



October 8, 2020

Consolidated Financial Results for the Six Months Ended August 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: October 14, 2020

Starting date of paying dividend: November 13, 2020

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 Six Months Ended August 31, 2020 (From March 1, 2020 to August 31, 2020)

(1) Results of Operations (Cumulative)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Six Months Ended August 31, 2020	2,788,408	(15.8)%	179,738	(12.4)%	175,241	(13.8)%
Six Months Ended August 31, 2019	3,313,224	(0.9)%	205,127	2.8%	203,234	3.2%

	Net income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Six Months Ended August 31, 2020	72,519	(34.5)%	82.14	(yen)	82.13	(yen)
Six Months Ended August 31, 2019	110,647	9.2%	125.14	(yen)	125.04	(yen)

(Note) Comprehensive income:

Six Months Ended August 31, 2020: 65,392 million yen [(31.7)%]

Six Months Ended August 31, 2019: 95,730 million yen [13.0%]

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

Six Months Ended August 31, 2020: 5,421,167 million yen [(9.6)%]

Six Months Ended August 31, 2019: 5,997,499 million yen [0.8%]

(2) Financial Position

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

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share	
As of August 31, 2020	6,184,441	2,772,886	42.3%	2,961.34	(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 August 31, 2020: 2,614,738 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	-	47.50	-	-	-
Year Ending February 28, 2021 (forecast)	-	-	-	51.00	98.50

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

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 per share amounts)

	Revenues from Operations	Operating Income	Ordinary Income	Net income Attributable to Owners of Parent	Net Income per Share
Entire Year	5,759,000 (13.3)%	340,000 (19.9)%	326,000 (22.0)%	138,500 (36.5)%	156.86 (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:

Entire Year: 11,130,000 million yen [(7.2)%]

<Reference>

Qualitative Information on Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

The Company has revised its consolidated financial results forecast for the fiscal year ending February 28, 2021 from the previous forecast announced on July 9, 2020.

Consolidated financial results forecast

(Millions of yen)

	Year ending February 28, 2021			
	Newly revised forecast	YOY change (%)	YOY change (amount)	Change from the previous forecast
Group's total sales	11,130,000	(7.2)%	(867,643)	8,000
Revenues from operations	5,759,000	(13.3)%	(885,359)	67,000
Operating income	340,000	(19.9)%	(84,266)	18,000
Ordinary income	326,000	(22.0)%	(91,872)	14,000
Net income attributable to owners of parent	138,500	(36.5)%	(79,685)	18,500

Revenues from operations forecast by business segment

(Millions of yen)

	Year ending February 28, 2021			
	Newly revised forecast	YOY change (%)	YOY change (amount)	Change from the previous forecast
Domestic convenience store operations	928,000	(4.5)%	(43,236)	—
Overseas convenience store operations	2,189,000	(20.1)%	(550,833)	89,000
Superstore operations	1,794,000	(3.0)%	(55,121)	13,000
Department store operations	433,000	(25.0)%	(144,633)	(10,000)
Financial services	201,000	(7.5)%	(16,367)	5,000
Specialty store operations	261,000	(23.2)%	(78,660)	(28,000)
Others	19,000	(24.6)%	(6,202)	(1,000)
Eliminations / corporate	(66,000)	—	9,695	(1,000)
Consolidated total	5,759,000	(13.3)%	(885,359)	67,000

Operating income forecast by business segment

(Millions of yen)

	Year ending February 28, 2021			
	Newly revised forecast	YOY change (%)	YOY change (amount)	Change from the previous forecast
Domestic convenience store operations	239,400	(6.7)%	(17,201)	—
Overseas convenience store operations	89,900	(11.9)%	(12,101)	14,100
Superstore operations	25,100	17.8%	3,792	6,300
Department store operations	(8,400)	—	(9,197)	—
Financial services	44,500	(17.0)%	(9,110)	6,600
Specialty store operations	(21,400)	—	(26,090)	(9,000)
Others	1,700	9.4%	145	—
Eliminations / corporate	(30,800)	—	(14,503)	—
Consolidated total	340,000	(19.9)%	(84,266)	18,000

Assumed exchange rates: U.S.\$1 = 107.00 yen 1yuan = 15.50 yen

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 August 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 August 31, 2020: 3,483,967 shares

