



July 4, 2019

Consolidated Financial Results for the Three Months Ended May 31, 2019

Seven & i Holdings Co., Ltd.

(URL <https://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.

Submission date of quarterly securities report scheduled: July 12, 2019

Starting date of paying dividend: -

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

(Notes) 1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.

(Notes) 2. All amounts less than one million yen have been disregarded.

1. Business Results for the Three Months ended May 31, 2019 (from March 1, 2019 to May 31, 2019)

(1) Results of Operations (cumulative)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Three Months ended May 31, 2019	1,596,457	(0.2)%	90,335	4.6%	88,809	4.6%
Three Months ended May 31, 2018	1,599,034	8.9%	86,376	2.7%	84,931	1.6%

	Net income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Three Months ended May 31, 2019	52,096	21.5%	58.89	(yen)	58.84	(yen)
Three Months ended May 31, 2018	42,887	27.5%	48.48	(yen)	48.44	(yen)

(Note) Comprehensive income:

Three Months ended May 31, 2019: 58,954 million yen [-%]

Three Months ended May 31, 2018: (352) million yen [-%]

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

Three Months ended May 31, 2019: 2,894,840 million yen [1.5%]

Three Months ended May 31, 2018: 2,851,031 million yen [6.6%]

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share
As of May 31, 2019	5,945,395	2,640,934	41.9%	2,816.20 (yen)
As of February 28, 2019	5,795,065	2,672,486	43.5%	2,850.42 (yen)

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

As of May 31, 2019: 2,491,192 million yen

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

(Note) "Partial Amendments to the Accounting Standard for Tax Effect Accounting" (ASBJ No.28; February 16, 2018), have been applied from the beginning of the first quarter of the fiscal year ending February 29, 2020, and results for the fiscal year ended February 28, 2019 are those after retrospective application.

2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended February 28, 2019	-	47.50	-	47.50	95.00
Year ending February 29, 2020	-				
Year ending February 29, 2020 (forecast)		47.50	-	47.50	95.00

(Note) Revision of dividends forecast during the current quarterly period: None

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 includes 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 period:

(changes in specific subsidiaries accompanying change in scope of consolidation): None

Added: none

Excluded: none

(2) Application of specific accounting for preparing the quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates or restatements

1.Changes due to amendment of accounting standards: Yes

(Application of Financial Accounting Standards Board Accounting Standards Update (ASU) No.2014-09 "Revenue from Contracts with Customers(Topic606)")

Subsidiaries in North America that adopt USGAAP have applied ASU No.2014-09 "Revenue from Contracts with Customers(Topic606)" from the first three months of the fiscal year ending February 29, 2020.Due to this application, the Company has revised the standard for revenue recognition, and recognizes revenue for all contracts at the expected amount of consideration for the promised goods and services at the time of transfer to the customer. In applying the accounting standard, retained earnings have been adjusted for the cumulative effects of the application at the beginning of the first three months of the fiscal year ending February 29, 2020. As a result, the balance of retained earnings at the beginning of the fiscal year February 29, 2020 decrease 43,794 million yen. The effect of this adjustment on the profits and losses for the first three months of the fiscal year ending February 29, 2020 is immaterial.

(Application of Financial Accounting Standards Board Accounting Standards Update (ASU) No.2016-18 "Statement of Cash Flows Restricted Cash (a consensus of the FASB Emerging Issues Task Force)")

Subsidiaries in North America that adopt USGAAP have applied ASU No.2016-18 "Statement of Cash Flows Restricted Cash (a consensus of the FASB Emerging Issues Task Force)" from the first three months of the fiscal year ending February 29, 2020. This ASU requires an entity to report restricted cash and cash equivalents in cash and cash equivalents in the consolidated cash flow statement. As a result of adopting this standard, cash and cash equivalents in the quarterly consolidated cash flow statements for the three months ended May 31, 2019 and 2018 indicate cash and cash equivalents including restricted cash.

