



April 8, 2021

# Consolidated Financial Results for the Fiscal Year Ended February 28, 2021

## 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.

Date of the ordinary general meeting of shareholders: May 27, 2021

Submission date of the annual securities report scheduled: May 28, 2021

Starting date of paying year-end dividend: May 28, 2021

Preparation of brief summary materials for financial results: Yes

Holding of financial results presentation: None

- (Notes) 1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.  
2. All amounts less than one million yen have been truncated.

### 1. Business Results for the Fiscal Year Ended February 28, 2021 (from March 1, 2020 to February 28, 2021)

#### (1) Results of Operations (Cumulative)

(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, 2021 | 5,766,718                | (13.2) % | 366,329          | (13.7) % | 357,364         | (14.5) % | 179,262                                     | (17.8) % |
| Year Ended February 29, 2020 | 6,644,359                | (2.2) %  | 424,266          | 3.1 %    | 417,872         | 2.8 %    | 218,185                                     | 7.5 %    |

|                              | 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, 2021 | 203.03               | (yen) | 203.02                       | (yen) | 6.8 %                                 | 5.5 % | 6.4 %                                    |  |   |  |
| Year Ended February 29, 2020 | 246.95               | (yen) | 246.85                       | (yen) | 8.5 %                                 | 7.1 % | 6.4 %                                    |  |   |  |

(Reference) 1. Comprehensive income:

Year Ended February 28, 2021: 169,315 million yen [(26.8)%] Year Ended February 29, 2020: 231,253 million yen [25.0%]

2. Equity in earnings of affiliates:

Year Ended February 28, 2021: 885 million yen

Year Ended February 29, 2020: 937 million yen

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

Year Ended February 28, 2021: 11,044,874 million yen [(7.9)%] Year Ended February 29, 2020: 11,997,643 million yen [(0.2)%]

#### (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, 2021 | 6,946,832    | 2,831,335  | 38.4%                | 3,022.68 (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 February 28, 2021: 2,668,925 million yen

As of February 29, 2020: 2,601,594 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, 2021 | 539,995                              | (394,127)                            | 690,542                              | 2,183,837   |
| Year Ended February 29, 2020 | 576,670                              | (318,047)                            | (213,204)                            | 1,354,856   |

### 2. 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 29, 2020 | 47.50                     | 51.00    | 98.50  | 87,134                                      | 39.9 %                                | 3.4%  |
| Year Ended February 28, 2021 | 47.50                     | 51.00    | 98.50  | 87,134                                      | 48.5 %                                | 3.3%  |

(Notes) The forecast of cash dividends for the year ending February 28, 2022 have yet to be determined at this point.

### 3. Forecast of Business Results for the Fiscal Year ending February 28, 2022 (From March 1, 2021 to February 28, 2022)

The forecast of business results have yet to be determined for the following reasons. We will announce it promptly when we can disclose reasonable forecast.

- It was difficult to calculate appropriate and reasonable forecast due to delays in the completion of transactions by 7-Eleven, Inc. for acquiring shares and other interests in the convenience store business, etc. from the U.S. company Marathon Petroleum Corporation, which had a significant impact on business results for the fiscal year ending February 28, 2022.

### 4. Others

(1) Changes in significant subsidiaries during the fiscal year ended February 28, 2021

(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 other than 1: 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, 2021: 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 February 28, 2021: 3,475,704 shares As of February 29, 2020: 3,596,516 shares

3. Average number of shares during the period

As of February 28, 2021: 882,927,577 shares As of February 29, 2020: 883,508,868 shares

(Notes) 1. For the number of shares as a basis of calculating net income per share (consolidated), please refer to Per Share Information on page 37 of attached materials.

2. 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.

### Reference:

### Nonconsolidated Business Results for the Fiscal Year Ended February 28, 2021 (From March 1, 2020 to February 28, 2021)

#### (1) Results of Operations

(Millions of yen, except per share amounts)

|                                 | Revenues from Operations |        | Operating Income |        | Ordinary Income |        |
|---------------------------------|--------------------------|--------|------------------|--------|-----------------|--------|
| Year Ended<br>February 28, 2021 | 163,940                  | 41.5%  | 128,241          | 42.2%  | 128,034         | 42.2%  |
| Year Ended<br>February 29, 2020 | 115,843                  | (3.5)% | 90,202           | (5.3)% | 90,032          | (4.8)% |

|                                 | Net Income |         | Net Income per Share |       | Diluted Net Income per Share |       |
|---------------------------------|------------|---------|----------------------|-------|------------------------------|-------|
| Year Ended<br>February 28, 2021 | 64,096     | 14.1%   | 72.59                | (yen) | 72.59                        | (yen) |
| Year Ended<br>February 29, 2020 | 56,198     | (37.6)% | 63.61                | (yen) | 63.58                        | (yen) |