As of February 29, 2020: 3,596,516 shares

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

As of August 31, 2020: 882,894,455 shares

As of August 31, 2019: 884,167,217 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 spread of novel coronavirus infection will have the business impact by the end of this fiscal year, 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 for the second quarter of FY2021 will be posted on the Company's website.
The presentation materials related to financial results which will be used at the financial results presentation planned to be held on October 9, 2020, will be posted as soon as possible after the presentation.
Seven & i Holdings IR library (<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	August 31, 2020
	Amount	Amount
ASSETS		
Current assets	2,471,921	2,622,389
Cash and bank deposits	1,357,733	1,515,354
Notes and accounts receivable - trade	351,915	343,761
Trade accounts receivable - financial services	102,723	95,896
Marketable securities	-	80,000
Merchandise and finished goods	175,509	162,408
Work in process	44	53
Raw materials and supplies	2,541	2,684
Prepaid expenses	58,688	58,353
ATM-related temporary payments	153,057	81,441
Other	276,575	290,102
Allowance for doubtful accounts	(6,868)	(7,667)
Non-current assets	3,522,541	3,559,897
Property and equipment	2,183,375	2,178,759
Buildings and structures, net	992,368	992,586
Furniture, fixtures and equipment, net	323,436	322,729
Land	746,914	756,735
Lease assets, net	7,252	6,961
Construction in progress	98,618	83,501
Other, net	14,785	16,245
Intangible assets	608,883	657,085
Goodwill	359,618	373,053
Software	102,015	138,706
Other	147,249	145,325
Investments and other assets	730,282	724,052
Investments in securities	184,670	195,097
Long-term loans receivable	13,836	13,353
Long-term leasehold deposits	360,725	348,159
Advances for store construction	458	193
Net defined benefit asset	55,986	58,105
Deferred income taxes	57,071	52,798
Other	60,270	59,057
Allowance for doubtful accounts	(2,737)	(2,712)
Deferred assets	2,424	2,154
Business commencement expenses	2,424	2,154
TOTAL ASSETS	5,996,887	6,184,441

(Millions of yen)

	February 29, 2020	August 31, 2020
	Amount	Amount
LIABILITIES		
Current liabilities	2,157,172	2,303,036
Notes and accounts payable - trade	410,793	439,763
Short-term loans	129,456	344,072
Current portion of bonds	80,000	-
Current portion of long-term loans	88,437	104,583
Income taxes payable	37,854	26,329
Accrued expenses	131,328	124,876
Deposits received	228,415	208,508
ATM-related temporary advances	74,227	44,236
Allowance for sales promotion expenses	18,996	21,353
Allowance for bonuses to employees	14,275	16,647
Allowance for bonuses to Directors and Audit & Supervisory Board Members	384	173
Allowance for loss on future collection of gift certificates	1,142	1,022
Provision for sales returns	80	41
Deposits received in banking business	655,036	696,269
Other	286,743	275,158
Non-current liabilities	1,082,492	1,108,518
Bonds	281,915	281,916
Long-term loans	403,151	435,624
Deferred income taxes	63,949	71,651
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	859	828
Allowance for stock payments	3,432	3,674
Net defined benefit liability	8,619	8,301
Deposits received from tenants and franchised stores	52,646	51,579
Asset retirement obligations	95,721	93,683
Other	172,196	161,258
TOTAL LIABILITIES	3,239,665	3,411,555
NET ASSETS		
Shareholders' equity	2,554,869	2,582,376
Common stock	50,000	50,000
Capital surplus	409,262	409,177
Retained earnings	2,106,920	2,134,082
Treasury stock, at cost	(11,313)	(10,883)
Total accumulated other comprehensive income	46,725	32,361
Unrealized gains on available-for-sale securities, net of taxes	25,953	30,312
Unrealized gains (losses) on hedging derivatives, net of taxes	(277)	(487)
Foreign currency translation adjustments	17,515	(688)
Remeasurements of defined benefit plans	3,533	3,226
Subscription rights to shares	331	56
Non-controlling interests	155,295	158,090
TOTAL NET ASSETS	2,757,222	2,772,886
TOTAL LIABILITIES AND NET ASSETS	5,996,887	6,184,441