2. Changes due to other reasons other than 1: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury stock)

As of May 31, 2019: 886,441,983 shares

As of February 28, 2019: 886,441,983 shares

2. Number of treasury stock at the end of period

As of May 31, 2019: 1,848,337 shares

As of February 28, 2019: 1,873,384 shares

3. Average number of shares during the period (cumulative quarterly consolidated period)

As of May 31, 2019: 884,592,007 shares

As of May 31, 2019: 884,562,080 shares

(5) Supplementary information

“Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan (“ASBJ”) Statement No.28, February 16, 2018), etc. have been applied from the first three months of the fiscal year ending February 29, 2020. Accordingly, deferred tax assets have been reclassified under investments and other assets, and deferred tax liabilities have been reclassified under non-current liabilities.

As a result, on the consolidated balance sheets for the fiscal year ended February 28, 2019, “deferred income taxes” in current assets, “other” in current liabilities, “deferred income taxes” in non-current liabilities decreased by 26,582 million yen, 31 million yen, 205 million yen, respectively, while “deferred income taxes” in investments and other assets increased by 26,345 million yen.

NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

This quarterly financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results statement, the quarterly review procedure based upon the Financial Instruments and Exchange Act has not been completed.

FORWARD LOOKING STATEMENTS

1. The forecast for the year ending February 29, 2020 is based on Seven & i Holdings’ hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company’s future performance to differ significantly from the contents of the forecast.
2. Brief summary for the first quarter of FY2020 will be posted on the Company’s website (<https://www.7andi.com/en/ir/library/kh/202002.html>). The presentation materials related to financial results which will be used at the financial results presentation planned to be held on July 4, 2019, will be posted as soon as possible after the presentation.

Attached Materials

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5. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	February 28, 2019	May 31, 2019
	Amount	Amount
ASSETS		
Current assets	2,326,459	2,461,631
Cash and bank deposits	1,314,564	1,368,879
Notes and accounts receivable - trade	336,070	380,797
Trade accounts receivable - financial services	101,490	102,402
Merchandise and finished goods	178,178	182,104
Work in process	60	55
Raw materials and supplies	2,781	2,723
Prepaid expenses	55,867	60,301
ATM-related temporary payments	95,694	97,422
Other	247,497	273,590
Allowance for doubtful accounts	(5,747)	(6,645)
Non-current assets	3,468,504	3,483,650
Property and equipment	2,118,630	2,131,351
Buildings and structures, net	954,093	968,455
Furniture, fixtures and equipment, net	306,321	315,659
Land	751,616	752,366
Lease assets, net	6,858	6,927
Construction in progress	89,463	76,121
Other, net	10,277	11,820
Intangible assets	608,487	608,721
Goodwill	371,969	366,924
Software	85,475	91,163
Other	151,043	150,632
Investments and other assets	741,385	743,578
Investments in securities	191,985	198,342
Long-term loans receivable	14,415	14,317
Long-term leasehold deposits	372,348	369,223
Advances for store construction	548	729
Net defined benefit asset	43,666	44,617
Deferred income taxes	57,424	55,361
Other	63,878	63,785
Allowance for doubtful accounts	(2,881)	(2,800)
Deferred assets	101	113
Business commencement expenses	101	113
TOTAL ASSETS	5,795,065	5,945,395

(Millions of yen)

