Total other comprehensive income | (10,823) | (28,096) |
| Comprehensive income | 186,072 | 184,963 |
| Comprehensive income attributable to owners of parent | 170,573 | 175,167 |
| Comprehensive income attributable to non-controlling interests | 15,499 | 9,795 |

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 1, 2017 | 50,000 | 409,095 | 1,793,035 | (5,074) | 2,247,056 |
| Increase (decrease) for the year | | | | | |
| Cash dividends | | | (79,604) | | (79,604) |
| Net income attributable to owners of parent | | | 181,150 | | 181,150 |
| Purchase of treasury stock | | | | (25) | (25) |
| Disposal of treasury stock | | 81 | | 368 | 450 |
| Other | | (49) | (136) | (0) | (185) |
| Net changes of items other than shareholders' equity | | | | | |
| Net increase (decrease) for the year | - | 32 | 101,409 | 342 | 101,784 |
| Balance at February 28, 2018 | 50,000 | 409,128 | 1,894,444 | (4,731) | 2,348,841 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | | Subscription rights to shares | Non-controlling interests | TOTAL NET ASSETS |
|--|--|--|--|---|--|-------------------------------|---------------------------|------------------|
| | Unrealized gains (losses) on available-for-sale securities, net of taxes | Unrealized gains (losses) on hedging derivatives, net of taxes | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at March 1, 2017 | 28,467 | 23 | 56,391 | 4,117 | 89,000 | 2,594 | 137,154 | 2,475,806 |
| Increase (decrease) for the year | | | | | | | | |
| Cash dividends | | | | | | | | (79,604) |
| Net income attributable to owners of parent | | | | | | | | 181,150 |
| Purchase of treasury stock | | | | | | | | (25) |
| Disposal of treasury stock | | | | | | | | 450 |
| Other | | | | | | | | (185) |
| Net changes of items other than shareholders' equity | (570) | (115) | (9,753) | (138) | (10,577) | 28 | 8,300 | (2,247) |
| Net increase (decrease) for the year | (570) | (115) | (9,753) | (138) | (10,577) | 28 | 8,300 | 99,536 |
| Balance at February 28, 2018 | 27,897 | (92) | 46,638 | 3,979 | 78,423 | 2,623 | 145,454 | 2,575,342 |

Fiscal year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

| | Shareholders' equity | | | | |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 1, 2018 | 50,000 | 409,128 | 1,894,444 | (4,731) | 2,348,841 |
| Increase (decrease) for the year | | | | | |
| Cash dividends | | | (81,823) | | (81,823) |
| Net income attributable to owners of parent | | | 203,004 | | 203,004 |
| Purchase of treasury stock | | | | (20) | (20) |
| Disposal of treasury stock | | 25 | | 71 | 97 |
| Sales of investments in securities | | 704 | | | 704 |
| Other | | 0 | 4 | (0) | 5 |
| Net changes of items other than shareholders' equity | | | | | |
| Net increase (decrease) for the year | | 731 | 121,185 | 51 | 121,967 |
| Balance at February 28, 2019 | 50,000 | 409,859 | 2,015,630 | (4,680) | 2,470,808 |

(Millions of yen)

| | Accumulated other comprehensive income | | | | | Subscription rights to shares | Non-controlling interests | TOTAL NET ASSETS |
|--|--|--|--|---|--|-------------------------------|---------------------------|------------------|
| | Unrealized gains (losses) on available-for-sale securities, net of taxes | Unrealized gains (losses) on hedging derivatives, net of taxes | Foreign currency translation adjustments | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | | |
| Balance at March 1, 2018 | 27,897 | (92) | 46,638 | 3,979 | 78,423 | 2,623 | 145,454 | 2,575,342 |
| Increase (decrease) for the year | | | | | | | | |
| Cash dividends | | | | | | | | (81,823) |
| Net income attributable to owners of parent | | | | | | | | 203,004 |
| Purchase of treasury stock | | | | | | | | (20) |
| Disposal of treasury stock | | | | | | | | 97 |
| Sales of investments in securities | | | | | | | | 704 |
| Other | | | | | | | | 5 |
| Net changes of items other than shareholders' equity | (1,747) | 22 | (22,869) | (3,241) | (27,836) | 182 | 2,830 | (24,823) |
| Net increase (decrease) for the year | (1,747) | 22 | (22,869) | (3,241) | (27,836) | 182 | 2,830 | 97,144 |
| Balance at February 28, 2019 | 26,150 | (69) | 23,768 | 737 | 50,587 | 2,805 | 148,285 | 2,672,486 |

(4) Consolidated Statements of Cash Flows

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|---|---------------------------------|---------------------------------|
| | Amount | Amount |
| Cash flows from operating activities: | | |
| Income before income taxes | 276,320 | 317,411 |
| Depreciation and amortization | 213,167 | 221,133 |
| Impairment loss | 88,879 | 57,368 |
| Amortization of goodwill | 16,620 | 27,079 |
| Increase (decrease) in allowance for bonuses to employees | 707 | (893) |
| Increase in net defined benefit asset | (938) | (3,296) |
| Interest and dividends income | (6,994) | (6,111) |
| Interest expenses and interest on bonds | 8,826 | 12,111 |
| Equity in earnings of affiliates | (1,496) | (961) |
| Gain on sales of property and equipment | (11,038) | (11,642) |
| Loss on disposals of property and equipment | 20,860 | 18,974 |
| Loss on sales of shares of subsidiaries | 1,644 | 3,320 |
| Gain on transfer from business divestitures | (1,090) | - |
| Gain on sales of investment securities | (10) | (2,665) |
| Increase (decrease) in notes and accounts receivable, trade | 7,590 | (7,411) |
| Increase in trade accounts receivable, financial services | (4,429) | (6,008) |
| Decrease in inventories | 11,186 | 7,159 |
| Increase (decrease) in notes and accounts payable, trade | 8,501 | (537) |
| Increase (decrease) in deposits received | (14,168) | 1,303 |
| Net increase in loans in banking business | - | 25,000 |
| Net increase in deposits received in banking business | 14,706 | 34,873 |
| Net decrease in call money in banking business | (20,000) | - |
| Net decrease (increase) in ATM-related temporary accounts | 974 | (509) |
| Other | (28,214) | (18,332) |
| Subtotal | 581,606 | 667,368 |
| Interest and dividends received | 4,468 | 3,833 |
| Interest paid | (8,877) | (11,729) |
| Income taxes paid | (95,827) | (81,493) |
| Income taxes refund | 16,936 | - |
| Net cash provided by operating activities | 498,306 | 577,979 |

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|---|---------------------------------|---------------------------------|
| | Amount | Amount |
| Cash flows from investing activities: | | |
| Acquisition of property and equipment | (277,913) | (478,451) |
| Proceeds from sales of property and equipment | 40,174 | 131,908 |
| Acquisition of intangible assets | (33,375) | (33,083) |
| Payment for purchase of investments in securities | (20,353) | (36,623) |
| Proceeds from sales of investments in securities | 32,435 | 22,608 |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation | - | (470) |
| Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation | 108 | - |
| Payments for sales of subsidiaries resulting in change in scope of consolidation | - | (127) |
| Payment for long-term leasehold deposits | (16,199) | (14,308) |
| Refund of long-term leasehold deposits | 37,689 | 27,430 |
| Proceeds from deposits from tenants | 5,321 | 3,004 |
| Refund of deposits from tenants | (5,654) | (3,122) |
| Proceeds from business divestitures | 12,937 | - |
| Payment for acquisition of business | (4,717) | (177,763) |
| Payment for time deposits | (16,294) | (11,869) |
| Proceeds from withdrawal of time deposits | 12,751 | 16,665 |
| Other | (7,329) | (9,957) |
| Net cash used in investing activities | (240,418) | (564,160) |
| Cash flows from financing activities: | | |
| Net increase (decrease) in short-term loans | (23,150) | 15,904 |
| Proceeds from long-term debts | 56,408 | 160,696 |
| Repayment of long-term debts | (73,656) | (83,993) |
| Proceeds from commercial paper | - | 2,319 |
| Payment for redemption of commercial paper | - | (2,319) |
| Proceeds from issuance of bonds | - | 66,478 |
| Payment for redemption of bonds | (20,000) | (60,000) |
| Capital contribution from non-controlling interests | 432 | 0 |
| Dividends paid | (79,558) | (81,784) |
| Dividends paid to non-controlling interests | (7,017) | (7,196) |
| Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | - | 716 |
| Other | (21,966) | (16,146) |
| Net cash used in financing activities | (168,510) | (5,324) |
| Effect of exchange rate changes on cash and cash equivalents | 1,508 | (5,255) |
| Net increase in cash and cash equivalents | 90,886 | 3,238 |
| Cash and cash equivalents at beginning of year | 1,209,497 | 1,300,383 |
| Decrease in cash and cash equivalents resulting from exclusion of the subsidiary from consolidation | - | (11) |
| Cash and cash equivalents at end of year | 1,300,383 | 1,303,610 |

(5) Doubts on the Premise of Going Concern

None

(6) Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 135

Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., 7-Eleven, Inc., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Seven Bank, Ltd., and Seven Financial Service Co., Ltd.

Consolidated subsidiaries increased by 7

Establishment of Seven Pay Co., Ltd. and SCORE Co., Ltd.

Acquisition of shares of MARRON STYLE Co., Ltd.

Consolidated subsidiaries decreased by 17

(Sales)

SHADDY CO.,LTD. and two other companies

(Dissolution)

Seven companies

(Liquidation)

Seven companies

2. Application of equity method

(1) Number of unconsolidated subsidiaries to which equity method was applied: none

(2) Number of affiliates to which equity method was applied: 24

Major affiliates: PRIME DELICA CO., LTD. and PIA CORPORATION

Affiliates to which equity method is applied increased by 1

(Acquisition of shares by the Company's subsidiary, Seven Bank, Ltd.)

TORANOTEC Ltd.

Affiliates to which equity method is applied decreased by 1

(Transfer of shares)

One company

(3) Procedure for applying equity method

(a) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.

(b) When an affiliate has a deficit net worth, the Company's share of such loss is reduced from its loan receivable from affiliate.

3. Accounting period of consolidated subsidiaries

The fiscal year-end of some subsidiaries is December 31. The financial statements of such subsidiaries as of and for the year ended December 31 are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to the end of February are adjusted for the consolidation purpose.

The closing date of Seven Bank, Ltd., etc. is March 31. Pro forma financial statements as of the end of February are prepared in a manner that is substantially identical to the preparation of the official financial statements in order to facilitate its consolidation.

4. Summary of significant accounting policies

(1) Valuation method for major assets

(a) Valuation method for securities

(I) Held-to-maturity debt securities are carried at amortized cost.

(II) Other available-for-sale securities are classified into two categories, where: (i) the fair value is available and (ii) the fair value is not available.

(i) Securities whose fair value is available are valued at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of securities sold is determined using the moving-average method.

(ii) Securities whose fair value is not available are mainly valued at cost, determined using the moving-average method.

(b) Valuation method for derivatives

Derivative financial instruments are valued at fair value.

(c) Valuation method for inventories

(I) Merchandise:

Inventories of domestic consolidated subsidiaries are stated mainly at cost determined by the retail method with book value written down to the net realizable value.