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

2. All amounts less than one million yen have been truncated.

#### (2) Financial Position

(Millions of yen, except per share amounts)

|                         | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|-------------------------|--------------|------------|--------------|----------------------|
| As of February 28, 2021 | 2,529,336    | 1,413,027  | 55.9%        | 1,600.21 (yen)       |
| As of February 29, 2020 | 1,789,952    | 1,435,871  | 80.2%        | 1,626.31 (yen)       |

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

As of February 28, 2021: 1,412,970 million yen As of February 29, 2020: 1,435,814 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 forecast of business results have yet to be determined for the following reasons. We will announce it promptly when we can disclose reasonable forecast.

- It was difficult to calculate appropriate and reasonable forecast due to delays in the completion of transactions by 7-Eleven, Inc. for acquiring shares and other interests in the convenience store business, etc. from the U.S. company Marathon Petroleum Corporation, which had a significant impact on business results for the fiscal year ending February 28, 2022.

2. Brief summary and financial results presentation for the fiscal year ended February 28, 2021 is posted on the Company's website.

(<http://www.7andi.com/en/ir/library.html>)

## Attached Materials

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# 1. Scope of Consolidated Subsidiaries and Affiliates

## Major Seven & i Group Companies by Business Segment

Seven & i Group consists 174 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.

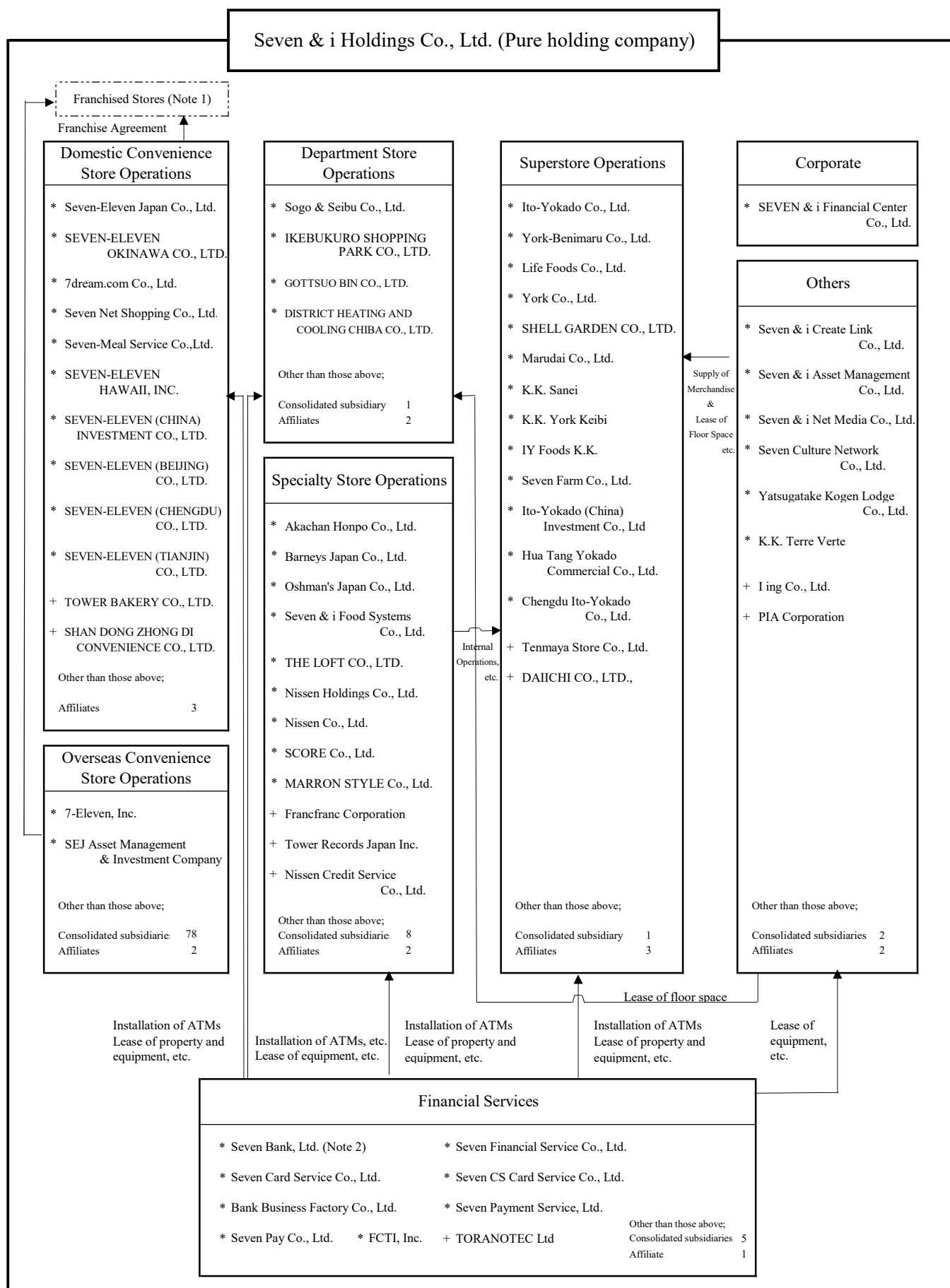
Business segments, major group companies and number of companies are as follows.