	February 28, 2019	May 31, 2019
	Amount	Amount
LIABILITIES		
Current liabilities	1,992,763	2,155,687
Notes and accounts payable, trade	411,602	460,628
Short-term loans	143,160	140,360
Current portion of bonds	50,000	70,000
Current portion of long-term loans	106,688	100,015
Income taxes payable	42,642	14,314
Accrued expenses	128,802	132,032
Deposits received	174,043	276,080
ATM-related temporary advances	43,530	39,792
Allowance for sales promotion expenses	19,467	19,008
Allowance for bonuses to employees	13,829	25,721
Allowance for bonuses to Directors and Audit & Supervisory Board Members	364	37
Allowance for loss on future collection of gift certificates	1,296	1,217
Provision for sales returns	98	92
Deposits received in banking business	588,395	591,900
Other	268,841	284,486
Non-current liabilities	1,129,814	1,148,772
Bonds	361,914	341,914
Long-term loans	443,425	447,559
Deferred income taxes	43,926	35,610
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	925	801
Allowance for stock payments	159	182
Net defined benefit liability	7,534	7,245
Deposits received from tenants and franchised stores	53,145	53,039
Asset retirement obligations	85,971	86,542
Other	132,811	175,876
TOTAL LIABILITIES	3,122,578	3,304,460
NET ASSETS		
Shareholders' equity	2,470,808	2,438,069
Common stock	50,000	50,000
Capital surplus	409,859	409,663
Retained earnings	2,015,630	1,983,025
Treasury stock, at cost	(4,680)	(4,619)
Total accumulated other comprehensive income	50,587	53,123
Unrealized gains on available-for-sale securities, net of taxes	26,150	26,944
Unrealized losses on hedging derivatives, net of taxes	(69)	(166)
Foreign currency translation adjustments	23,768	26,385
Remeasurements of defined benefit plans	737	(40)
Subscription rights to shares	2,805	2,715
Non-controlling interests	148,285	147,025
TOTAL NET ASSETS	2,672,486	2,640,934
TOTAL LIABILITIES AND NET ASSETS	5,795,065	5,945,395

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

(Millions of yen)

	Three Months ended May 31, 2018	Three Months ended May 31, 2019
	Amount	Amount
Revenues from operations	1,599,034	1,596,457
Net sales	1,295,140	1,278,095
Cost of sales	1,034,555	1,014,933
Gross profit on sales	260,584	263,162
Operating revenues	303,894	318,361
Gross profit from operations	564,479	581,524
Selling, general and administrative expenses	478,102	491,188
Operating income	86,376	90,335
Non-operating income	2,861	2,367
Interest income	1,353	917
Equity in earnings of affiliates	-	593
Other	1,508	857
Non-operating expenses	4,306	3,894
Interest expenses	2,585	2,410
Interest on bonds	580	438
Equity in losses of affiliates	106	-
Other	1,034	1,045
Ordinary income	84,931	88,809
Special gains	876	1,211
Gain on sales of property and equipment	686	534
Gain on sales of property and equipment related to Restructuring	-	78
Compensation income	-	445
Other	189	152
Special losses	15,200	7,602
Loss on disposals of property and equipment	4,772	3,351
Impairment loss on property and equipment	3,942	1,852
Loss on sales of shares of subsidiaries	3,320	-
Restructuring expenses	1,262	382
Other	1,902	2,015
Income before income taxes	70,607	82,418
Total Income taxes	23,463	25,968
Income taxes - current	24,051	17,830
Income taxes - deferred	(587)	8,137
Net income	47,143	56,450
Net income attributable to non-controlling interests	4,256	4,353
Net income attributable to owners of parent	42,887	52,096

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three Months ended May 31, 2018	Three Months ended May 31, 2019
	Amount	Amount
Net income	47,143	56,450
Other comprehensive income (loss)		
Unrealized gains (loss) on available-for-sale securities, net of taxes	2,661	714
Unrealized gains (loss) on hedging derivatives, net of taxes	24	(97)
Foreign currency translation adjustments, net of taxes	(50,644)	2,668
Remeasurements of defined benefit plans, net of taxes	465	(782)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	(3)	0
Total other comprehensive income (loss)	(47,496)	2,504
Comprehensive income (loss)	(352)	58,954
Comprehensive income (loss) attributable to owners of parent	(3,708)	54,632
Comprehensive income attributable to non-controlling interests	3,355	4,321