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

(Millions of yen)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
	Amount	Amount
Revenues from operations	3,313,224	2,788,408
Net sales	2,656,629	2,172,207
Cost of sales	2,120,628	1,671,315
Gross profit on sales	536,001	500,891
Operating revenues	656,595	616,201
Gross profit from operations	1,192,596	1,117,093
Selling, general and administrative expenses	987,469	937,354
Operating income	205,127	179,738
Non-operating income	5,962	4,770
Interest income	1,796	1,578
Equity in earnings of affiliates	2,188	-
Other	1,977	3,192
Non-operating expenses	7,855	9,267
Interest expenses	4,701	4,419
Interest on bonds	844	626
Equity in losses of affiliates	-	1,438
Other	2,310	2,782
Ordinary income	203,234	175,241
Special gains	2,398	3,805
Gain on sales of property and equipment	1,605	827
Gain on sales of property and equipment related to restructuring	78	-
Subsidies for employment adjustment	-	2,642
Other	713	335
Special losses	29,969	61,550
Loss on disposals of property and equipment	6,499	4,429
Impairment loss	10,481	10,934
Loss related to novel coronavirus (COVID-19)	-	35,306
Restructuring expenses	2,676	5,410
Loss on digital and settlement services	6,524	-
Other	3,786	5,469
Income before income taxes	175,663	117,496
Total Income taxes	56,989	37,556
Income taxes - current	43,884	29,521
Income taxes - deferred	13,105	8,035
Net income	118,673	79,940
Net income attributable to non-controlling interests	8,026	7,420
Net income attributable to owners of parent	110,647	72,519

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
	Amount	Amount
Net income	118,673	79,940
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities net of taxes	(2,219)	4,269
Unrealized gains (losses) on hedging derivatives, net of taxes	(249)	(210)
Foreign currency translation adjustments, net of taxes	(19,271)	(18,279)
Remeasurements of defined benefit plans, net of taxes	(1,185)	(318)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	(16)	(8)
Total other comprehensive income (loss)	(22,943)	(14,547)
Comprehensive income (loss)	95,730	65,392
Comprehensive income (loss) attributable to owners of parent	87,823	58,156
Comprehensive income (loss) attributable to non-controlling interests	7,906	7,235

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	175,663	117,496
Depreciation and amortization	111,622	116,435
Impairment loss	15,276	12,063
Amortization of goodwill	11,789	12,437
Interest income	(1,796)	(1,578)
Interest expenses and interest on bonds	5,545	5,046
Equity in losses (earnings) of affiliates	(2,188)	1,438
Gain on sales of property and equipment	(1,684)	(827)
Subsidies for employment adjustment	-	(2,642)
Loss on disposals of property and equipment	6,500	4,441
Decrease (increase) in notes and accounts receivable - trade	(38,065)	7,440
Decrease (increase) in trade accounts receivable, financial services	(852)	6,827
Decrease (increase) in inventories	(4,484)	12,001
Increase (decrease) in notes and accounts payable - trade	79,841	30,377
Increase (decrease) in deposits received	58,415	(20,068)
Net increase (decrease) in loans in banking business	(10,000)	-
Net increase (decrease) in corporate bonds in banking business	(10,000)	(20,000)
Net increase (decrease) in deposits received in banking business	25,153	41,232
Net decrease (increase) in ATM-related temporary accounts	(32,171)	41,622
Other	(7,662)	(14,711)
Subtotal	380,901	349,033
Interest and dividends received	1,725	1,379
Interest paid	(5,585)	(4,683)
Subsidies for employment adjustment received	-	2,532
Income taxes paid	(47,975)	(52,759)
Net cash provided by (used in) operating activities	329,065	295,501
Cash flows from investing activities:		
Acquisition of property and equipment	(150,397)	(135,576)
Proceeds from sales of property and equipment	5,234	3,224
Acquisition of intangible assets	(21,120)	(20,442)
Payment for purchase of investments in securities	(11,907)	(16,456)
Proceeds from sales of investments in securities	18,198	9,688
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation	-	(42,872)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	12	-
Payment for long-term leasehold deposits	(4,463)	(3,509)
Refund of long-term leasehold deposits	14,448	15,318
Proceeds from deposits from tenants	1,479	1,119
Refund of deposits from tenants	(2,043)	(1,626)
Payment for acquisition of business	(9,461)	(5,159)
Payment for time deposits	(1,824)	(2,414)
Proceeds from withdrawal of time deposits	2,408	1,245
Other	(6,297)	(5,302)
Net cash provided by (used in) investing activities	(165,735)	(202,762)