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

| Business Segments                            | Major Group Companies  | Number of Companies   |  |  |  |
|--|--|---|--|--|--|
| <b>Domestic Convenience Store Operations</b> | Seven-Eleven Japan Co., Ltd. SEVEN-ELEVEN OKINAWA CO., LTD.<br>7dream.com Co., Ltd. Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd.<br>SEVEN-ELEVEN HAWAII, INC.<br>SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD.<br>SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD.<br>SEVEN-ELEVEN (TIANJIN) CO., LTD.<br>TOWER BAKERY CO., LTD.<br>SHAN DONG ZHONG DI CONVENIENCE CO., LTD. | Consolidated Subsidiaries 10<br>Affiliates 5<br>Total 15    |  |  |  |
|  | <b>Overseas Convenience Store Operations</b>   | 7-Eleven, Inc.<br>SEJ Asset Management & Investment Company | Consolidated Subsidiaries 80<br>Affiliates 2<br>Total 82   |  |  |
|  |  | <b>Superstore Operations</b>                                | Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd.<br>York Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd.<br>K.K. Sanei K.K. York Keibi IY Foods K.K.<br>Seven Farm Co., Ltd. Ito-Yokado (China) Investment Co., Ltd.<br>Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd.<br>Tenmaya Store Co., Ltd. DAIICHI CO., LTD. | Consolidated Subsidiaries 14<br>Affiliates 5<br>Total 19   |  |
|  | <b>Department Store Operations</b>   |   | Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD.<br>GOTTSUO BIN CO., LTD.<br>DISTRICT HEATING AND COOLING CHIBA CO., LTD.  | Consolidated Subsidiaries 5<br>Affiliates 2<br>Total 7   |  |
|  |  |   | <b>Financial Services</b>  | Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd.<br>Seven CS Card Service Co., Ltd. Bank Business Factory Co., Ltd.<br>Seven Payment Service, Ltd. Seven Pay Co., Ltd. FCTI, Inc. TORANOTEC Ltd | Consolidated Subsidiaries 13<br>Affiliates 2<br>Total 15   |
|  |  |   |  | <b>Specialty Stores Operations</b>   | Akachan Honpo Co., Ltd. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd.<br>Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD.<br>Nissen Holdings Co., Ltd. Nissen Co., Ltd. SCORE Co., Ltd.<br>MARRON STYLE Co., Ltd. Francfranc Corporation<br>Tower Records Japan Inc. Nissen Credit Service Co., Ltd. |
|  | <b>Others</b>  |   |  |  | Seven & i Create Link Co., Ltd. Seven & i Asset Management Co., Ltd.<br>Seven & i Net Media Co., Ltd. Seven Culture Network Co., Ltd.<br>Yatsugatake Kogen Lodge Co., Ltd. K.K. Terre Verte<br>I ing Co., Ltd. PIA Corporation   |
| <b>Corporate</b>                             |  | SEVEN & i Financial Center Co., Ltd.                        | Consolidated Subsidiary 1  |  |  |

Note: 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.

# 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., SEVEN-ELEVEN OKINAWA CO., LTD., 7-Eleven, Inc., SEVEN-ELEVEN (BEIJING) CO., LTD., SEVEN-ELEVEN (CHENGDU) CO., LTD., and SEVEN-ELEVEN (TIANJIN) CO., LTD.