Cost is determined principally by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined by the weighted average cost method) for foreign consolidated subsidiaries. Some domestic consolidated subsidiaries applied the FIFO method.

(II) Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(2) Depreciation and amortization

(a) Property and equipment (Excluding Lease assets)

Property and equipment are depreciated using the straight-line method.

(b) Intangible assets (Excluding Lease assets)

Intangible assets are amortized using the straight-line method. Internal use software is amortized using the straight-line method over an estimated useful life, generally 5 years.

(c) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, useful life is determined based on the duration of the lease period and straight-line depreciation method is applied with an assumed residual value at nil.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(3) Accounting for deferred assets

Business commencement expenses

Business commencement expenses are amortized using the straight-line method over 5 years, or expensed as incurred if immaterial.

(4) Allowances

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(b) Allowance for sales promotion expenses

Allowance for sales promotion expenses is provided for the use of points given to customers at the amount expected to be used in the future as at the balance sheet date in accordance with the sales promotion point card program.

(c) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated based on the estimation of payment.

(d) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(e) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries is provided for future collection of gift certificates for income to be recognized after certain periods. The amount is calculated using the historical results of collection.

(f) Provision for sales returns

Provision for sales returns is provided at the amount of estimated future loss due to sales returns. The amount is calculated using the historical results of sales returns.

(g) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid in accordance with internal rules.

The Company and some of its consolidated subsidiaries abolished the retirement benefits policy for Directors and Audit & Supervisory Board Members, for which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(h) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers of some consolidated subsidiaries. The amount is based on the expected stock benefit payable as at the balance sheet date.

(5) Accounting method for retirement benefits

(a) Allocation method of estimated total retirement benefits

When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated total retirement benefits to the period up to the fiscal year-end.

(b) Amortization method of the actuarial difference and the prior service cost

Actuarial differences are amortized on a straight-line basis over the period of 10 years from the year following the year in which they arise, which is within the average remaining years of service of the eligible employees.

Prior service costs are amortized on a straight-line basis over the periods of 5 years or 10 years, which are within the average remaining years of service of the eligible employees.

(6) Foreign currency translation

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect as at the respective balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under “Non-controlling interests” and “Foreign currency translation adjustments”.

(7) Hedge accounting

(a) Hedge accounting

If derivative financial instruments are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of derivative financial instruments is deferred until the related gains and losses on the hedged items are recognized.

The forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method. Certain interest rate swap contracts that meet specific hedging criteria are not measured at market value but the differences between the paid and received amount under the swap contracts are recognized and included in interest income or expense as incurred.

(b) Hedge instruments and hedged items

(I) Hedge instruments – Forward foreign exchange contracts

Hedged items – Foreign currency-denominated monetary asset and liability

(II) Hedge instruments – Interest swap

Hedged items – Loans payable

(c) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing costs as well as optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The hedge effectiveness is assessed by comparing the fluctuation quarterly except for those that meet specific hedging criteria.

(8) Goodwill and negative goodwill

Goodwill and negative goodwill which generated before March 1, 2011 are amortized mainly over a period of 20 years on a straight-line basis, or recognized as income or expenses immediately if immaterial.

Negative goodwill arising on or after March 1, 2011 is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(9) Cash and cash equivalents

Cash and cash equivalents in the accompanying Consolidated Statements of Cash Flows are comprised of cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(10) Other accounting treatments

(a) Accounting for franchised stores in Domestic and Overseas convenience store operations

Seven-Eleven Japan Co., Ltd. and 7-Eleven, Inc. recognize franchise commission from its franchised stores as revenues and include it in “Operating revenues”.

(b) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(c) Application of Consolidated Taxation System

The Company and part of its wholly owned domestic subsidiaries have applied Consolidated Taxation System.

(7) Changes in Method of Presentation

(Consolidated Statements of Income)

“Gain on sales of investments in securities”, which was previously included in “Other” of special gains in the fiscal year ended February 28, 2018, is separately presented for the fiscal year ended February 28, 2019 because the amount has exceeded 10% of the total amount of special gains. To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2018.

As a result, 2,309 million yen that was presented as “Other” in special gains in the fiscal year ended February 28, 2018 has been reclassified as “Gain on sales of investments in securities” of 10 million yen and “Other” of 2,299 million yen.

“Loss on sales of shares of subsidiaries”, which was previously included in “Other” of special losses in the fiscal year ended February 28, 2018, is separately presented for the fiscal year ended February 28, 2019 due to significant increase. To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2018.

As a result, 7,388 million yen that was presented as “Other” in special losses in the fiscal year ended February 28, 2018 has been reclassified as “Loss on sales of shares of subsidiaries” of 1,644 million yen and “Other” of 5,743 million yen.

(Consolidated Statements of Cash Flows)

“Loss on sales of shares of subsidiaries” “Gain on sales of investments in securities”, which was previously included in “Other” of Cash flows from operating activities in the fiscal year ended February 28, 2018, is separately presented for the fiscal year ended February 28, 2019 due to its increased materiality. To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2018.

As a result, (26,580) million yen that was presented as “Other” in Cash flows from operating activities in the fiscal year ended February 28, 2018 has been reclassified as “Loss on sales of shares of subsidiaries” of 1,644 million yen, “Gain on sales of investments in securities” of (10) million yen and “Other” of (28,214) million yen.

“Purchase of treasury stock” of Cash flows from financing activities is included in “Other” for the fiscal year ended February 28, 2019 due to decrease in materiality. For the purpose of reflecting this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2018.

As a result, (25) million yen presented as “Purchase of treasury stock ” of Cash flows from financing activities for the fiscal year ended February 28, 2018 was classified “Other”.

(8) Notes to Consolidated Financial Statements

Consolidated Balance Sheets;

1. Accumulated depreciation of property and equipment

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|--------------------------|-------------------------|-------------------------|
| Accumulated depreciation | 1,894,756 | 1,875,955 |

2. Assets pledged as collateral

Assets pledged as collateral for the debts

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|---|-------------------------|-------------------------|
| Buildings and structures | 2,854 | 563 |
| Land | 3,537 | 1,258 |
| Investments in securities | 59,345 | 74,135 |
| Long-term leasehold deposits | 4,661 | 4,564 |
| Total | 70,398 | 80,522 |
| Debts for which above assets are pledged as collateral | | |
| Short-term loans | 3,795 | - |
| Long-term loans (including current portion of long-term loans) | 8,739 | 8,862 |
| Deposits received from tenants and franchised stores | 36 | - |
| Total | 12,571 | 8,862 |

Assets pledged as collateral for the debts of affiliates

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|--|-------------------------|-------------------------|
| Buildings | 348 | 327 |
| Land | 1,368 | 1,331 |
| Total | 1,717 | 1,658 |
| Loans of affiliates for which above assets are pledged as collateral | 2,843 | 2,743 |

Assets pledged as collateral for fund transfer

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|------------------------------|-------------------------|-------------------------|
| Investments in securities | 2,504 | 829 |
| Long-term leasehold deposits | - | 400 |

Assets pledged as collateral for real estate business

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|------------------------------|-------------------------|-------------------------|
| Long-term leasehold deposits | 55 | 55 |

Assets pledged as collateral under installment sales law

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|------------------------------|-------------------------|-------------------------|
| Long-term leasehold deposits | 1,335 | 1,335 |

Assets pledged as collateral to secure the amount of prepaid tickets issued

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|------------------------------|-------------------------|-------------------------|
| Long-term leasehold deposits | 340 | 452 |

3. Guarantees

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|--------------------------|-------------------------|-------------------------|
| Employees' housing loans | 95 | 134 |

4. Loan commitment

Some financial subsidiaries conduct a cash loan business that is associated with their credit card business. Unused credit balance related to the cash loan business is as follows:

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|---|-------------------------|-------------------------|
| Credit availability of cash loan business | 856,256 | 857,286 |
| Outstanding balance | 45,041 | 44,855 |
| Unused credit balance | 811,215 | 812,430 |

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical record. Some financial subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other justifiable reasons.

5. Others

Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of the Company's consolidated subsidiaries, holds bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These bonds are recorded in "Investments in securities" in the Consolidated Balance Sheets due to its nature of restriction even if they have redemption at maturity less than one year.

Consolidated Statements of Income;

1. The franchise commission from Seven-Eleven Japan Co., Ltd.'s franchised stores and 7-Eleven, Inc.'s is included in "Operating revenues".

The franchise commission from franchised stores and net sales of franchised stores are as follows:

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|---|---|---|
| Franchise commission from franchised stores | 743,393 | 773,188 |
| Net sales of franchised stores | 4,575,931 | 4,795,151 |

7-Eleven, Inc.

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|---|---|---|
| Franchise commission from franchised stores | 251,197 | 255,516 |
| Net sales of franchised stores | 1,440,311 | 1,472,966 |

2. Major items included in "Gain on sales of property and equipment" are as follows:

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|--------------------------|---|---|
| Buildings and structures | 934 | 3,427 |
| Land | 10,002 | 6,996 |
| Others | 102 | 1,218 |
| Total | 11,038 | 11,642 |

Note: 228 million yen (Buildings and structures), 2,380 million yen (Land), and 54 million yen (Other) are included in "Gain on sales of property and equipment related to restructuring" in Consolidated Statements of Income for the year ended February 28, 2018. 5 million yen (Buildings and structures), and 421 million yen (Land) are included in "Gain on sales of property and equipment related to restructuring" in Consolidated Statements of Income for the year ended February 28, 2019.

3. Major items included in "Loss on disposals of property and equipment" are as follows:

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|-----------------------------------|---|---|
| Buildings and structures | 9,467 | 10,959 |
| Furniture, fixtures and equipment | 5,395 | 3,552 |
| Others | 5,997 | 4,462 |
| Total | 20,860 | 18,974 |

Note: 104 million yen (Buildings and structures), 11 million yen (Furniture, fixtures and equipment), and 108 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2018. 18 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2019.

4. Impairment loss

For the fiscal year ended February 28, 2018, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

| (millions of yen) | | | | | |
|----------------------|------------------------------|---|-----------------------------|-----------|--------|
| Description | Classification | Location | | | Amount |
| Stores | Land and buildings, etc. | Tokyo Met. | Domestic convenience stores | 78 Stores | 61,809 |
| | | | Superstores | 5 Stores | |
| | | | Specialty stores | 11 Stores | |
| | | Osaka Pref. | Domestic convenience stores | 76 Stores | |
| | | | Specialty stores | 2 Stores | |
| | | Aichi Pref. | Domestic convenience stores | 61 Stores | |
| Specialty stores | 3 Stores | | | | |
| | U.S. & others | Overseas convenience stores | 143 Stores | | |
| omni7 | Software and buildings, etc. | Tokyo Met., Saitama Pref., Osaka Pref. & others | | | 23,492 |
| Other facility, etc. | Land and buildings, etc. | Kyoto Pref., Tokyo Met., Nagano Pref. & others | | | 3,576 |
| Total | | | | | 88,879 |

Note: 29,001 million yen (Stores) and 2,808 million yen (Other facility, etc.) are included in “Restructuring expenses” in Consolidated Statements of Income.

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit.

The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts when the book values exceed future cash flows before discount, and such deducted amount was recorded as impairment loss in special losses.