(Millions of yen)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
	Amount	Amount
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	10,200	214,868
Proceeds from long-term debts	35,200	94,367
Repayment of long-term debts	(31,833)	(41,824)
Proceeds from commercial paper	-	169,347
Payment for redemption of commercial paper	-	(169,347)
Payment for redemption of bonds	(40,000)	(60,000)
Proceeds from share issuance to non-controlling shareholders	416	183
Purchase of treasury shares	(6,708)	(4)
Dividends paid	(41,990)	(45,089)
Dividends paid to non-controlling interests	(4,694)	(3,997)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(3,857)	(770)
Other	(8,714)	(12,109)
Net cash provided by (used in) financing activities	(91,982)	145,624
Effect of exchange rate changes on cash and cash equivalents	(2,306)	(1,687)
Net increase (decrease) in cash and cash equivalents	69,040	236,676
Cash and cash equivalents at beginning of period	1,310,729	1,354,856
Cash and cash equivalents at end of period	1,379,770	1,591,533

(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)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
Fixed cost during temporary closure(Salaries and wages, Land and building rent, etc)	-	21,886
Cost of infection prevention and control	-	5,354
Cost of support to franchisees	-	4,675
Others	-	3,389
Total	-	35,306

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 8,284 million yen.

II. A breakdown of Restructuring expenses is as follows.

(Millions of yen)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
Early retirement benefit	2,108	2,679
Impairment loss	218	1,128
Store closing losses	213	1,061
Others	136	541
Total	2,676	5,410

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

III. A breakdown of Loss on digital and settlement services is as follows.

(Millions of yen)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
Impairment loss	4,575	-
Security expenses	865	-
Others	1,083	-
Total	6,524	-

(6) Notes to Consolidated Quarterly Statements of Cash Flows

Reconciliation of Cash and cash equivalents as of August 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)

	Six Months Ended August 31, 2019	Six Months Ended August 31, 2020
Cash and bank deposits	1,387,053	1,515,354
Certificate deposits including in securities account	-	80,000
Restricted cash	6,784	7,285
Time deposits with maturities and certificate deposits in excess of three months	(14,066)	(11,107)
Cash and cash equivalents	1,379,770	1,591,533

(7) Segment Information

I. Six Months ended August 31, 2019 (From March 1, 2019 to August 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	486,624	1,363,621	918,894	279,868	89,606	171,016	3,569	3,313,202	22	3,313,224
2. Intersegment	1,439	1,027	4,056	3,479	18,188	738	8,446	37,376	(37,376)	-
Total	488,063	1,364,648	922,950	283,348	107,795	171,754	12,016	3,350,578	(37,353)	3,313,224
Segment income(loss)	133,397	40,660	6,996	(618)	27,100	4,065	796	212,398	(7,271)	205,127

Notes:

- The adjustments on segment income of (7,271) 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. Six Months ended August 31, 2020 (From March 1, 2020 to August 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	457,809	1,050,984	884,250	186,034	83,827	122,851	2,605	2,788,364	44	2,788,408
2. Intersegment	603	1,152	4,619	2,683	16,406	454	7,018	32,939	(32,939)	-
Total	458,412	1,052,137	888,869	188,718	100,234	123,306	9,624	2,821,303	(32,894)	2,788,408
Segment income(loss)	117,993	42,204	17,770	(3,292)	25,012	(8,197)	(108)	191,381	(11,643)	179,738

Notes:

- The adjustments on segment income of (11,643) 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.

Six Months Ended August 31, 2019 (From March 1, 2019 to August 31, 2019) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	1,868,739	1,384,998	59,486	3,313,224	-	3,313,224
2. Intersegment	585	155	-	741	(741)	-
Total	1,869,324	1,385,154	59,486	3,313,966	(741)	3,313,224
Operating income	164,646	40,525	116	205,287	(160)	205,127

Six Months Ended August 31, 2020 (From March 1, 2020 to August 31, 2020) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	1,668,804	1,072,478	47,125	2,788,408	-	2,788,408
2. Intersegment	579	147	44	771	(771)	-
Total	1,669,384	1,072,626	47,170	2,789,180	(771)	2,788,408
Operating income	136,648	42,916	336	179,901	(162)	179,738

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

(9) Notes on Significant Subsequent Event

I Business combination by acquisition

Seven & i Holdings Co., Ltd. (“the Company”) hereby announces that its Board of Directors resolved to approve the execution of an agreement by and between the Company’s consolidated subsidiary, 7-Eleven, Inc. and U.S. company Marathon Petroleum Corporation (“MPC”), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses) (the “Transaction”) and that 7-Eleven, Inc. executed the agreement relating to the Transaction as of August 3, 2020, details of which are as follows.