2. As of February 28, 2021, Seven Bank, Ltd. has 25,686 units of ATMs placed mainly in the stores of Group companies.

## 2. Consolidated Financial Statements

### (1) Consolidated Balance Sheets

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>2,471,921</b>  | <b>3,350,223</b>  |
| Cash and bank deposits                       | 1,357,733         | 2,189,152         |
| Notes and accounts receivable-trade          | 351,915           | 318,142           |
| Trade accounts receivable-financial services | 102,723           | 95,010            |
| Merchandise and finished goods               | 175,509           | 158,867           |
| Work in process                              | 44                | 80                |
| Raw materials and supplies                   | 2,541             | 2,378             |
| Prepaid expenses                             | 58,688            | 62,009            |
| ATM-related temporary payments               | 153,057           | 216,471           |
| Other  | 276,575           | 315,465           |
| Allowance for doubtful accounts              | (6,868)           | (7,353)           |
| <b>Non-current assets</b>                    | <b>3,522,541</b>  | <b>3,594,022</b>  |
| <b>Property and equipment</b>                | <b>2,183,375</b>  | <b>2,206,023</b>  |
| Buildings and structures, net                | 992,368           | 994,096           |
| Furniture, fixtures and equipment, net       | 323,436           | 330,185           |
| Vehicles, net                                | 14,785            | 17,647            |
| Land   | 746,914           | 746,284           |
| Lease assets, net                            | 7,252             | 7,789             |
| Construction in progress                     | 98,618            | 110,019           |
| <b>Intangible assets</b>                     | <b>608,883</b>    | <b>645,873</b>    |
| Goodwill                                     | 359,618           | 349,882           |
| Software                                     | 102,015           | 152,324           |
| Other  | 147,249           | 143,666           |
| <b>Investments and other assets</b>          | <b>730,282</b>    | <b>742,125</b>    |
| Investments in securities                    | 184,670           | 204,107           |
| Long-term loans receivable                   | 13,836            | 14,194            |
| Long-term leasehold deposits                 | 360,725           | 339,405           |
| Advances for store construction              | 458               | 203               |
| Net defined benefit asset                    | 55,986            | 79,888            |
| Deferred income taxes                        | 57,071            | 44,352            |
| Other  | 60,270            | 63,338            |
| Allowance for doubtful accounts              | (2,737)           | (3,364)           |
| <b>Deferred assets</b>                       | <b>2,424</b>      | <b>2,586</b>      |
| Business commencement expenses               | 2,424             | 1,934             |
| Bond issuance cost                           | -                 | 652               |
| <b>TOTAL ASSETS</b>                          | <b>5,996,887</b>  | <b>6,946,832</b>  |

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>2,157,172</b>  | <b>2,782,433</b>  |
| Notes and accounts payable, trade  | 410,793           | 385,289           |
| Short-term loans   | 129,456           | 619,953           |
| Current portion of bonds   | 80,000            | 66,917            |
| Current portion of long-term loans   | 88,437            | 146,747           |
| Income taxes payable   | 37,854            | 21,283            |
| Accrued expenses   | 131,328           | 124,070           |
| Deposits received  | 228,415           | 236,400           |
| ATM-related temporary advances   | 74,227            | 130,167           |
| Allowance for sales promotion expenses   | 18,996            | 19,859            |
| Allowance for bonuses to employees   | 14,275            | 14,853            |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members             | 384               | 360               |
| Allowance for loss on future collection of gift certificates                         | 1,142             | 933               |
| Provision for sales returns  | 80                | 27                |
| Deposits received in banking business  | 655,036           | 741,422           |
| Other  | 286,743           | 274,145           |
| <b>Non-current liabilities</b>   | <b>1,082,492</b>  | <b>1,333,063</b>  |
| Bonds  | 281,915           | 565,000           |
| Long-term loans  | 403,151           | 362,592           |
| Deferred income taxes  | 63,949            | 78,879            |
| Allowance for retirement benefits to Directors and Audit & Supervisory Board Members | 859               | 774               |
| Allowance for stock payments   | 3,432             | 4,008             |
| Net defined benefit liability  | 8,619             | 9,309             |
| Deposits received from tenants and franchised stores                                 | 52,646            | 50,783            |
| Asset retirement obligations   | 95,721            | 99,072            |
| Other  | 172,196           | 162,644           |
| <b>TOTAL LIABILITIES</b>   | <b>3,239,665</b>  | <b>4,115,497</b>  |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholders' equity</b>  | <b>2,554,869</b>  | <b>2,647,023</b>  |
| Common stock   | 50,000            | 50,000            |
| Capital surplus  | 409,262           | 409,069           |
| Retained earnings  | 2,106,920         | 2,198,805         |
| Treasury stock, at cost  | (11,313)          | (10,851)          |
| <b>Total accumulated other comprehensive income</b>                                  | <b>46,725</b>     | <b>21,902</b>     |
| Unrealized gains on available-for-sale securities, net of taxes                      | 25,953            | 35,729            |
| Unrealized gains (losses) on hedging derivatives, net of taxes                       | (277)             | 1,580             |
| Foreign currency translation adjustments   | 17,515            | (30,835)          |
| Remeasurements of defined benefit plan   | 3,533             | 15,427            |
| <b>Subscription rights to shares</b>   | <b>331</b>        | <b>56</b>         |
| <b>Non-controlling interests</b>   | <b>155,295</b>    | <b>162,352</b>    |
| <b>TOTAL NET ASSETS</b>  | <b>2,757,222</b>  | <b>2,831,335</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>5,996,887</b>  | <b>6,946,832</b>  |

