



July 9, 2020

Consolidated Financial Results for the Three Months Ended May 31, 2020

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 14, 2020

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 truncated.

1. Business Results for the Three Months Ended May 31, 2020 (from March 1, 2020 to May 31, 2020)

(1) Results of Operations (Cumulative)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Three Months Ended May 31, 2020	1,391,828	(12.8)%	71,390	(21.0)%	69,462	(21.8)%
Three Months Ended May 31, 2019	1,596,457	(0.2)%	90,335	4.6%	88,809	4.6%

	Net income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Three Months Ended May 31, 2020	13,937	(73.2)%	15.79	(yen)	15.78	(yen)
Three Months Ended May 31, 2019	52,096	21.5%	58.89	(yen)	58.84	(yen)

(Note) Comprehensive income:

Three Months Ended May 31, 2020: 8,182 million yen [(86.1)%]

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

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

Three Months Ended May 31, 2020: 2,660,733 million yen [(8.1)%]

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

(2) Financial Position

(Millions of yen, except owners' equity per share)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share	
As of May 31, 2020	6,315,519	2,716,233	40.6%	2,901.82	(yen)
As of February 29, 2020	5,996,887	2,757,222	43.4%	2,946.83	(yen)

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

As of May 31, 2020: 2,561,999 million yen

As of February 29, 2020: 2,601,594 million yen

2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year Ended February 29, 2020	-	47.50	-	51.00	98.50
Year Ending February 28, 2021	-				
Year Ending February 28, 2021 (forecast)		47.50	-	51.00	98.50

(Note) Revision of dividends forecast during the current quarterly period: Yes

3. Forecast of Business Results for the Fiscal Year Ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Millions of yen, except net income per share)

	Revenues from Operations	Operating Income	Ordinary Income	Net income Attributable to Owners of Parent	Net Income per Share
Interim Period	2,760,000 (16.7)%	164,000 (20.0)%	159,000 (21.8)%	56,000 (49.4)%	63.43 (yen)
Entire Year	5,692,000 (14.3)%	322,000 (24.1)%	312,000 (25.3)%	120,000 (45.0)%	135.92 (yen)

(Note) Revision of business results forecast during the current quarterly period: Yes

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

Interim Period: 5,434,000 million yen [(9.4)%]

Entire Year: 11,122,000 million yen [(7.3)%]

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: None

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, 2020: 886,441,983 shares As of February 29, 2020: 886,441,983 shares

2. Number of treasury stock at the end of period

As of May 31, 2020: 3,547,607 shares As of February 29, 2020: 3,596,516 shares

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

As of May 31, 2020: 882,849,001 shares As of May 31, 2019: 884,592,007 shares

(Notes) The Company has introduced the BIP Trust and ESOP Trust.

Company shares held by these Trusts are included in the number of treasury shares to be deducted when calculating the number of treasury shares at the end of the fiscal term and the average number of shares during the term.

(5) Supplementary information

(Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company and some of its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

(Accounting Estimates associated with the spread of novel coronavirus(COVID-19))

On the Group's assumption that the effect of change to the new normal lifestyle will have the business impact by the end of this fiscal year despite that the spread of the novel coronavirus (COVID-19) infection will be gradually contained by the second quarter, accounting estimates are reflected in accounting treatment including those used to determine impairment losses.

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 of the business results for the fiscal year ending February 28, 2021 is based on the Company's 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 and presentation material for the fiscal year ending February 28, 2021 are available on the Company's website. (<https://www.7andi.com/en/ir/library.html>)

Attached Materials

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Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	February 29, 2020	May 31, 2020
	Amount	Amount
ASSETS		
Current assets	2,471,921	2,746,663
Cash and bank deposits	1,357,733	1,617,355
Notes and accounts receivable - trade	351,915	316,457
Trade accounts receivable - financial services	102,723	100,879
Merchandise and finished goods	175,509	169,707
Work in process	44	51
Raw materials and supplies	2,541	2,639
Prepaid expenses	58,688	61,761
ATM-related temporary payments	153,057	173,115
Other	276,575	312,673
Allowance for doubtful accounts	(6,868)	(7,977)
Non-current assets	3,522,541	3,566,571
Property and equipment	2,183,375	2,205,745
Buildings and structures, net	992,368	1,001,764
Furniture, fixtures and equipment, net	323,436	323,810
Land	746,914	756,142
Lease assets, net	7,252	7,009
Construction in progress	98,618	101,554
Other, net	14,785	15,463
Intangible assets	608,883	630,554
Goodwill	359,618	375,116
Software	102,015	104,973
Other	147,249	150,463
Investments and other assets	730,282	730,272
Investments in securities	184,670	193,957
Long-term loans receivable	13,836	13,587
Long-term leasehold deposits	360,725	355,648
Advances for store construction	458	140
Net defined benefit asset	55,986	57,005
Deferred income taxes	57,071	52,926
Other	60,270	59,738
Allowance for doubtful accounts	(2,737)	(2,733)
Deferred assets	2,424	2,284
Business commencement expenses	2,424	2,284
TOTAL ASSETS	5,996,887	6,315,519