A breakdown of impairment loss is as follows:

(Millions of yen)

| | Stores | omni7 | Other facilities, etc. | Total |
|--------------------------|--------|--------|------------------------|--------|
| Buildings and structures | 29,496 | 670 | 708 | 30,875 |
| Land | 20,965 | — | 389 | 21,354 |
| Software | 0 | 19,587 | 1,224 | 20,813 |
| Other | 11,347 | 3,234 | 1,254 | 15,836 |
| Total | 61,809 | 23,492 | 3,576 | 88,879 |

Note: 9,601 million yen (Buildings and structures), 18,367 million yen (Land), 809 million yen (Software), and 3,030 million yen (Other) are included in “Restructuring expenses” in Consolidated Statements of Income.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 1.7% - 6.0% discount rates were applied.

For the fiscal year ended February 28, 2019, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

| (Millions of yen) | | | | | |
|-------------------------------|--|--|-----------------------------|------------|--------|
| Description | Classification | Location | | | Amount |
| Stores | Land and buildings, etc. | Tokyo Met. | Domestic convenience stores | 102 Stores | 47,480 |
| | | | Superstores | 5 Stores | |
| | | | Specialty stores | 12 Stores | |
| | | Osaka Pref. | Domestic convenience stores | 80 Stores | |
| | | | Specialty stores | 1 Stores | |
| Aichi Pref. | Domestic convenience stores | 79 Stores | | | |
| U.S. & others | Overseas convenience stores | 208 Stores | | | |
| Overseas ATM related business | Furniture, fixtures and equipment , etc. | U.S. & others | | | 7,193 |
| Other facility, etc. | Land and buildings, etc. | Kyoto Pref., Nagano Pref. Tokyo Met., & others | | | 2,694 |
| Total | | | | | 57,368 |

Note: 1,591 million yen (Stores) are included in “Restructuring expenses” in Consolidated Statements of Income.

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit.

The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts when the book values exceed future cash flows before discount, and such deducted amount was recorded as impairment loss in special losses.

A breakdown of impairment loss is as follows:

(Millions of yen)

| | Stores | Overseas ATM related business | Other facilities, etc. | Total |
|-----------------------------------|--------|-------------------------------|------------------------|--------|
| Buildings and structures | 24,424 | 26 | 368 | 24,819 |
| Furniture, fixtures and equipment | 9,631 | 4,132 | 51 | 13,815 |
| Land | 5,224 | — | 955 | 6,179 |
| Software | 1,592 | 314 | 105 | 2,012 |
| Other | 6,606 | 2,720 | 1,214 | 10,541 |
| Total | 47,480 | 7,193 | 2,694 | 57,368 |

Note: 1,144 million yen (Buildings and structures), 167 million yen (Furniture, fixtures and equipment), 196 million yen (Land), and 83 million yen (Other) are included in “Restructuring expenses” in Consolidated Statements of Income.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.1% - 11.5% discount rates were applied.

5. Amortization of goodwill

The company recorded the loss on valuation of stocks of subsidiaries and affiliates on its nonconsolidated financial statements during the fiscal year ended February 28, 2019. In consequence, in accordance with Paragraph 32 of “Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements” (the Japanese Institute of Certified Public Accountants (JICPA) Accounting Practice Committee Statement No. 7, November 28, 2014), the Company recorded amortization of goodwill of 3,895 million yen on FCTI, Inc.

6. Restructuring expenses

A breakdown of restructuring expenses is as follows:

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|---|---|---|
| Impairment loss | 31,809 | 1,591 |
| Gain on transfer from business divestitures | (1,090) | — |
| Loss on sales of property and equipment | 4,200 | — |
| Loss on inventory disposal on business closure, etc. | 3,233 | — |
| Store closing losses | 2,451 | 204 |
| Early retirement benefit | 403 | 245 |
| Others | 1,671 | 578 |
| Total | 42,680 | 2,619 |

Note: The “Gain on sales of property and equipment related to restructuring” was recorded under “Special gains” for the fiscal years ended February 28, 2018 and 2019. This amount was 2,663 million yen for the fiscal year ended February 28, 2018, and 427 million yen for the fiscal year ended February 28, 2019.

Consolidated Statements of Comprehensive Income;

1. The components of other comprehensive income including reclassification adjustments and tax (expense) or benefits for the fiscal years ended February 28, 2018 and February 28, 2019 are as follows:

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|--|---|---|
| Unrealized gains (losses) on available-for-sale securities, net of taxes: | | |
| Decrease during the fiscal year | (566) | (504) |
| Reclassification adjustments | 3 | 11 |
| Amount before tax | (563) | (493) |
| Tax effects | (0) | (1,019) |
| Subtotal | (563) | (1,512) |
| Unrealized gains (losses) on hedging derivatives, net of taxes | | |
| Decrease during the fiscal year | (156) | 18 |
| Reclassification adjustments | — | 0 |
| Amount before tax | (156) | 19 |
| Tax effects | 47 | (3) |
| Subtotal | (108) | 15 |
| Foreign currency translation adjustments: | | |
| Decrease during the fiscal year | (10,008) | (23,298) |
| Remeasurements of defined benefit plan, net of taxes: | | |
| Decrease during the fiscal year | (4,328) | (7,290) |
| Reclassification adjustments | 4,152 | 2,539 |
| Amount before tax | (175) | (4,750) |
| Tax effects | 69 | 1,478 |
| Subtotal | (106) | (3,272) |
| Share of other comprehensive income of entities accounted for using equity method: | | |
| Decrease during the fiscal year | (36) | (28) |
| Total other comprehensive income | (10,823) | (28,096) |

Consolidated Statements of Changes in Net Assets;

(From March 1, 2017 to February 28, 2018)

1. Type and number of shares outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

| | As of March 1, 2017 | Number of shares increased | Number of shares decreased | As of February 28, 2018 |
|----------------|------------------------|-------------------------------|-------------------------------|----------------------------|
| Ordinary Share | 886,441 | — | — | 886,441 |

(2) Treasury stock

(Thousands of shares)

| | As of March 1, 2017 | Number of shares increased (Note 1) | Number of shares decreased (Note 2) | As of February 28, 2018 |
|----------------|------------------------|---|---|----------------------------|
| Ordinary Share | 2,039 | 5 | 147 | 1,897 |

Notes: (1) 5 thousand shares increased because of the purchases of odd-lot shares.

(2) 147 thousand shares and 0 thousand shares out of the 147 thousand shares decreased due to the exercising of stock options and sale of odd-lot shares, respectively.

2. Subscription rights to shares and treasury subscription rights to shares

| Entity | | The Company | Consolidated subsidiaries | |
|---|--|--|--|-------|
| Description of subscription rights to shares | | Subscription rights to shares as stock-linked compensation stock option | Subscription rights to shares as stock-linked compensation stock option | Total |
| Type of shares to be issued upon excise of the rights | | — | — | — |
| Number of shares to be issued upon the exercise of the rights (shares) | Number of shares as of March 1, 2017 | — | — | — |
| | Number of shares increased | — | — | — |
| | Number of shares decreased | — | — | — |
| | Number of shares as of February 28, 2018 | — | — | — |
| Balance as of February 28, 2018 (millions of yen) | | 2,090 | 533 | 2,623 |

3. Matters related to dividends

(1) Dividend payments

| Resolution | Type | Total amount of cash dividends | Dividend per share | Record date | Effective date |
|---|-------------------|-----------------------------------|-----------------------|------------------|-------------------|
| May 25, 2017 Ordinary general meeting of shareholders | Ordinary Share | 39,799 million yen | 45.00 yen | Feb. 28, 2017 | May 26, 2017 |
| October 12, 2017 Board of directors' meeting | Ordinary Share | 39,805 million yen | 45.00 yen | Aug. 31, 2017 | Nov. 15, 2017 |

(2) Dividends whose record date is within the fiscal year ended February 28, 2018, but to be effective after the fiscal year-end

| Resolution | Type | Funds for dividends | Total amount of cash dividends | Dividend per share | Record date | Effective date |
|--|----------------|---------------------|--------------------------------|--------------------|---------------|----------------|
| May 24, 2018 Ordinary general meeting of shareholders | Ordinary Share | Retained earnings | 39,805 million yen | 45.00 yen | Feb. 28, 2018 | May 25, 2018 |

(From March 1, 2018 to February 28, 2019)

1. Type and number of shares outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

| | As of March 1, 2018 | Number of shares increased | Number of shares decreased | As of February 28, 2019 |
|----------------|---------------------|----------------------------|----------------------------|-------------------------|
| Ordinary Share | 886,441 | — | — | 886,441 |

(2) Treasury stock

(Thousands of shares)

| | As of March 1, 2018 | Number of shares increased (Note 1) | Number of shares decreased (Note 2) | As of February 28, 2019 |
|----------------|---------------------|-------------------------------------|-------------------------------------|-------------------------|
| Ordinary Share | 1,897 | 4 | 28 | 1,873 |

Notes: (1) 4 thousand shares increased because of the purchases of odd-lot shares.

(2) 28 thousand shares and 0 thousand shares out of the 28 thousand shares decreased due to the exercising of stock options and sale of odd-lot shares, respectively.

2. Subscription rights to shares and treasury subscription rights to shares

| Entity | | The Company | Consolidated subsidiaries | Total |
|--|--|---|---|-------|
| Description of subscription rights to shares | | Subscription rights to shares as stock-linked compensation stock option | Subscription rights to shares as stock-linked compensation stock option | |
| Type of shares to be issued upon excise of the rights | | — | — | — |
| Number of shares to be issued upon the exercise of the rights (shares) | Number of shares as of March 1, 2018 | — | — | — |
| | Number of shares increased | — | — | — |
| | Number of shares decreased | — | — | — |
| | Number of shares as of February 28, 2019 | — | — | — |
| Balance as of February 28, 2019 (millions of yen) | | 2,484 | 320 | 2,805 |

3. Matters related to dividends

(1) Dividend payments

| Resolution | Type | Total amount of cash dividends | Dividend per share | Record date | Effective date |
|--|----------------|--------------------------------|--------------------|---------------|----------------|
| May 24, 2018 Ordinary general meeting of shareholders | Ordinary Share | 39,805 million yen | 45.00 yen | Feb. 28, 2018 | May 25, 2018 |
| October 11, 2018 Board of directors' meeting | Ordinary Share | 42,018 million yen | 47.50 yen | Aug. 31, 2018 | Nov. 15, 2018 |

(2) Dividends whose record date is within the fiscal year ended February 28, 2019, but to be effective after the fiscal year-end

| Resolution | Type | Funds for dividends | Total amount of cash dividends | Dividend per share | Record date | Effective date |
|--|----------------|---------------------|--------------------------------|--------------------|---------------|----------------|
| May 23, 2019 Ordinary general meeting of shareholders | Ordinary Share | Retained earnings | 42,018 million yen | 47.50 yen | Feb. 28, 2019 | May 24, 2019 |

Consolidated Statements of Cash Flows;

(For the fiscal year ended February 28, 2018)

1. Reconciliation of cash and cash equivalents of the Consolidated Statements of Cash Flows and account balances of the Consolidated Balance Sheets

(Millions of yen)

| | As of February 28, 2018 |
|---|-------------------------|
| Cash and bank deposits | 1,316,793 |
| Time deposits and negotiable certificates of deposits with an original maturity of more than three months | (16,410) |
| Cash and cash equivalents | 1,300,383 |

2. Major non-cash transactions

(Millions of yen)

| | Fiscal year ended February 28, 2018 |
|---|--|
| Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year | 5,952 |
| Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year | 6,554 |

3. Acquisition of business

The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

(Millions of yen)

| | As of February 28, 2018 |
|------------------------|-------------------------|
| Inventory | 128 |
| Goodwill | 4,692 |
| Other | (103) |
| Subtotal | 4,717 |
| Property and equipment | 2,589 |
| Total | 7,307 |

Property and equipment set out above at an amount of 2,589 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2018.