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

(Millions of yen)

|  | Year ended<br>February 29, 2020 | Year ended<br>February 28, 2021 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Revenues from operations</b>                                  | <b>6,644,359</b>                | <b>5,766,718</b>                |
| Net sales  | 5,329,919                       | 4,518,821                       |
| Cost of sales  | 4,239,583                       | 3,480,025                       |
| <b>Gross profit on sales</b>                                     | <b>1,090,336</b>                | <b>1,038,796</b>                |
| Operating revenues   | 1,314,439                       | 1,247,896                       |
| <b>Gross profit from operations</b>                              | <b>2,404,776</b>                | <b>2,286,692</b>                |
| <b>Selling, general and administrative expenses</b>              | <b>1,980,510</b>                | <b>1,920,363</b>                |
| Advertising and decoration expenses                              | 135,938                         | 112,921                         |
| Salaries and wages   | 466,448                         | 450,665                         |
| Provision for bonuses to employees                               | 14,208                          | 14,796                          |
| Pension expenses   | 8,861                           | 10,541                          |
| Legal welfare expenses   | 63,565                          | 61,137                          |
| Land and building rent   | 388,098                         | 376,771                         |
| Depreciation and amortization                                    | 214,354                         | 220,434                         |
| Utility expenses   | 115,535                         | 104,457                         |
| Store maintenance and repair expenses                            | 73,305                          | 73,778                          |
| Other  | 500,193                         | 494,856                         |
| <b>Operating income</b>  | <b>424,266</b>                  | <b>366,329</b>                  |
| <b>Non-operating income</b>                                      | <b>9,061</b>                    | <b>10,138</b>                   |
| Interest income  | 3,593                           | 2,991                           |
| Dividend income  | 1,236                           | 1,013                           |
| Equity in earnings of affiliates                                 | 937                             | -                               |
| Income from electronic money breakage                            | 818                             | 1,179                           |
| Other  | 2,474                           | 4,954                           |
| <b>Non-operating expenses</b>                                    | <b>15,454</b>                   | <b>19,104</b>                   |
| Interest expenses  | 8,961                           | 9,479                           |
| Interest on bonds  | 1,630                           | 1,105                           |
| Equity in losses of affiliates                                   | -                               | 885                             |
| Other  | 4,862                           | 7,633                           |
| <b>Ordinary income</b>   | <b>417,872</b>                  | <b>357,364</b>                  |
| <b>Special gains</b>   | <b>8,554</b>                    | <b>10,433</b>                   |
| Gain on sales of property and equipment                          | 5,701                           | 3,010                           |
| Gain on sales of property and equipment related to restructuring | 905                             | 1,106                           |
| Subsidies for employment adjustment                              | -                               | 4,094                           |
| Insurance income   | 944                             | 956                             |
| Other  | 1,002                           | 1,265                           |



(Millions of yen)

|  | Year ended<br>February 29, 2020 | Year ended<br>February 28, 2021 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Special losses</b>                                | <b>79,957</b>                   | <b>109,022</b>                  |
| Loss on disposals of property and equipment          | 15,556                          | 12,180                          |
| Impairment loss                                      | 27,981                          | 31,604                          |
| Loss related to novel coronavirus (COVID-19)         | -                               | 40,534                          |
| Restructuring expenses                               | 7,740                           | 10,213                          |
| Loss on digital and settlement services              | 13,463                          | -                               |
| Other  | 15,215                          | 14,489                          |
| <b>Income before income taxes</b>                    | <b>346,469</b>                  | <b>258,776</b>                  |
| <b>Total income taxes</b>                            | <b>111,263</b>                  | <b>64,439</b>                   |
| Income taxes - current                               | 77,542                          | 46,369                          |
| Income taxes - deferred                              | 33,721                          | 18,069                          |
| <b>Net income</b>                                    | <b>235,206</b>                  | <b>194,337</b>                  |
| Net income attributable to non-controlling interests | 17,020                          | 15,074                          |
| <b>Net income attributable to owners of parent</b>   | <b>218,185</b>                  | <b>179,262</b>                  |