(Millions of yen)

	February 29, 2020	May 31, 2020
	Amount	Amount
LIABILITIES		
Current liabilities	2,157,172	2,529,455
Notes and accounts payable, trade	410,793	370,098
Short-term loans	129,456	349,165
Current portion of bonds	80,000	60,000
Current portion of long-term loans	88,437	98,986
Commercial paper	-	32,608
Income taxes payable	37,854	8,131
Accrued expenses	131,328	120,900
Deposits received	228,415	389,926
ATM-related temporary advances	74,227	79,988
Allowance for sales promotion expenses	18,996	19,095
Allowance for bonuses to employees	14,275	26,878
Allowance for bonuses to Directors and Audit & Supervisory Board Members	384	56
Allowance for loss on future collection of gift certificates	1,142	1,099
Provision for sales returns	80	73
Deposits received in banking business	655,036	671,192
Call money	-	50,000
Other	286,743	251,256
Non-current liabilities	1,082,492	1,069,830
Bonds	281,915	281,916
Long-term loans	403,151	394,593
Deferred income taxes	63,949	67,052
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	859	812
Allowance for stock payments	3,432	3,509
Net defined benefit liability	8,619	8,255
Deposits received from tenants and franchised stores	52,646	51,993
Asset retirement obligations	95,721	96,472
Other	172,196	165,225
TOTAL LIABILITIES	3,239,665	3,599,285
NET ASSETS		
Shareholders' equity	2,554,869	2,523,619
Common stock	50,000	50,000
Capital surplus	409,262	409,246
Retained earnings	2,106,920	2,075,499
Treasury stock, at cost	(11,313)	(11,126)
Total accumulated other comprehensive income	46,725	38,379
Unrealized gains on available-for-sale securities, net of taxes	25,953	30,859
Unrealized gains (losses) on hedging derivatives, net of taxes	(277)	(511)
Foreign currency translation adjustments	17,515	4,533
Remeasurements of defined benefit plans	3,533	3,498
Subscription rights to shares	331	331
Non-controlling interests	155,295	153,902
TOTAL NET ASSETS	2,757,222	2,716,233
TOTAL LIABILITIES AND NET ASSETS	5,996,887	6,315,519

**(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, 2019	Three Months Ended May 31, 2020
	Amount	Amount
Revenues from operations	1,596,457	1,391,828
Net sales	1,278,095	1,094,317
Cost of sales	1,014,933	865,207
Gross profit on sales	263,162	229,110
Operating revenues	318,361	297,511
Gross profit from operations	581,524	526,621
Selling, general and administrative expenses	491,188	455,230
Operating income	90,335	71,390
Non-operating income	2,367	2,314
Interest income	917	800
Equity in earnings of affiliates	593	-
Other	857	1,514
Non-operating expenses	3,894	4,242
Interest expenses	2,410	1,433
Interest on bonds	438	397
Equity in losses of affiliates	-	916
Other	1,045	1,495
Ordinary income	88,809	69,462
Special gains	1,211	551
Gain on sales of property and equipment	534	470
Gain on sales of property and equipment related to restructuring	78	-
Compensation income	445	-
Other	152	80
Special losses	7,602	40,622
Loss on disposals of property and equipment	3,351	2,484
Impairment loss	1,852	3,678
Loss related to novel coronavirus(COVID-19)	-	29,510
Restructuring expenses	382	1,524
Other	2,015	3,424
Income before income taxes	82,418	29,391
Total Income taxes	25,968	12,686
Income taxes - current	17,830	7,307
Income taxes - deferred	8,137	5,378
Net income	56,450	16,704
Net income attributable to non-controlling interests	4,353	2,767
Net income attributable to owners of parent	52,096	13,937

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2020
	Amount	Amount
Net income	56,450	16,704
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities net of taxes	714	4,860
Unrealized gains (losses) on hedging derivatives, net of taxes	(97)	(234)
Foreign currency translation adjustments, net of taxes	2,668	(13,127)
Remeasurements of defined benefit plans, net of taxes	(782)	(41)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	0	19
Total other comprehensive income (loss)	2,504	(8,522)
Comprehensive income (loss)	58,954	8,182
Comprehensive income (loss) attributable to owners of parent	54,632	5,591
Comprehensive income (loss) attributable to non-controlling interests	4,321	2,590