(For the fiscal year ended February 28, 2019)

1. Reconciliation of cash and cash equivalents of the Consolidated Statements of Cash Flows and account balances of the Consolidated Balance Sheets

(Millions of yen)

| | As of February 28, 2019 |
|---|-------------------------|
| Cash and bank deposits | 1,314,564 |
| Time deposits and negotiable certificates of deposits with an original maturity of more than three months | (10,953) |
| Cash and cash equivalents | 1,303,610 |

2. Major non-cash transactions

(Millions of yen)

| | Fiscal year ended February 28, 2019 |
|---|--|
| Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year | 9,156 |
| Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year | 10,378 |

3. Acquisition of business

The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

(Millions of yen)

| | As of February 28, 2019 |
|------------------------|-------------------------|
| Inventory | 14,205 |
| Goodwill | 156,797 |
| Other | 6,760 |
| Subtotal | 177,763 |
| Property and equipment | 184,311 |
| Total | 362,075 |

Property and equipment set out above at an amount of 184,311 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2019.

Segment Information;

Segment Information

1. Overview of reportable segments

With respect to its reportable segments, the Company is able to obtain delineated financial data from its structural units. Its segments are subject to periodical review for the purpose of making decisions on allocation of managerial resources and evaluating business performance by the Board of Directors.

Under the holding company structure, the Company has classified its consolidated subsidiaries into seven segments which are “Domestic convenience store operations”, “Overseas convenience store operations”, “Superstore operations”, “Department store operations”, “Financial services”, “Specialty store operations” and “Others”, according to the nature of products, services and sales operations.

“Domestic convenience store operations” operate a convenience store business comprising directly-managed corporate stores and franchised stores mainly under Seven-Eleven Japan Co., Ltd. “Overseas convenience store operations” operate a convenience store business comprising corporate stores and franchised stores mainly under 7-Eleven, Inc. “Superstore operations” operate a retail business that provides a comprehensive range of daily life necessities such as food and other daily necessities. “Department store operations” operate a retail business that provides a various and wide assortment of high-quality merchandise. “Financial services” operate a banking business, credit card business and leasing business. “Specialty store operations” operate a retail business providing highly specialized, distinctively characterized merchandise and services. “Others” operate several businesses including the real estate business.

2. Calculation methodology for revenues from operations, income or losses, assets and liabilities and other items for each reportable segment

The accounting treatment of each reportable segment is in line with the “Accounting Policies for the Preparation of Consolidated Financial Statements”.

Segment income (loss) and segment liabilities as reported in this section are based on operating income and interest bearing debt, respectively.

Intersegment revenues and transfers are calculated at prevailing market prices.

3. Information on revenues from operations, income, loss, assets, liabilities and other monetary items for each reportable segment

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

| | Reportable segment | | | | | | | Total | Adjustments | Consolidated total |
|--|---------------------------------------|---------------------------------------|-----------------------|-----------------------------|--------------------|----------------------------|---------------|------------------|-----------------|--------------------|
| | Domestic convenience store operations | Overseas convenience store operations | Superstore operations | Department store operations | Financial services | Specialty store operations | Others | | | |
| Revenues from operations | | | | | | | | | | |
| 1. Customers | 927,205 | 1,980,897 | 1,891,260 | 649,353 | 166,664 | 414,287 | 8,146 | 6,037,815 | 0 | 6,037,815 |
| 2. Intersegment | 1,443 | 636 | 9,903 | 8,533 | 36,278 | 2,329 | 15,386 | 74,510 | (74,510) | — |
| Total | 928,649 | 1,981,533 | 1,901,164 | 657,886 | 202,942 | 416,616 | 23,533 | 6,112,326 | (74,510) | 6,037,815 |
| Segment income (loss) | 245,249 | 79,078 | 21,260 | 5,369 | 49,713 | 435 | 3,670 | 404,778 | (13,120) | 391,657 |
| Segment assets | 1,127,623 | 1,179,292 | 969,194 | 343,269 | 1,434,900 | 161,091 | 156,223 | 5,371,595 | 123,354 | 5,494,950 |
| Segment liabilities (interest bearing debt) | — | 163,867 | 1,912 | 175,711 | 318,896 | 52,673 | — | 713,062 | 269,999 | 983,061 |
| Other items | | | | | | | | | | |
| Depreciation | 66,500 | 69,582 | 23,893 | 9,727 | 28,926 | 5,588 | 2,257 | 206,476 | 6,691 | 213,167 |
| Amortization of goodwill | — | 11,770 | 3,098 | 1 | 1,336 | 413 | — | 16,620 | — | 16,620 |
| Investment in associates accounted for using the equity method | 7,174 | 6,492 | 5,183 | 293 | — | 12,911 | 4,671 | 36,727 | — | 36,727 |
| Impairment loss | 9,197 | 3,393 | 19,186 | 29,674 | — | 5,697 | 3 | 67,152 | 21,727 | 88,879 |
| Net increase in property and equipment, and intangible assets | 129,116 | 94,285 | 36,037 | 11,755 | 33,013 | 7,716 | 3,571 | 315,497 | 10,529 | 326,026 |

Notes:

1. The adjustments of (13,120) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of 123,354 million yen for segment assets are eliminations of intersegment transactions and corporate assets.

3. The adjustments of 269,999 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
4. Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
5. 31,809 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2018.
6. The main cause of the 21,727 million yen adjustment of impairment loss was impairment loss concerning the omni7 software.

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

| | Reportable segment | | | | | | | Total | Adjustments | Consolidated total |
|--|---------------------------------------|---------------------------------------|-----------------------|-----------------------------|--------------------|----------------------------|---------------|------------------|-----------------|--------------------|
| | Domestic convenience store operations | Overseas convenience store operations | Superstore operations | Department store operations | Financial services | Specialty store operations | Others | | | |
| Revenues from operations | | | | | | | | | | |
| 1. Customers | 954,090 | 2,818,899 | 1,893,959 | 585,011 | 177,334 | 353,967 | 7,918 | 6,791,179 | 35 | 6,791,215 |
| 2. Intersegment | 1,353 | 2,154 | 8,548 | 7,088 | 37,673 | 1,507 | 15,802 | 74,129 | (74,129) | — |
| Total | 955,443 | 2,821,053 | 1,902,507 | 592,100 | 215,007 | 355,474 | 23,720 | 6,865,309 | (74,093) | 6,791,215 |
| Segment income (loss) | 246,721 | 92,266 | 21,173 | 3,737 | 52,874 | 6,680 | 2,659 | 426,112 | (14,515) | 411,596 |
| Segment assets | 1,147,777 | 1,371,383 | 945,528 | 328,162 | 1,515,013 | 133,578 | 159,175 | 5,600,619 | 194,683 | 5,795,302 |
| Segment liabilities (interest bearing debt) | — | 260,757 | 637 | 163,564 | 354,018 | 44,296 | — | 823,274 | 281,914 | 1,105,189 |
| Other items | | | | | | | | | | |
| Depreciation | 72,717 | 76,141 | 24,475 | 8,667 | 31,072 | 4,141 | 2,267 | 219,482 | 1,651 | 221,133 |
| Amortization of goodwill | — | 18,832 | 3,098 | — | 4,735 | 413 | — | 27,079 | — | 27,079 |
| Investment in associates accounted for using the equity method | 7,393 | 5,761 | 5,597 | 281 | 2,009 | 13,250 | 4,836 | 39,130 | — | 39,130 |
| Impairment loss | 19,500 | 3,435 | 20,349 | 2,994 | 10,756 | 3,888 | — | 60,926 | (3,557) | 57,368 |
| Net increase in property and equipment, and intangible assets | 106,297 | 288,221 | 58,233 | 16,245 | 29,263 | 8,801 | 2,889 | 509,953 | 10,070 | 520,024 |

Notes:

1. The adjustments of (14,515) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of 194,683 million yen for segment assets are eliminations of intersegment transactions and corporate assets.
3. The adjustments of 281,914 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
4. Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
5. 1,591 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2019.

(Reference)

Revenues from operations and operating income by geographic area segments are as described below.

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

| | Japan | North America | Others | Total before eliminations | Eliminations | Consolidated total |
|---------------------------------|------------------|------------------|----------------|---------------------------|----------------|--------------------|
| Revenues from operations | | | | | | |
| 1. Customers | 3,907,066 | 2,016,771 | 113,977 | 6,037,815 | – | 6,037,815 |
| 2. Intersegment | 768 | 321 | 14 | 1,104 | (1,104) | – |
| Total revenues | 3,907,835 | 2,017,092 | 113,992 | 6,038,919 | (1,104) | 6,037,815 |
| Operating income (loss) | 314,700 | 75,626 | 1,320 | 391,647 | 10 | 391,657 |

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. “Others” consist of the business results in the P.R.C., etc.

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

| | Japan | North America | Others | Total before eliminations | Eliminations | Consolidated total |
|---------------------------------|------------------|------------------|----------------|---------------------------|----------------|--------------------|
| Revenues from operations | | | | | | |
| 1. Customers | 3,811,410 | 2,862,249 | 117,555 | 6,791,215 | – | 6,791,215 |
| 2. Intersegment | 790 | 377 | – | 1,167 | (1,167) | – |
| Total revenues | 3,812,200 | 2,862,627 | 117,555 | 6,792,382 | (1,167) | 6,791,215 |
| Operating income (loss) | 319,613 | 90,411 | 1,562 | 411,587 | 9 | 411,596 |

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. “Others” consist of the business results in the P.R.C., etc.

Related Information

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

1. Information on products and services

Information is omitted since it is described in the segment information.

2. Information by region

(1) Revenues from operations

(Millions of yen)

| Japan | North America (of which, the U.S.) | Others | Total |
|-----------|---------------------------------------|---------|-----------|
| 3,907,066 | 2,016,771 (1,751,698) | 113,977 | 6,037,815 |

(2) Property and equipment

(Millions of yen)

| Japan | North America (of which, the U.S.) | Others | Total |
|-----------|---------------------------------------|--------|-----------|
| 1,400,794 | 585,165 (519,457) | 3,494 | 1,989,455 |

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

1. Information on products and services

Information is omitted since it is described in the segment information.

2. Information by region

(1) Revenues from operations

(Millions of yen)

| Japan | North America (of which, the U.S.) | Others | Total |
|-----------|---------------------------------------|---------|-----------|
| 3,811,410 | 2,862,249 (2,579,649) | 117,555 | 6,791,215 |

(2) Property and equipment

(Millions of yen)

| Japan | North America (of which, the U.S.) | Others | Total |
|-----------|---------------------------------------|--------|-----------|
| 1,407,274 | 707,211 (648,113) | 4,144 | 2,118,630 |

3. Information about major customers

Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

Information Regarding Impairment Loss on Non-current Assets by Reportable Segment

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

Information is omitted since it is described in the segment information.

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

Information is omitted since it is described in the segment information.