## Consolidated Statements of Comprehensive Income

(Millions of yen)

|   | Year ended<br>February 29, 2020 | Year ended<br>February 28, 2021 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Net income</b>   | <b>235,206</b>                  | <b>194,337</b>                  |
| Other comprehensive income  |                                 |                                 |
| Unrealized gains (losses) on available-for-sale securities,<br>net of taxes                 | (212)                           | 9,627                           |
| Unrealized gains (loss) on hedging derivatives, net of<br>taxes                             | (209)                           | 1,857                           |
| Foreign currency translation adjustments  | (6,340)                         | (48,474)                        |
| Remeasurements of defined benefit plan, net of taxes  | 2,822                           | 11,976                          |
| Share of other comprehensive income (loss) of entities<br>accounted for using equity method | (12)                            | (8)                             |
| <b>Total other comprehensive income (loss)</b>  | <b>(3,952)</b>                  | <b>(25,021)</b>                 |
| <b>Comprehensive income (loss)</b>  | <b>231,253</b>                  | <b>169,315</b>                  |
| Comprehensive income (loss) attributable to owners of<br>parent                             | 214,323                         | 154,439                         |
| Comprehensive income (loss) attributable to<br>non-controlling interests                    | 16,930                          | 14,876                          |

### **(3) Consolidated Statements of Changes in Net Assets**

Fiscal year ended February 29, 2020 (From March 1, 2019 to February 29, 2020)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                         |                            |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 1, 2019                             | 50,000               | 409,859         | 2,015,630         | (4,680)                 | 2,470,808                  |
| Cumulative effects of changes in accounting policies |                      |                 | (42,857)          |                         | (42,857)                   |
| Balance at March 1, 2019 (as restated)               | 50,000               | 409,859         | 1,972,772         | (4,680)                 | 2,427,950                  |
| Increase (decrease) for the year                     |                      |                 |                   |                         |                            |
| Cash dividends                                       |                      |                 | (84,037)          |                         | (84,037)                   |
| Net income attributable to owners of parent          |                      |                 | 218,185           |                         | 218,185                    |
| Purchase of treasury stock                           |                      |                 |                   | (6,718)                 | (6,718)                    |
| Disposal of treasury stock                           |                      | 30              |                   | 85                      | 115                        |
| Other  |                      | (626)           |                   | (0)                     | (627)                      |
| Net changes of items other than shareholders' equity |                      |                 |                   |                         |                            |
| Net increase (decrease) for the year                 | -                    | (596)           | 134,148           | (6,632)                 | 126,918                    |
| Balance at February 29, 2020                         | 50,000               | 409,262         | 2,106,920         | (11,313)                | 2,554,869                  |

(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, 2019                             | 26,150   | (69)   | 23,768                                   | 737                                     | 50,587                                       | 2,805                         | 148,285                   | 2,672,486        |
| Cumulative effects of changes in accounting policies |  |  |  |   |  |                               |                           | (42,857)         |
| Balance at March 1, 2019 (as restated)               | 26,150   | (69)   | 23,768                                   | 737                                     | 50,587                                       | 2,805                         | 148,285                   | 2,629,628        |
| Increase (decrease) for the year                     |  |  |  |   |  |                               |                           |                  |
| Cash dividends                                       |  |  |  |   |  |                               |                           | (84,037)         |
| Net income attributable to owners of parent          |  |  |  |   |  |                               |                           | 218,185          |
| Purchase of treasury stock                           |  |  |  |   |  |                               |                           | (6,718)          |
| Disposal of treasury stock                           |  |  |  |   |  |                               |                           | 115              |
| Other  |  |  |  |   |  |                               |                           | (627)            |

|  |        |       |         |       |         |         |         |           |
|--|--------|-------|---------|-------|---------|---------|---------|-----------|
| Net changes of items other than shareholders' equity | (197)  | (207) | (6,252) | 2,796 | (3,861) | (2,473) | 7,010   | 674       |
| Net increase (decrease) for the year                 | (197)  | (207) | (6,252) | 2,796 | (3,861) | (2,473) | 7,010   | 127,593   |
| Balance at February 29, 2020                         | 25,953 | (277) | 17,515  | 3,533 | 46,725  | 331     | 155,295 | 2,757,222 |