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three Months ended May 31, 2018	Three Months ended May 31, 2019
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	70,607	82,418
Depreciation and amortization	53,187	55,629
Impairment loss on property and equipment	5,006	2,014
Amortization of goodwill	5,915	5,882
Interest income	(1,353)	(917)
Interest expenses and interest on bonds	3,166	2,848
Equity in losses (earnings) of affiliates	106	(593)
Gain on sales of property and equipment	(686)	(613)
Loss on disposals of property and equipment	4,772	3,351
Loss on sales of shares of subsidiaries	3,320	-
Increase in notes and accounts receivable, trade	(32,560)	(44,590)
Increase in trade accounts receivable, financial services	(648)	(912)
Increase in inventories	(181)	(3,807)
Increase in notes and accounts payable, trade	55,815	48,902
Increase in deposits received	78,776	102,029
Net decrease in loans in banking business	-	(10,000)
Net decrease in corporate bonds in banking business	(15,000)	-
Net increase (decrease) in deposits received in banking business	(10,287)	3,504
Net increase in call money in banking business	50,000	-
Net change in ATM-related temporary accounts	554	(5,464)
Other	(4,379)	(9,382)
Subtotal	266,129	230,302
Interest and dividends received	915	647
Interest paid	(2,800)	(2,849)
Income taxes paid	(37,322)	(45,844)
Net cash provided by operating activities	226,921	182,256
Cash flows from investing activities:		
Acquisition of property and equipment	(265,361)	(74,561)
Proceeds from sales of property and equipment	43,335	2,282
Acquisition of intangible assets	(8,759)	(9,796)
Payment for purchase of investments in securities	(15,133)	(7,484)
Proceeds from sales of investments in securities	3,200	4,973
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	-	12
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	(127)	-
Payment for long-term leasehold deposits	(3,487)	(3,086)
Refund of long-term leasehold deposits	8,781	8,874
Proceeds from deposits from tenants	738	790
Refund of deposits from tenants	(1,227)	(1,511)
Payment for acquisition of business	(167,327)	-
Payment for time deposits	(2,323)	(654)
Proceeds from withdrawal of time deposits	997	2,202
Other	(1,004)	(4,620)
Net cash used in investing activities	(407,698)	(82,580)

(Millions of yen)

	Three Months ended May 31, 2018	Three Months ended May 31, 2019
	Amount	Amount
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	140,646	(2,800)
Proceeds from long-term debts	106,898	17,200
Repayment of long-term debts	(32,540)	(9,720)
Proceeds from commercial paper	2,272	-
Payment for redemption of commercial paper	(2,272)	-
Proceeds from share issuance to non-controlling shareholders	0	-
Dividends paid	(39,365)	(41,421)
Dividends paid to non-controlling interests	(388)	(662)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(1,120)
Other	4,935	(7,913)
Net cash used in financing activities	180,184	(46,437)
Effect of exchange rate changes on cash and cash equivalents	(9,723)	294
Net increase (decrease) in cash and cash equivalents	(10,315)	53,532
Cash and cash equivalents at beginning of period	1,300,917	1,310,729
Cash and cash equivalents at end of period	1,290,601	1,364,261

(4) Doubts on the Premise of Going Concern

None

(5) Notes to Consolidated Quarterly Statements of Income

A breakdown of Restructuring expenses listed below.

(Millions of yen)

	Three Months ended May 31, 2018	Three Months ended May 31, 2019
Impairment loss	1,063	162
Early retirement benefit	12	94
Store closing losses	184	2
Others	2	123
Total	1,262	382

Note: The "Gain on sales of property and equipment related to restructuring" was recorded under "Special gains" for the fiscal years ended May 31, 2019. This amount was 78 million yen for the first quarter of the current consolidated financial year (ending February 29, 2020).

(6) Notes to Consolidated Quarterly Statements of Cash Flows

Reconciliation of Cash and cash equivalents as of May 31, 2018 and 2019 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows are as follows.