Information on Amortization and Outstanding Balance of Goodwill by Reportable Segment

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

| | Reportable segment | | | | | | | Total | Eliminations / Corporate | Consolidated total |
|--|--|--|--------------------------|-----------------------------------|-----------------------|----------------------------------|--------|---------|-----------------------------|-----------------------|
| | Domestic convenience store operations | Overseas convenience store operations | Superstore operations | Department store operations | Financial services | Specialty store operations | Others | | | |
| Goodwill | | | | | | | | | | |
| Amortization | – | 11,770 | 3,098 | 1 | 1,336 | 413 | – | 16,620 | – | 16,620 |
| Balance at the end of current year | 3,295 | 208,812 | 26,345 | – | 9,181 | 3,736 | – | 251,371 | – | 251,371 |
| Negative Goodwill | | | | | | | | | | |
| Amortization | – | – | 23 | – | – | 4 | – | 27 | – | 27 |
| Balance at the end of current year | – | – | 116 | – | – | 21 | – | 137 | – | 137 |

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

| | Reportable segment | | | | | | | Total | Eliminations / Corporate | Consolidated total |
|--|--|--|--------------------------|-----------------------------------|-----------------------|----------------------------------|--------|---------|-----------------------------|-----------------------|
| | Domestic convenience store operations | Overseas convenience store operations | Superstore operations | Department store operations | Financial services | Specialty store operations | Others | | | |
| Goodwill | | | | | | | | | | |
| Amortization | – | 18,832 | 3,098 | – | 4,735 | 413 | – | 27,079 | – | 27,079 |
| Balance at the end of current year | 3,082 | 337,606 | 23,246 | – | 4,340 | 3,803 | – | 372,079 | – | 372,079 |
| Negative Goodwill | | | | | | | | | | |
| Amortization | – | – | 23 | – | – | 4 | – | 27 | – | 27 |
| Balance at the end of current year | – | – | 93 | – | – | 16 | – | 110 | – | 110 |

Information Regarding Gain on Negative Goodwill by Reportable Segment

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

None

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

None

Business combination;

Fiscal Year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

Business combination by acquisition

1. Outline of the business combination

(1) Name and main business of the acquired company

Name: Sunoco LP

Main business: Operation of fuel wholesale and retail, and convenience store business

(2) Main reason for the business combination

In accordance with the Medium-Term Management Plan for the Group announced in October 2016, 7-Eleven, Inc. is aiming to achieve average daily merchandise sales per store of \$5,000 and 10,000 stores by the fiscal year ending February 29, 2020, and is working to strengthen its merchandizing capabilities and expand its store network. Sunoco LP ("SUN") has a large number of stores in the State of Texas and the eastern area of the United States, where 7-Eleven, Inc., currently operates stores. By acquiring part of SUN's convenience store business and gasoline retail business, 7-Eleven, Inc. will expand its store network and offer greater convenience, while also improving profitability. Regarding the stores acquired, 7-Eleven, Inc. signed a contract to receive gasoline from SUN for the next 15 years.

(3) Date of the business combination

January 23, 2018

(4) Legal form of the business combination

Acquisition of business

(5) The acquired company's name after the business combination

No change

(6) Main reason for the decision of the acquiring company

7-Eleven, Inc. acquired the business with all consideration paid in cash.

2. Period for which the acquired company's operating results are included in the consolidated financial statements

From January 23, 2018 to December 31, 2018

3. Acquisition cost of acquired business and breakdown by type of consideration

| | | | |
|-------------------------------|------|------------------------|-----------------------|
| Consideration for acquisition | Cash | US\$3,241,530 thousand | (359,291 million yen) |
| Acquisition cost | | US\$3,241,530 thousand | (359,291 million yen) |

4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigation US\$35,128 thousand (3,893 million yen)

5. Amount, reason for recognition, and period and method of amortization of goodwill

(1) Amount of goodwill

US\$1,397,004 thousand (154,843 million yen)

The amount of goodwill was determined as the purchase price allocation was completed during the year ended February 28, 2019.

(2) Reason for recognition of goodwill

Expected excess earning power of future business development

(3) Period and method of amortization of goodwill

20 years using the straight line method

6. Total amounts and principal breakdowns of assets received and liabilities assumed on the date of the business combination

| | | |
|-------------------------|------------------------|-----------------------|
| Current assets | US\$130,729 thousand | (14,490 million yen) |
| Non-current assets | US\$1,831,826 thousand | (203,039 million yen) |
| Total assets | US\$1,962,556 thousand | (217,529 million yen) |
| Non-current liabilities | US\$118,029 thousand | (13,082 million yen) |
| Total liabilities | US\$118,029 thousand | (13,082 million yen) |

7. Approximate amounts of impact of the business combination on the Company's consolidated statements of income for the fiscal year assuming the business combination was completed at the beginning of the fiscal year, and the calculation method thereof

Information is omitted since the amounts are insignificant.

Note: The yen amounts were calculated using the January 23, 2018 rate (US\$1 = 110.84 yen).

Related Parties Transactions;

1. Transactions with related parties

(1) Transactions between the Company and related parties

(a) Unconsolidated subsidiaries and affiliates

None

(b) A director of the Company and primary shareholders (limited to individuals)

(From March 1, 2017 to February 28, 2018)

None

(From March 1, 2018 to February 28, 2019)

None

2. Notes about the parent company and the important affiliates

None

Per Share Information;

(Yen)

| | Fiscal year ended February 28, 2018 | Fiscal year ended February 28, 2019 |
|------------------------------|--|--|
| Owners' equity per share | 2,744.08 | 2,850.42 |
| Net income per share | 204.80 | 229.50 |
| Diluted net income per share | 204.63 | 229.31 |

Notes:

1. Basis for calculation of net income per share and diluted net income per share is as follows:

(Millions of yen, except number of ordinary shares)

| | Fiscal year ended February 28, 2018 | Fiscal year ended February 28, 2019 |
|---|--|--|
| Net income attributable to owners of parent | 181,150 | 203,004 |
| Amount not attributable to owners of ordinary shares | — | — |
| Net income attributable to owners of ordinary shares of parent | 181,150 | 203,004 |
| Average number of ordinary shares outstanding during the period (thousands of shares) | 884,531 | 884,568 |
| Adjustments to net income which is used for calculating diluted net income per share | | |
| Net income attributable to non-controlling interests | 26 | 9 |
| Adjustments to net income attributable to owners of parent | 26 | 9 |
| Number of ordinary shares increased used for calculating the diluted net income per share | | |
| Subscription rights to shares (thousands of shares) | 582 | 668 |
| Number of ordinary shares increased (thousands of shares) | 582 | 668 |

2. Basis for calculation of owners' equity per share is as follows:

(Millions of yen, except number of ordinary shares)

| | As of February 28, 2018 | As of February 28, 2019 |
|---|-------------------------|-------------------------|
| Total net assets | 2,575,342 | 2,672,486 |
| Amounts subtracted from total net assets: | 148,078 | 151,091 |
| (Subsorption rights to shares) | (2,623) | (2,805) |
| (Net income attributable to non-controlling interests) | (145,454) | (148,285) |
| Owners' equity for ordinary shares at the end of period | 2,427,264 | 2,521,395 |
| Number of ordinary shares at the end of period used for calculating the amounts of owners' equity per share (thousands of shares) | 884,544 | 884,568 |

Subsequent Event;

None

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| ASSETS | | |
| Current assets | 63,963 | 41,187 |
| Cash and bank deposits | 390 | 389 |
| Prepaid expenses | 414 | 623 |
| Deferred income taxes | 134 | 142 |
| Accounts receivable, other | 56,365 | 32,436 |
| Deposits held by subsidiaries and affiliates | 5,378 | 6,177 |
| Other | 1,280 | 1,416 |
| Non-current assets | 1,762,155 | 1,776,319 |
| Property and equipment | 5,571 | 6,027 |
| Buildings and structures | 2,632 | 2,546 |
| Fixtures, equipment and vehicles | 128 | 116 |
| Land | 2,712 | 2,712 |
| Leased assets | 97 | 651 |
| Intangible assets | 8,378 | 14,661 |
| Software | 312 | 6,623 |
| Software in progress | 2,752 | 2,515 |
| Lease assets | 5,311 | 5,521 |
| Other | 1 | 1 |
| Investments and other assets | 1,748,205 | 1,755,629 |
| Investments in securities | 39,296 | 40,092 |
| Stocks of subsidiaries and affiliates | 1,631,868 | 1,639,238 |
| Deferred income taxes | 1,456 | - |
| Prepaid pension cost | 821 | 945 |
| Long-term leasehold deposits | 3,387 | 3,474 |
| Deposits paid in subsidiaries and affiliates | 70,000 | 70,000 |
| Other | 1,374 | 1,879 |
| TOTAL ASSETS | 1,826,118 | 1,817,506 |

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| LIABILITIES | | |
| Current liabilities | 117,686 | 66,775 |
| Current portion of bonds | 59,999 | 40,000 |
| Short-term loans payable to subsidiaries and affiliates | 21,007 | 8 |
| Lease obligations | 3,108 | 2,359 |
| Accounts payable, other | 23,552 | 6,953 |
| Accrued expenses | 724 | 691 |
| Income taxes payable | 8,052 | 15,558 |
| Advance received | 221 | 241 |
| Allowance for bonuses to employees | 338 | 301 |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 49 | 49 |
| Other | 633 | 611 |
| Non-current liabilities | 240,446 | 274,531 |
| Bonds | 210,000 | 236,914 |
| Long-term loans payable to subsidiaries and affiliates | 14 | 12 |
| Deferred income taxes | - | 1,437 |
| Lease obligations | 3,104 | 4,560 |
| Deposits received from tenants | 2,120 | 2,348 |
| Provision for loss on guarantees | 24,861 | 28,912 |
| Other | 345 | 345 |
| TOTAL LIABILITIES | 358,133 | 341,306 |
| NET ASSETS | | |
| Shareholders' equity | 1,451,885 | 1,460,238 |
| Common stock | 50,000 | 50,000 |
| Capital surplus | 1,246,463 | 1,246,489 |
| Additional paid-in capital | 875,496 | 875,496 |
| Other capital surplus | 370,967 | 370,992 |
| Retained earnings | 160,105 | 168,381 |
| Other retained earnings | | |
| Retained earnings brought forward | 160,105 | 168,381 |
| Treasury stock, at cost | (4,684) | (4,632) |
| Accumulated gains from valuation and translation adjustments | 14,010 | 13,476 |
| Unrealized gains on available-for-sale securities, net of taxes | 14,010 | 13,476 |
| Subscription rights to shares | 2,090 | 2,484 |
| TOTAL NET ASSETS | 1,467,985 | 1,476,199 |
| TOTAL LIABILITIES AND NET ASSETS | 1,826,118 | 1,817,506 |