Fiscal year ended February 28, 2021 (From March 1, 2020 to February 28, 2021)

(Millions of yen)

|  | Shareholders' equity |                 |                   |                         |                            |
|--|----------------------|-----------------|-------------------|-------------------------|----------------------------|
|  | Common stock         | Capital surplus | Retained earnings | Treasury stock, at cost | Total shareholders' equity |
| Balance at March 1, 2020                             | 50,000               | 409,262         | 2,106,920         | (11,313)                | 2,554,869                  |
| Increase (decrease) for the year                     |                      |                 |                   |                         |                            |
| Cash dividends                                       |                      |                 | (87,134)          |                         | (87,134)                   |
| Net income attributable to owners of parent          |                      |                 | 179,262           |                         | 179,262                    |
| Purchase of treasury stock                           |                      |                 |                   | (12)                    | (12)                       |
| Disposal of treasury stock                           |                      | 0               |                   | 472                     | 472                        |
| Other  |                      | (193)           | (242)             | 2                       | (433)                      |
| Net changes of items other than shareholders' equity |                      |                 |                   |                         |                            |
| Net increase (decrease) for the year                 | -                    | (193)           | 91,885            | 462                     | 92,154                     |
| Balance at February 28, 2021                         | 50,000               | 409,069         | 2,198,805         | (10,851)                | 2,647,023                  |

(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, 2020                             | 25,953   | (277)  | 17,515                                   | 3,533                                   | 46,725                                       | 331                           | 155,295                   | 2,757,222        |
| Increase (decrease) for the year                     |  |  |  |   |  |                               |                           |                  |
| Cash dividends                                       |  |  |  |   |  |                               |                           | (87,134)         |
| Net income attributable to owners of parent          |  |  |  |   |  |                               |                           | 179,262          |
| Purchase of treasury stock                           |  |  |  |   |  |                               |                           | (12)             |
| Disposal of treasury stock                           |  |  |  |   |  |                               |                           | 472              |
| Other  |  |  |  |   |  |                               |                           | (433)            |
| Net changes of items other than shareholders' equity | 9,776  | 1,858  | (48,350)                                 | 11,893                                  | (24,823)                                     | (274)                         | 7,056                     | (18,041)         |
| Net increase (decrease) for the year                 | 9,776  | 1,858  | (48,350)                                 | 11,893                                  | (24,823)                                     | (274)                         | 7,056                     | 74,112           |
| Balance at February 28, 2021                         | 35,729   | 1,580  | (30,835)                                 | 15,427                                  | 21,902                                       | 56                            | 162,352                   | 2,831,335        |

**(4) Consolidated Statements of Cash Flows**

(Millions of yen)

|  | Year ended<br>February 29, 2020 | Year ended<br>February 28, 2021 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Cash flows from operating activities:</b>                         |                                 |                                 |
| Income before income taxes   | 346,469                         | 258,776                         |
| Depreciation and amortization  | 226,475                         | 235,504                         |
| Impairment loss  | 35,477                          | 35,484                          |
| Amortization of goodwill   | 23,574                          | 25,040                          |
| Increase (decrease) in allowance for bonuses to employees            | 453                             | 654                             |
| Increase in net defined benefit asset                                | (6,807)                         | (6,280)                         |
| Interest and dividends income  | (4,830)                         | (4,004)                         |
| Interest expenses and interest on bonds                              | 10,592                          | 10,585                          |
| Equity in earnings of affiliates                                     | (937)                           | 885                             |
| Insurance income   | (944)                           | (956)                           |
| Gain on sales of property and equipment                              | (6,607)                         | (4,116)                         |
| Subsidies for employment adjustment                                  | -                               | (4,094)                         |
| Loss on disposals of property and equipment                          | 15,905                          | 12,193                          |
| Increase (decrease) in notes and accounts receivable, trade          | (16,380)                        | 31,472                          |
| Increase (decrease) in trade accounts receivable, financial services | (1,232)                         | 7,713                           |
| Decrease (increase) in inventories                                   | 2,163                           | 13,844                          |
| Increase (decrease) in notes and accounts payable, trade             | 753                             | (21,610)                        |
| Increase (decrease) in deposits received                             | 54,067                          | 7,854                           |
| 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     | 66,640                          | 86,386                          |
| Net decrease (increase) in ATM-related temporary accounts            | (26,663)                        | (7,475)                         |
| Other  | (33,605)                        | (18,225)                        |
| Subtotal   | 664,565                         | 639,630                         |
| Interest and dividends received                                      | 2,794                           | 2,201                           |
| Interest paid  | (10,735)                        | (10,129)                        |
| Insurance income   | 944                             | 956                             |
| Subsidies for employment adjustment received                         | -                               | 4,092                           |
| Income taxes paid  | (92,629)                        | (102,693)                       |
| Income taxes refund  | 11,732                          | 5,935                           |
| <b>Net cash provided by operating activities</b>                     | <b>576,670</b>                  | <b>539,995</b>                  |