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2020
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	82,418	29,391
Depreciation and amortization	55,629	58,698
Impairment loss	2,014	4,077
Amortization of goodwill	5,882	6,061
Interest income	(917)	(800)
Interest expenses and interest on bonds	2,848	1,830
Equity in losses (earnings) of affiliates	(593)	916
Gain on sales of property and equipment	(613)	(470)
Loss on disposals of property and equipment	3,351	2,496
Decrease (increase) in notes and accounts receivable, trade	(44,590)	35,168
Decrease (increase) in trade accounts receivable, financial services	(912)	1,844
Decrease (increase) in inventories	(3,807)	5,268
Increase (decrease) in notes and accounts payable, trade	48,902	(39,930)
Increase (decrease) in deposits received	102,029	161,536
Net increase (decrease) in loans in banking business	(10,000)	-
Net increase (decrease) in corporate bonds in banking business	-	(20,000)
Net increase (decrease) in deposits received in banking business	3,504	16,155
Net increase (decrease) in call money in banking business	-	50,000
Net decrease (increase) in ATM-related temporary accounts	(5,464)	(14,315)
Other	(9,382)	(48,349)
Subtotal	230,302	249,579
Interest and dividends received	647	416
Interest paid	(2,849)	(2,380)
Income taxes paid	(45,844)	(52,043)
Net cash provided by operating activities	182,256	195,572
Cash flows from investing activities:		
Acquisition of property and equipment	(74,561)	(76,035)
Proceeds from sales of property and equipment	2,282	1,722
Acquisition of intangible assets	(9,796)	(10,262)
Payment for purchase of investments in securities	(7,484)	(10,143)
Proceeds from sales of investments in securities	4,973	6,519
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation	-	(43,090)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	12	-
Payment for long-term leasehold deposits	(3,086)	(1,356)
Refund of long-term leasehold deposits	8,874	5,620
Proceeds from deposits from tenants	790	470
Refund of deposits from tenants	(1,511)	(728)
Payment for acquisition of business	-	(4,858)
Payment for time deposits	(654)	(1,429)
Proceeds from withdrawal of time deposits	2,202	911
Other	(4,620)	(1,769)
Net cash used in investing activities	(82,580)	(134,431)

(Millions of yen)

	Three Months Ended May 31, 2019	Three Months Ended May 31, 2020
	Amount	Amount
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	(2,800)	219,728
Proceeds from long-term debts	17,200	16,800
Repayment of long-term debts	(9,720)	(13,354)
Proceeds from commercial paper	-	101,783
Payment for redemption of commercial paper	-	(69,176)
Dividends paid	(41,421)	(44,510)
Dividends paid to non-controlling interests	(662)	(444)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,120)	-
Other	(7,913)	(11,039)
Net cash used in financing activities	(46,437)	199,786
Effect of exchange rate changes on cash and cash equivalents	294	(1,606)
Net increase (decrease) in cash and cash equivalents	53,532	259,321
Cash and cash equivalents at beginning of period	1,310,729	1,354,856
Cash and cash equivalents at end of period	1,364,261	1,614,178

(4) Doubts on the Premise of Going Concern

None

(5) Notes to Consolidated Quarterly Statements of Income

I. A breakdown of Loss related to novel coronavirus (COVID-19) is as follows.

(Millions of yen)

	Three Months ended May 31, 2019	Three Months ended May 31, 2020
Fixed cost during temporary closure(Salaries and wages, Land and building rent, etc)	-	21,891
Cost of support to franchisees	-	4,531
Cost of infection prevention and control	-	1,941
Others	-	1,145
Total	-	29,510

Note: In addition to the above, 7-Eleven, Inc.'s and other entities also provide support to franchisees. In accordance with U.S. GAAP, etc. the franchise commission included in "Operating revenues" has been reduced by 1,919 million yen.

II. A breakdown of Restructuring expenses is as follows.

(Millions of yen)

	Three Months ended May 31, 2019	Three Months ended May 31, 2020
Store closing losses	2	750
Impairment loss	162	398
Early retirement benefit	94	354
Others	123	20
Total	382	1,524

Note: The "Gain on sales of property and equipment related to restructuring" of 78 million yen was recorded separately under "Special gains" for the three months ended May 31, 2019.

(6) Notes to Consolidated Quarterly Statements of Cash Flows

Reconciliation of Cash and cash equivalents as of May 31, 2019 and 2020 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, 2019	Three Months ended May 31, 2020
Cash and bank deposits	1,368,879	1,617,355
Restricted cash	6,953	7,325
Time deposits with maturities and certificate deposits in excess of three months	(11,570)	(10,502)
Cash and cash equivalents	1,364,261	1,614,178

(7) Segment Information

I. 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.

II. Three Months ended May 31, 2020 (From March 1, 2020 to May 31, 2020)

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	218,633	588,554	425,497	64,007	41,347	52,652	1,130	1,391,823	4	1,391,828
2. Intersegment	314	563	2,818	1,078	7,999	184	3,053	16,013	(16,013)	-
Total	218,947	589,117	428,315	65,086	49,347	52,837	4,184	1,407,837	(16,008)	1,391,828
Segment income	51,658	11,485	10,373	(1,211)	11,485	(6,056)	(646)	77,087	(5,697)	71,390

Notes:

- The adjustments on segment income of (5,697) 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.

(Reference)

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

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

Three Months ended May 31, 2020 (From March 1, 2020 to May 31, 2020) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	768,455	599,417	23,956	1,391,828	-	1,391,828
2. Intersegment	387	66	-	454	(454)	-
Total	768,842	599,483	23,956	1,392,283	(454)	1,391,828
Operating income	59,872	11,607	80	71,561	(170)	71,390

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

None