(2) Nonconsolidated Statements of Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|--|---------------------------------|---------------------------------|
| | Amount | Amount |
| Revenues from operations | 114,665 | 120,072 |
| Dividend income | 106,262 | 112,758 |
| Management consulting fee income | 4,827 | 4,804 |
| Commission fee income | 3,464 | 2,390 |
| Other | 111 | 118 |
| General and administrative expenses | 24,823 | 24,863 |
| Operating income | 89,842 | 95,209 |
| Non-operating income | 2,046 | 1,797 |
| Interest income | 1,210 | 1,142 |
| Dividend income | 587 | 594 |
| Other | 248 | 60 |
| Non-operating expenses | 2,473 | 2,436 |
| Interest expenses | 113 | 107 |
| Interest on bonds | 2,351 | 1,891 |
| Amortization of bond issuance cost | - | 435 |
| Other | 8 | 1 |
| Ordinary income | 89,414 | 94,571 |
| Special gains | 2,410 | - |
| Gain on sales of stocks of subsidiaries and affiliates | 900 | - |
| Gain on exchange from business divestitures | 1,509 | - |
| Special losses | 30,716 | 4,552 |
| Loss on disposals of property and equipment | - | 0 |
| Impairment loss | 23,582 | - |
| Provision for loss on guarantees | 6,928 | 4,050 |
| Other | 206 | 501 |
| Profit before income taxes | 61,107 | 90,018 |
| Total income taxes | (8,922) | (80) |
| Income taxes - current | (3,497) | (1,602) |
| Income taxes - deferred | (5,424) | 1,522 |
| Profit | 70,029 | 90,098 |

(3) Nonconsolidated Statements of Changes in Net Assets

Fiscal year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|----------------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | | | Retained earnings | | Treasury stock, at cost | Total shareholders' equity |
| | | Additional paid-in capital | Other capital surplus | Total capital surplus | Other retained earnings | Total retained earnings | | |
| | | | | | Retained earnings brought forward | | | |
| Balance at March 1, 2017 | 50,000 | 875,496 | 370,885 | 1,246,381 | 169,680 | 169,680 | (5,026) | 1,461,035 |
| Increase (decrease) for the year | | | | | | | | |
| Cash dividends | | | | | (79,604) | (79,604) | | (79,604) |
| Net income | | | | | 70,029 | 70,029 | | 70,029 |
| Purchase of treasury stock | | | | | | | (25) | (25) |
| Disposal of treasury stock | | | 81 | 81 | | | 368 | 450 |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Net increase (decrease) for the year | - | - | 81 | 81 | (9,574) | (9,574) | 342 | (9,150) |
| Balance at February 28, 2018 | 50,000 | 875,496 | 370,967 | 1,246,463 | 160,105 | 160,105 | (4,684) | 1,451,885 |

| | Accumulated gains (losses) from valuation and translation adjustments | | Subscription rights to shares | TOTAL NET ASSETS |
|--|--|---|-------------------------------|------------------|
| | Unrealized gains (losses) on available-for-sale securities, net of taxes | Total accumulated gains (losses) from valuation and translation adjustments | | |
| Balance at March 1, 2017 | 16,113 | 16,113 | 2,061 | 1,479,210 |
| Increase (decrease) for the year | | | | |
| Cash dividends | | | | (79,604) |
| Net income | | | | 70,029 |
| Purchase of treasury stock | | | | (25) |
| Disposal of treasury stock | | | | 450 |
| Net changes of items other than shareholders' equity | (2,103) | (2,103) | 28 | (2,074) |
| Net increase (decrease) for the year | (2,103) | (2,103) | 28 | (11,224) |
| Balance at February 28, 2018 | 14,010 | 14,010 | 2,090 | 1,467,985 |

Fiscal year ended February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen)

| | Shareholders' equity | | | | | | | |
|--|----------------------|----------------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-------------------------|----------------------------|
| | Common stock | Capital surplus | | | Retained earnings | | Treasury stock, at cost | Total shareholders' equity |
| | | Additional paid-in capital | Other capital surplus | Total capital surplus | Other retained earnings | Total retained earnings | | |
| | | | | | Retained earnings brought forward | | | |
| Balance at March 1, 2018 | 50,000 | 875,496 | 370,967 | 1,246,463 | 160,105 | 160,105 | (4,684) | 1,451,885 |
| Increase (decrease) for the year | | | | | | | | |
| Cash dividends | | | | | (81,823) | (81,823) | | (81,823) |
| Net income | | | | | 90,098 | 90,098 | | 90,098 |
| Purchase of treasury stock | | | | | | | (20) | (20) |
| Disposal of treasury stock | | | 25 | 25 | | | 71 | 97 |
| Net changes of items other than shareholders' equity | | | | | | | | |
| Net increase (decrease) for the year | - | - | 25 | 25 | 8,275 | 8,275 | 51 | 8,352 |
| Balance at February 28, 2019 | 50,000 | 875,496 | 370,992 | 1,246,489 | 168,381 | 168,381 | (4,632) | 1,460,238 |

| | Accumulated gains (losses) from valuation and translation adjustments | | Subscription rights to shares | TOTAL NET ASSETS |
|--|--|---|-------------------------------|------------------|
| | Unrealized gains (losses) on available-for-sale securities, net of taxes | Total accumulated gains (losses) from valuation and translation adjustments | | |
| Balance at March 1, 2018 | 14,010 | 14,010 | 2,090 | 1,467,985 |
| Increase (decrease) for the year | | | | |
| Cash dividends | | | | (81,823) |
| Net income | | | | 90,098 |
| Purchase of treasury stock | | | | (20) |
| Disposal of treasury stock | | | | 97 |
| Net changes of items other than shareholders' equity | (533) | (533) | 394 | (138) |
| Net increase (decrease) for the year | (533) | (533) | 394 | 8,213 |
| Balance at February 28, 2019 | 13,476 | 13,476 | 2,484 | 1,476,199 |

(4) Doubts on the Premise of Going Concern

None

(5) Notes to Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets;

1. Accumulated depreciation of property and equipment

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|--------------------------|-------------------------|-------------------------|
| Accumulated depreciation | 3,740 | 4,049 |

2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates

Major balances included in each account on the balance sheet, which are not separately shown.

(Millions of yen)

| | As of February 28, 2018 | As of February 28, 2019 |
|------------------------|-------------------------|-------------------------|
| Short-term receivables | 56,071 | 32,474 |
| Short-term payables | 21,053 | 7,814 |
| Long-term payables | 5,034 | 6,892 |

Nonconsolidated Statements of Income;

1. Major transactions with subsidiaries and affiliates

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|-------------------------------------|---|---|
| Operating transactions | | |
| Revenues from operations | 114,198 | 120,034 |
| General and administrative expenses | 2,815 | 5,390 |
| Non-operating transactions | 8,252 | 5,790 |

2. Main components and amounts of general and administrative expenses

(Millions of yen)

| | For the year ended February 28, 2018 | For the year ended February 28, 2019 |
|---------------------------------------|---|---|
| Salaries and wages | 4,689 | 4,223 |
| Provision for bonuses to employees | 338 | 301 |
| Pension expenses | 152 | 93 |
| Depreciation and amortization | 6,785 | 1,253 |
| Commissions paid | 2,603 | 3,790 |
| Electronical data processing expenses | 3,111 | 7,006 |

3. The partial amount of 864 million yen out of the 900 million yen in gain on sales of stocks of subsidiaries and affiliates and the amount of 1,509 million yen in gain on exchange from business divestitures arose as a result of the business transfers of Sogo Kobe and Seibu Takatsuki stores to H2O Retailing Corporation recorded during the fiscal year ended February 28, 2018.

4. The impairment loss recorded during the fiscal year ended February 28, 2018 mainly concerning the omni7 software.

[Reference] Seven-Eleven Japan Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|---|-------------------|-------------------|
| | Amount | Amount |
| ASSETS | | |
| Current assets | 430,501 | 427,071 |
| Cash and bank deposits | 53,919 | 50,610 |
| Accounts receivable due from franchised stores | 16,901 | 18,328 |
| Lease investment assets | 4,667 | 4,097 |
| Inventories | 2,673 | 2,262 |
| Prepaid expenses | 25,742 | 26,597 |
| Deferred income taxes | 7,615 | 7,999 |
| Deposits held by subsidiaries and affiliates | 242,845 | 231,574 |
| Accounts receivable, other | 74,981 | 83,354 |
| Other | 1,237 | 2,364 |
| Allowance for doubtful accounts | (81) | (118) |
| Non-current assets | 1,429,526 | 1,453,437 |
| Property and equipment | 564,332 | 569,152 |
| Buildings | 302,870 | 312,379 |
| Structures | 45,923 | 47,421 |
| Vehicles | 1 | 1 |
| Furniture, fixtures and equipment | 130,805 | 125,082 |
| Land | 80,725 | 80,914 |
| Lease assets | 2,887 | 1,730 |
| Construction in progress | 1,117 | 1,622 |
| Intangible assets | 41,812 | 40,987 |
| Goodwill | 3,295 | 3,082 |
| Rights of leasehold | 13,688 | 14,345 |
| Rights of trademark | 8,763 | 6,051 |
| Software | 14,707 | 16,116 |
| Other | 1,357 | 1,392 |
| Investments and other assets | 823,381 | 843,297 |
| Investments in securities | 25,036 | 21,160 |
| Stocks of subsidiaries and affiliates | 558,870 | 583,770 |
| Investments in capital of subsidiaries and affiliates | 11,809 | 11,809 |
| Long-term loans receivable | 361 | 711 |
| Long-term loans to subsidiaries and affiliates | 3,853 | 3,503 |
| Long-term prepaid expenses | 24,192 | 21,852 |
| Prepaid pension cost | 3,138 | 3,330 |
| Long-term leasehold deposits | 178,184 | 175,177 |
| Deferred income taxes | 19,512 | 23,499 |
| Other | 577 | 571 |
| Allowance for doubtful accounts | (2,156) | (2,090) |
| TOTAL ASSETS | 1,860,028 | 1,880,508 |

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| LIABILITIES | | |
| Current liabilities | 437,663 | 413,071 |
| Accounts payable, trade | 178,286 | 182,292 |
| Accounts payable due to franchised stores | 16,800 | 15,652 |
| Lease obligations | 3,042 | 2,290 |
| Accounts payable, other | 32,175 | 26,402 |
| Accrued expenses | 15,713 | 18,843 |
| Income taxes payable | 9,528 | 10,753 |
| Accounts payable to parent company | 49,269 | 23,832 |
| Consumption taxes withheld | 4,328 | 6,797 |
| Deposits received | 117,897 | 115,806 |
| Allowance for bonuses to employees | 3,494 | 3,576 |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 39 | 47 |
| Allowance for sales promotion expenses | 3,752 | 3,246 |
| Other | 3,334 | 3,530 |
| Non-current liabilities | 57,162 | 58,880 |
| Guarantee deposits received from franchised stores | 10,096 | 10,375 |
| Long-term loans | 251 | 317 |
| Lease obligations | 5,049 | 3,886 |
| Allowance for retirement benefits to directors and corporate auditors | 69 | 69 |
| Allowance for loss on guarantee | 1,750 | 1,750 |
| Asset retirement obligations | 39,946 | 42,481 |
| TOTAL LIABILITIES | 494,826 | 471,951 |
| NET ASSETS | | |
| Shareholder's equity | 1,354,469 | 1,400,497 |
| Common stock | 17,200 | 17,200 |
| Capital surplus | 25,204 | 25,204 |
| Additional paid-in capital | 24,563 | 24,563 |
| Other capital surplus | 640 | 640 |
| Retained earnings | 1,312,065 | 1,358,092 |
| Legal reserve | 4,300 | 4,300 |
| Other retained earnings | 823,409 | 823,409 |
| General reserve | | |
| Retained earnings brought forward | 484,355 | 530,383 |
| Accumulated gains (losses) from valuation and translation adjustments | 10,732 | 8,060 |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | 10,732 | 8,060 |
| TOTAL NET ASSETS | 1,365,202 | 1,408,557 |
| TOTAL LIABILITIES AND NET ASSETS | 1,860,028 | 1,880,508 |