1. Details of the Transaction

The business to be acquired in the Transaction consists of 24 companies (including companies other than wholly-owned subsidiaries). We are unable to accurately disclose the financial condition of each target company separately, therefore we disclose the information of one representative company which is as follows.

(1) Name and main business of the acquired company

Name: Speedway LLC

Details of business: Operation of convenience store business and fuel retail business

(2) Main reason for the business combination

The growth of the Company’s convenience store business centered around 7-Eleven, Inc. in the North America market, where solid economic growth is expected, is positioned as an important growth engine for our group, and we have been proactively leveraging the positive effects of acquisitions, expansion of our store network and optimization of our supply chain.

By carrying out the Transaction, we intend to achieve the following objectives.

① Strategic Expansion of Store Network

By combining the powerful 7-Eleven brand that has been cultivated thus far with Speedway’s solid brand, we will add economies of scale in the North America market, and furthermore, by utilizing the product strength and operational know-how of the business cultivated by 7-Eleven, Inc. in the U.S. to increase product sales and improve gross product margin, we expect that it will be possible to further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

② Financial Effect

We anticipate synergies and a tax savings due to beneficial tax treatment in the U.S. Furthermore, the Company plans to increase investment efficiency by using sale and leaseback transactions concerning stores acquired by 7-Eleven, Inc. pursuant to the Transaction.

Following the Transaction, both the operating profit and EBITDA of the business of the Company group in the U.S. are expected to be more than double those of 7-Eleven, Inc. in 2019.

③ ESG Leadership

In May 2019, the Company group, including 7-Eleven, Inc. as a global retailer representing Japan, announced the “GREEN CHALLENGE 2050”, the Company’s environmental declaration. The Company group is committed to achieving the declaration’s four themes: (i) reducing CO2 emissions to achieve a carbon-free society; (ii) measures to realize a circular economy with respect to plastics; (iii) measures for food loss and recycling; and (iv) sustainable procurement to achieve a society that coexists with nature. Following the Transaction, the Company group, including 7-Eleven, Inc. as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the North American market through expansion of its network and presence. 7-Eleven, Inc., as a chance of the Transactions, will set mutual and shared targets for 2027 to reduce CO2 emissions, to utilize more ecofriendly packaging and sustainable food supplies, and to drive reduction in plastic usage for both newly acquired stores and existing stores and aim to enhance long-term corporate value.

(3) Date of the business combination

First Quarter 2021 (expected)

(4) Legal form of the business combination

Stock acquisition

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

The names of the companies will not change subsequent to the business combination.

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

Consideration for acquisition Cash US\$21,000 million (2,217,600 million yen)

Acquisition cost US\$21,000 million (2,217,600 million yen*)

The acquisition cost will be adjusted based on the cash amounts and indebtedness as well as increases or decreases of working capital at closing.

* Converted at the rate of 1 U.S. dollar = 105.60 yen (as of July 31, 2020).

3. Details and amounts of main acquisition-related costs

Not determined at this time.

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

Not determined at this time.

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

Not determined at this time.

II Issuance of bonds

The Company have adopted a comprehensive resolution approved by the Board of Directors at a meeting held on September 3, 2020, regarding the issuance of unsecured domestic straight bonds. A summary of this issuance is as follows.

(1) Principal amount

Maximum of 600 billion yen (Multiple issuance within this scope is allowed.)

(2) Issuance period

October 1, 2020 to March 31, 2021 (including offering during this period).

(3) Interest rate

Market yield of Japanese government bonds with the same maturities plus 1.0% or less.

(4) Issue price

The bonds shall be issued at 100 yen per face value of 100 yen.

(5) Redemption date

Within 10 years

(6) Redemption method

The bonds will be redeemed in full at maturity (However, callable clause may be included).

(7) Collateral and guarantees

No collateral or guarantee will be provided.

(8) Financial covenants

Negative pledge clause and other necessary clause shall be included.

(9) Use of funds

Investment funds, funds for repayment of borrowings, working capital

(10) Others

Decisions regarding matters covered in Article 676 of the Companies Act and all other matters necessary for the issuance of bonds shall be left to the Director in charge of the Financial Department within the scope described above and shall be reported at the following Board of Directors.