(Millions of yen)

	Three Months ended May 31, 2018	Three Months ended May 31, 2019
Cash and bank deposits	1,307,489	1,368,879
Restricted cash	359	6,953
Time deposits with maturities and certificate deposits in excess of three months	(17,247)	(11,570)
Cash and cash equivalents	1,290,601	1,364,261

(7) Segment Information

I. Three Months ended May 31, 2018 (From March 1, 2018 to May 31, 2018)

1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Revenues from operations										
Revenues										
1. Customers	233,569	608,521	474,014	139,859	43,885	97,584	1,597	1,599,032	2	1,599,034
2. Intersegment	320	748	2,065	1,755	9,726	433	4,047	19,096	(19,096)	-
Total	233,890	609,269	476,079	141,614	53,611	98,018	5,644	1,618,129	(19,094)	1,599,034
Segment income	55,394	9,382	6,236	365	13,892	2,947	608	88,827	(2,450)	86,376

Notes:

1. The adjustments on segment income of (2,450) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. Segment income is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

2. Impairment of Fixed Assets and Goodwill by Reportable Segment

(Significant changes in the amount of goodwill)

In the Overseas convenience store operations segment, the Company's consolidated subsidiary 7-Eleven, Inc. acquired stores and other assets constituting most of convenience store business and gasoline retail business of U.S. company Sunoco LP. As a result of the consolidation, the amount of goodwill increased by 154,116 million yen (US\$1,390,445 thousand) in the first quarter consolidated accounting period. The amount above is provisional since the purchase price allocation has not been finalized.

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

II. Three Months ended May 31, 2019 (From March 1, 2019 to May 31, 2019)

1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Revenues from operations										
Revenues										
1. Customers	235,916	621,019	465,530	138,740	44,785	88,929	1,530	1,596,452	5	1,596,457
2. Intersegment	505	491	2,074	1,766	9,212	334	4,044	18,429	(18,429)	-
Total	236,422	621,510	467,605	140,506	53,998	89,264	5,574	1,614,882	(18,424)	1,596,457
Segment income	60,126	12,923	4,327	(329)	13,491	2,866	544	93,950	(3,614)	90,335

Notes:

- The adjustments on segment income of (3,614) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- Segment income is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

2. Impairment of Fixed Assets and Goodwill by Reportable Segment

No significant items to be reported.

3. Matters concerning the change of Reportable Segment, etc.

(Application of Financial Accounting Standards Board Accounting Standards Update (ASU) No.2014-09 "Revenue from Contracts with Customers (Topic606)")

Subsidiaries in North America that adopt USGAAP have applied ASU No.2014-09 "Revenue from Contracts with Customers (Topic606)" from the first three months of the fiscal year ending February 29, 2020.

The effect of revenues and segment income (loss) for the three months ended May 31, 2019 is immaterial.

(Reference)

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

Three Months ended May 31, 2018 (From March 1, 2018 to May 31, 2018) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	950,791	617,960	30,282	1,599,034	-	1,599,034
2. Intersegment	202	128	-	330	(330)	-
Total	950,993	618,088	30,282	1,599,365	(330)	1,599,034
Operating income	77,851	8,348	174	86,373	2	86,376

Three Months ended May 31, 2019 (From March 1, 2019 to May 31, 2019) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	934,793	631,292	30,371	1,596,457	-	1,596,457
2. Intersegment	368	72	-	440	(440)	-
Total	935,161	631,365	30,371	1,596,897	(440)	1,596,457
Operating income	77,843	12,801	(144)	90,500	(164)	90,335

Notes:

- The classification of geographic area segments is determined according to geographical distances.
- "Others" consists of the business results in the People's Republic of China, etc.

(8) Notes on Significant Changes in the Amount of Shareholders' Equity

Effective from the first quarter of the current consolidated financial year (ending February 29, 2020), an accounting method has been applied of Financial Standards Board Accounting Standards Update (ASU) No.2014-09 "Revenue from Contracts with Customers (Topic606)". The effect of applying this standard is described in the "4. Others, (3) Changes in accounting policies, accounting estimates or restatements".