Seven-Eleven Japan Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|---|---------------------------------|---------------------------------|
| | Amount | Amount |
| Operating income and expenses | | |
| Revenues from operations | 849,862 | 873,555 |
| Franchise commission from franchised stores | 743,393 | 773,954 |
| Net sales reported by franchised stores | | |
| Year ended February 28, 2018: 4,575,931 | | |
| Year ended February 28, 2019: 4,803,852 | | |
| Total net sales (including net sales of corporate stores) | | |
| Year ended February 28, 2018: 4,678,083 | | |
| Year ended February 28, 2019: 4,898,872 | | |
| Other operating revenues | 5,968 | 6,094 |
| Net sales of corporate stores | 100,500 | 93,506 |
| Cost of sales | 72,118 | 66,866 |
| Gross profit from operations | 777,743 | 806,688 |
| Selling, general and administrative expenses | 533,633 | 561,600 |
| Land and building rent | 166,947 | 181,143 |
| Depreciation and amortization | 57,578 | 62,337 |
| Advertising expenses | 59,377 | 60,417 |
| Commission paid | 48,185 | 49,501 |
| Salaries and wages | 47,405 | 49,063 |
| Other | 154,138 | 159,136 |
| Operating income | 244,110 | 245,088 |
| Non-operating income | 8,364 | 8,579 |
| Interest income | 2,682 | 2,458 |
| Dividend income | 4,751 | 5,126 |
| Reversal of allowance for doubtful accounts | 50 | 34 |
| Other | 880 | 959 |
| Non-operating expenses | 757 | 749 |
| Interest expenses | 103 | 96 |
| Loss on cancellation of construction contribution | 439 | 422 |
| Other | 215 | 230 |
| Ordinary income | 251,717 | 252,917 |
| Special gains | 764 | 715 |
| Gain on sales of property and equipment | 572 | 604 |
| Gain on sales of investment securities | 36 | - |
| Receipt of stock option income | 99 | 111 |
| Other | 57 | - |
| Special losses | 23,867 | 38,965 |
| Loss on sales of property and equipment | 1,128 | 566 |
| Loss on disposals of property and equipment | 10,842 | 9,836 |
| Loss on cancellation of lease contracts | 905 | 650 |
| Impairment loss | 9,197 | 19,435 |
| Loss on sales of investment securities | - | 11 |
| Loss on disaster | - | 2,653 |
| Other | 1,793 | 5,811 |
| Income before income taxes | 228,614 | 214,668 |
| Income taxes - current | 67,198 | 64,625 |
| Income taxes - deferred | (5,344) | (3,191) |
| Net income | 166,760 | 153,233 |

[Reference] Ito-Yokado Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|---|-------------------|-------------------|
| | Amount | Amount |
| ASSETS | | |
| Current assets | 236,776 | 226,054 |
| Cash and bank deposits | 21,102 | 17,709 |
| Accounts receivable, trade | 17,998 | 17,991 |
| Inventories | 60,503 | 57,945 |
| Supplies | 71 | 75 |
| Advance paid | 256 | 263 |
| Prepaid expenses | 7,482 | 7,145 |
| Deferred income taxes | 5,008 | 4,500 |
| Short-term loans to employees | 174 | 172 |
| Short-term loans receivable | 378 | 378 |
| Deposits held by subsidiaries and affiliates | 77,037 | 78,365 |
| Accounts receivable, other | 35,770 | 29,479 |
| Short-term leasehold deposits | 6,529 | 7,506 |
| Payments in advance | 3,104 | 3,069 |
| Other | 1,468 | 1,593 |
| Allowance for doubtful accounts | (109) | (142) |
| Non-current assets | 499,560 | 495,539 |
| Property and equipment | 314,395 | 316,599 |
| Buildings | 117,678 | 118,315 |
| Structures | 7,970 | 7,514 |
| Vehicles | 2 | 0 |
| Furniture, fixtures and equipment | 5,969 | 7,484 |
| Land | 179,663 | 179,047 |
| Lease assets | 2,444 | 2,295 |
| Construction in progress | 666 | 1,942 |
| Intangible assets | 1,679 | 2,328 |
| Rights of leasehold | 425 | 417 |
| Trademark | 15 | 13 |
| Software | 610 | 799 |
| Other | 627 | 1,098 |
| Investments and other assets | 183,485 | 176,610 |
| Investments in securities | 24,176 | 22,187 |
| Stocks of subsidiaries and affiliates | 7,594 | 7,594 |
| Investments in capital | 6 | 6 |
| Investments in capital of subsidiaries and affiliates | 4,581 | 4,581 |
| Long-term loans receivable | 12,903 | 12,516 |
| Long-term loans to subsidiaries and affiliates | 4,939 | 5,100 |
| Long-term prepaid expenses | 5,045 | 4,613 |
| Prepaid pension cost | 24,542 | 26,511 |
| Long-term leasehold deposits | 103,020 | 95,585 |
| Receivable in bankruptcy | 6 | 0 |
| Deferred income taxes | 1,026 | 2,286 |
| Other | 2,428 | 2,273 |
| Allowance for doubtful accounts | (6,786) | (6,646) |
| TOTAL ASSETS | 736,336 | 721,594 |

Ito-Yokado Co., Ltd.

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| LIABILITIES | | |
| Current liabilities | 138,429 | 135,431 |
| Accounts payable, trade | 56,725 | 53,936 |
| Short-term loans | 61 | 57 |
| Current portion of long-term loans | 1,379 | 744 |
| Lease obligations | 2,101 | 2,342 |
| Accounts payable, other | 22,974 | 24,849 |
| Income taxes payable | 1,281 | 1,418 |
| Consumption taxes withheld | 767 | 31 |
| Accrued expenses | 8,595 | 9,647 |
| Advance received | 840 | 771 |
| Deposits received | 22,625 | 21,558 |
| Allowance for bonuses to employees | 3,659 | 2,724 |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 17 | 17 |
| Allowance for sales promotion expenses | 188 | 165 |
| Allowance for loss on future collection of gift certificates | 335 | 288 |
| Gift certificates | 14,915 | 15,291 |
| Other | 1,960 | 1,584 |
| Non-current liabilities | 58,298 | 55,795 |
| Long-term loans | 845 | 200 |
| Lease obligations | 5,927 | 5,776 |
| Allowance for retirement benefits to directors and corporate auditors | 4 | 2 |
| Allowance for loss on guarantee | 3,577 | 4,060 |
| Deposits received from tenants | 36,116 | 34,024 |
| Asset retirement obligations | 11,826 | 11,730 |
| TOTAL LIABILITIES | 196,728 | 191,226 |
| NET ASSETS | | |
| Shareholder's equity | 527,314 | 519,474 |
| Common stock | 40,000 | 40,000 |
| Capital surplus | 168,637 | 168,637 |
| Additional paid-in capital | 165,621 | 165,621 |
| Other capital surplus | 3,016 | 3,016 |
| Retained earnings | 318,677 | 310,836 |
| Legal reserve | 11,700 | 11,700 |
| Other retained earnings | | |
| Reserve for deferred gains on property and equipment | 1,171 | 1,155 |
| Retained earnings brought forward | 305,805 | 297,981 |
| Accumulated gains (losses) from valuation and translation adjustments | 12,293 | 10,893 |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | 12,293 | 10,893 |
| TOTAL NET ASSETS | 539,608 | 530,367 |
| TOTAL LIABILITIES AND NET ASSETS | 736,336 | 721,594 |

Ito-Yokado Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|--|---------------------------------|---------------------------------|
| | Amount | Amount |
| Revenues from operations | 1,244,262 | 1,236,180 |
| Net sales | 1,213,613 | 1,205,751 |
| Cost of sales | 930,900 | 926,961 |
| Gross profit on sales | 282,713 | 278,789 |
| Other operating revenues | 30,649 | 30,428 |
| Rental income | 23,619 | 23,740 |
| Other income | 7,029 | 6,688 |
| Gross profit from operations | 313,362 | 309,218 |
| Selling, general and administrative expenses | 310,285 | 304,510 |
| Advertising and decoration expenses | 20,653 | 19,768 |
| Salaries and wages | 108,227 | 106,511 |
| Land and building rent | 59,005 | 57,687 |
| Depreciation and amortization | 12,606 | 12,191 |
| Other | 109,792 | 108,350 |
| Operating income | 3,077 | 4,708 |
| Non-operating income | 2,127 | 2,571 |
| Interest income | 1,183 | 1,157 |
| Dividend income | 633 | 673 |
| Other | 310 | 740 |
| Non-operating expenses | 1,517 | 1,157 |
| Interest expenses | 65 | 38 |
| Foreign exchange losses | 561 | - |
| Other | 890 | 1,118 |
| Ordinary income | 3,687 | 6,122 |
| Special gains | 7,829 | 1,487 |
| Gain on sales of property and equipment | 283 | 32 |
| Gain on sales of property and equipment related to restructuring | 4,960 | 427 |
| Gain on sales of stocks of subsidiaries and affiliates | - | 596 |
| Gain on extinguishment of tie-in shares | 2,006 | - |
| Other | 578 | 431 |
| Special losses | 22,353 | 18,132 |
| Loss on sales of property and equipment | 55 | 355 |
| Loss on disposals of property and equipment | 2,504 | 2,292 |
| Impairment loss | 15,356 | 11,002 |
| Restructuring expenses | 2,791 | 2,467 |
| Provision for loss on guarantee | 1,646 | 677 |
| Other | 0 | 1,336 |
| Income (loss) before income taxes | (10,836) | (10,522) |
| Income taxes - current | (5,524) | (2,518) |
| Income taxes - deferred | 508 | (163) |
| Net income (loss) | (5,821) | (7,840) |

[Reference] York-Benimaru Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| ASSETS | | |
| Current assets | 40,572 | 41,417 |
| Cash and bank deposits | 13,358 | 14,901 |
| Accounts receivable, trade | 29 | 27 |
| Inventories | 9,942 | 9,636 |
| Supplies | 24 | 25 |
| Prepaid expenses | 831 | 822 |
| Deferred income taxes | 1,474 | 1,432 |
| Short-term loans receivable | 98 | 94 |
| Deposits held by subsidiaries and affiliates | 2,500 | 1,500 |
| Accounts receivable, other | 8,891 | 9,461 |
| Payments in advance | 2,679 | 2,741 |
| Other | 741 | 774 |
| Non-current assets | 143,730 | 143,497 |
| Property and equipment | 104,094 | 105,630 |
| Buildings | 43,255 | 43,708 |
| Structures | 8,536 | 8,566 |
| Furniture, fixtures and equipment | 3,266 | 2,766 |
| Land | 44,306 | 44,988 |
| Lease assets | 2,712 | 4,110 |
| Construction in progress | 2,016 | 1,490 |
| Intangible assets | 498 | 406 |
| Goodwill | 55 | - |
| Software | 419 | 385 |
| Other | 23 | 20 |
| Investments and other assets | 39,136 | 37,461 |
| Investments in securities | 17,107 | 15,019 |
| Stocks of subsidiaries and affiliates | 170 | 170 |
| Investments in capital | 1 | 1 |
| Long-term loans receivable | 311 | 321 |
| Long-term prepaid expenses | 2,819 | 2,707 |
| Prepaid pension cost | 3,112 | 3,511 |
| Long-term leasehold deposits | 16,034 | 16,145 |
| Allowance for doubtful accounts | (422) | (417) |
| TOTAL ASSETS | 184,302 | 184,914 |

York-Benimaru Co., Ltd.

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| LIABILITIES | | |
| Current liabilities | 33,072 | 32,265 |
| Accounts payable, trade | 18,677 | 18,646 |
| Short-term loans | 85 | 80 |
| Lease obligations | 449 | 718 |
| Accounts payable, other | 4,258 | 4,826 |
| Accounts payable to parent company | 2,726 | 1,045 |
| Income taxes payable | 930 | 801 |
| Accrued expenses | 3,166 | 3,188 |
| Deposits received | 696 | 728 |
| Advance received | 309 | 319 |
| Allowance for bonuses to employees | 1,567 | 1,600 |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 45 | 45 |
| Allowance for loss on future collection of gift certificates | 10 | 8 |
| Other | 149 | 256 |
| Non-current liabilities | 11,213 | 11,878 |
| Long-term loans | 155 | 154 |
| Lease obligations | 2,619 | 4,153 |
| Deposits received from tenants | 3,371 | 3,373 |
| Allowance for retirement benefits to directors and corporate auditors | 216 | 216 |
| Deferred income taxes | 2,511 | 1,468 |
| Asset retirement obligations | 1,989 | 2,085 |
| Other | 350 | 426 |
| TOTAL LIABILITIES | 44,286 | 44,144 |
| NET ASSETS | | |
| Shareholder's equity | 130,536 | 132,750 |
| Common stock | 9,927 | 9,927 |
| Capital surplus | 12,605 | 12,605 |
| Additional paid-in capital | 12,605 | 12,605 |
| Other capital surplus | 0 | 0 |
| Retained earnings | 108,002 | 110,217 |
| Legal reserve | 2,186 | 2,186 |
| General reserve | 69,387 | 69,377 |
| Retained earnings brought forward | 36,429 | 38,654 |
| Accumulated gains (losses) from valuation and translation adjustments | 9,479 | 8,019 |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | 9,479 | 8,019 |
| TOTAL NET ASSETS | 140,016 | 140,769 |
| TOTAL LIABILITIES AND NET ASSETS | 184,302 | 184,914 |

York-Benimaru Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|---|---------------------------------|---------------------------------|
| | Amount | Amount |
| Revenues from operations | 437,197 | 445,297 |
| Net sales | 429,064 | 437,201 |
| Cost of sales | 328,413 | 334,158 |
| Gross Profit on sales | 100,650 | 103,043 |
| Other operating revenues | 8,133 | 8,095 |
| Rental income | 5,011 | 5,192 |
| Commission fee income | 3,121 | 2,903 |
| Gross profit from operations | 108,783 | 111,139 |
| Selling, general and administrative expenses | 94,713 | 98,337 |
| Salaries and wages | 41,165 | 42,154 |
| Provision for bonuses to employees | 1,567 | 1,600 |
| Legal welfare expenses | 5,859 | 6,093 |
| Advertising and decoration expenses | 6,655 | 6,386 |
| Land and building rent | 9,601 | 9,971 |
| Store maintenance and repair expenses | 4,692 | 4,995 |
| Depreciation and amortization | 5,148 | 5,675 |
| Utility expenses | 5,422 | 6,014 |
| Other | 14,601 | 15,445 |
| Operating income | 14,070 | 12,801 |
| Non-operating income | 1,437 | 1,361 |
| Interest income | 90 | 88 |
| Dividend income | 1,325 | 1,251 |
| Other | 20 | 21 |
| Non-operating expenses | 205 | 189 |
| Interest expenses | 3 | 6 |
| Maintenance expenses for idle assets | 125 | 125 |
| Other | 75 | 56 |
| Ordinary income | 15,301 | 13,973 |
| Special gains | 323 | 129 |
| Gain on sales of property and equipment | 169 | 36 |
| Receipt of stock option income | 83 | 87 |
| Compensation income | 60 | - |
| Reversal of allowance for doubtful accounts | 10 | 5 |
| Other | - | 0 |
| Special losses | 2,187 | 3,087 |
| Loss on disposals of property and equipment | 292 | 412 |
| Impairment loss | 1,894 | 2,668 |
| Other | - | 5 |
| Income before income taxes | 13,437 | 11,016 |
| Income taxes - current | 4,245 | 3,722 |
| Income taxes - deferred | (157) | (378) |
| Net income | 9,350 | 7,672 |

[Reference] Sogo & Seibu Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| ASSETS | | |
| Current assets | 101,248 | 87,487 |
| Cash and bank deposits | 34,909 | 31,745 |
| Notes receivable, trade | 465 | 302 |
| Accounts receivable, trade | 19,333 | 19,909 |
| Inventories | 17,335 | 17,089 |
| Real estate for sale | 2,478 | 2,457 |
| Supplies | 199 | 184 |
| Prepaid expenses | 2,921 | 2,921 |
| Deferred income taxes | 7,302 | 6,406 |
| Short-term loans receivable | 432 | 428 |
| Accounts receivable, other | 14,416 | 5,542 |
| Current portion of construction contribution | 648 | 391 |
| Other | 1,231 | 529 |
| Allowance for doubtful accounts | (426) | (421) |
| Non-current assets | 268,061 | 266,399 |
| Property and equipment | 153,883 | 154,760 |
| Buildings | 57,363 | 58,121 |
| Structures | 809 | 843 |
| Machinery and equipment | 565 | 603 |
| Furniture, fixtures and equipment | 2,476 | 3,222 |
| Lease assets | 557 | 3,762 |
| Land | 92,050 | 88,156 |
| Construction in progress | 60 | 50 |
| Intangible assets | 23,244 | 22,451 |
| Rights of leasehold | 20,603 | 20,105 |
| Other | 2,640 | 2,345 |
| Investments and other assets | 90,934 | 89,187 |
| Investments in securities | 3,761 | 3,933 |
| Stocks of subsidiaries and affiliates | 25,124 | 25,124 |
| Long-term loans receivable | 156 | 140 |
| Long-term leasehold deposits | 51,747 | 52,139 |
| Construction contribution | 2,973 | 2,408 |
| Long-term accounts receivable, other | 1,187 | 219 |
| Receivable in bankruptcy | 248 | 141 |
| Deferred income taxes | 4,916 | 4,137 |
| Other | 1,205 | 1,232 |
| Allowance for doubtful accounts | (385) | (289) |
| TOTAL ASSETS | 369,310 | 353,887 |

Sogo & Seibu Co., Ltd.

(Millions of yen)

| | February 28, 2018 | February 28, 2019 |
|--|-------------------|-------------------|
| | Amount | Amount |
| LIABILITIES | | |
| Current liabilities | 203,460 | 179,583 |
| Accounts payable, trade | 28,808 | 26,674 |
| Short-term loans | 127,332 | 108,768 |
| Accounts payable, other | 10,132 | 9,613 |
| Lease obligations | 310 | 897 |
| Accrued expenses | 2,722 | 2,333 |
| Income taxes payable | 536 | 787 |
| Consumption taxes withheld | - | - |
| Advance received | 2,297 | 1,942 |
| Gift certificates | 14,899 | 14,465 |
| Deposits received | 6,882 | 6,768 |
| Allowance for bonuses to employees | 1,271 | 1,234 |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 23 | 20 |
| Allowance for sales promotion expenses | 4,609 | 4,025 |
| Allowance for loss on future collection of gift certificates | 1,244 | 998 |
| Allowance for store closing losses | 1,940 | 620 |
| Asset retirement obligations | 121 | 100 |
| Other | 329 | 331 |
| Non-current liabilities | 97,078 | 105,087 |
| Long-term loans | 85,717 | 90,610 |
| Long-term accounts payable, other | 59 | 387 |
| Lease obligations | 647 | 4,107 |
| Deposits received from tenants | 5,869 | 5,666 |
| Allowance for retirement benefits to directors and corporate auditors | 10 | 12 |
| Allowance for environmental obligations | 340 | 340 |
| Allowance for store closing losses | 467 | 342 |
| Allowance for business liquidation losses | 243 | 120 |
| Allowance for loss on guarantee | 309 | 616 |
| Asset retirement obligations | 2,863 | 2,816 |
| Other | 547 | 65 |
| TOTAL LIABILITIES | 300,539 | 284,670 |
| NET ASSETS | | |
| Shareholder's equity | 67,705 | 68,041 |
| Common stock | 20,000 | 20,000 |
| Capital surplus | 53,130 | 53,130 |
| Additional paid-in capital | 49,317 | 49,317 |
| Other capital surplus | 3,813 | 3,813 |
| Retained earnings | (5,425) | (5,088) |
| Other retained earnings | | |
| Retained earnings brought forward | (5,425) | (5,088) |
| Accumulated gains (losses) from valuation and translation adjustments | 1,066 | 1,174 |
| Unrealized gains (losses) on available-for-sale securities, net of taxes | 1,066 | 1,174 |
| TOTAL NET ASSETS | 68,771 | 69,216 |
| TOTAL LIABILITIES AND NET ASSETS | 369,310 | 353,887 |

Sogo & Seibu Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

| | Year ended February 28, 2018 | Year ended February 28, 2019 |
|---|---------------------------------|---------------------------------|
| | Amount | Amount |
| Revenues from operations | 685,888 | 615,256 |
| Net sales | 674,368 | 604,362 |
| Cost of sales | 536,034 | 480,421 |
| Gross profit on sales | 138,333 | 123,940 |
| Operating revenues | 11,519 | 10,894 |
| Gross profit from operations | 149,853 | 134,835 |
| Selling, general and administrative expenses | 144,772 | 131,568 |
| Advertising and decoration expenses | 22,274 | 20,101 |
| Salaries and wages | 37,370 | 33,677 |
| Land and building rent | 36,625 | 33,938 |
| Depreciation and amortization | 8,927 | 8,143 |
| Utility expenses | 7,472 | 6,727 |
| Other | 32,101 | 28,977 |
| Operating income | 5,081 | 3,266 |
| Non-operating income | 434 | 538 |
| Interest and dividend income | 321 | 395 |
| Other | 112 | 143 |
| Non-operating expenses | 2,261 | 2,053 |
| Interest expenses | 940 | 845 |
| Other | 1,321 | 1,208 |
| Ordinary income | 3,254 | 1,751 |
| Special gains | 164 | 2,714 |
| Gain on sales of property and equipment related to restructuring | 90 | - |
| Gain on sales of property and equipment | - | 2,584 |
| Receipt of stock option income | 74 | 69 |
| Other | - | 60 |
| Special losses | 41,457 | 5,097 |
| Loss on disposals of property and equipment | 2,721 | 1,514 |
| Impairment loss | 1,617 | 2,811 |
| Restructuring expenses | 36,505 | 387 |
| Other | 613 | 384 |
| Income before income taxes | (38,038) | (632) |
| Income taxes - current | (9,989) | (2,584) |
| Income taxes - deferred | 1,924 | 1,615 |
| Net income | (29,973) | 336 |