(Millions of yen)

|   | Year ended<br>February 29, 2020 | Year ended<br>February 28, 2021 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Cash flows from investing activities:</b>  |                                 |                                 |
| Acquisition of property and equipment   | (297,693)                       | (297,859)                       |
| Proceeds from sales of property and equipment   | 17,365                          | 13,442                          |
| Acquisition of intangible assets  | (41,649)                        | (51,972)                        |
| Payment for purchase of investments in securities   | (24,678)                        | (22,239)                        |
| Proceeds from sales of investments in securities  | 33,928                          | 14,690                          |
| Purchase of shares of subsidiaries resulting in change in scope of consolidation                                  | -                               | (41,973)                        |
| Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation                    | 12                              | -                               |
| Payment for long-term leasehold deposits  | (10,593)                        | (9,938)                         |
| Refund of long-term leasehold deposits  | 27,049                          | 26,971                          |
| Proceeds from deposits from tenants   | 2,864                           | 2,428                           |
| Refund of deposits from tenants   | (3,443)                         | (2,963)                         |
| Payment for acquisition of business   | (16,631)                        | (11,447)                        |
| Payment for time deposits   | (2,364)                         | (4,081)                         |
| Proceeds from withdrawal of time deposits   | 2,834                           | 1,963                           |
| Other   | (5,046)                         | (11,146)                        |
| <b>Net cash used in investing activities</b>  | <b>(318,047)</b>                | <b>(394,127)</b>                |
| <b>Cash flows from financing activities:</b>  |                                 |                                 |
| Net increase (decrease) in short-term loans   | (13,707)                        | 490,506                         |
| Proceeds from long-term debts   | 53,580                          | 125,793                         |
| Repayment of long-term debts  | (98,555)                        | (93,579)                        |
| Proceeds from commercial paper  | -                               | 263,118                         |
| Payment for redemption of commercial paper  | -                               | (263,118)                       |
| Proceeds from issuance of bonds   | -                               | 349,307                         |
| Payment for redemption of bonds   | (40,000)                        | (60,000)                        |
| Capital contribution from non-controlling interests   | 1,488                           | 183                             |
| Purchase of treasury shares   | (6,718)                         | (12)                            |
| Dividends paid  | (83,976)                        | (87,081)                        |
| Dividends paid to non-controlling interests   | (8,224)                         | (7,482)                         |
| Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation | (3,857)                         | (770)                           |
| Other   | (13,233)                        | (26,321)                        |
| <b>Net cash used in financing activities</b>  | <b>(213,204)</b>                | <b>690,542</b>                  |
| <b>Effect of exchange rate changes on cash and cash equivalents</b>   | <b>(1,292)</b>                  | <b>(7,430)</b>                  |
| <b>Net increase in cash and cash equivalents</b>  | <b>44,126</b>                   | <b>828,980</b>                  |
| <b>Cash and cash equivalents at beginning of year</b>   | <b>1,310,729</b>                | <b>1,354,856</b>                |
| <b>Cash and cash equivalents at end of year</b>   | <b>1,354,856</b>                | <b>2,183,837</b>                |

## **(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: 148

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 9

(Establishment)

Six companies

(Acquisition of shares)

Three companies

Consolidated subsidiaries decreased by 2

(Dissolution)

One company

(Liquidation)

One company

### 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: 25

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

(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

(a) Business commencement expenses

Business commencement expenses are amortized using the straight-line method over 5 years.

(b) Bond issuance cost

Bond issuance cost are amortized using the straight-line method over the redemption period.

(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 the Company and its consolidated. 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.

(d) 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 on 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 on 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.

## **(7) Changes in Method of Presentation**

(Consolidated Statements of Income)

“Income from electronic money breakage”, which was previously included in “Other” of non-operating income in the fiscal year ended February 29, 2020, exceeded 10% of the total amount of non-operating income, and is separately presented for the fiscal year ended February 28, 2021 due to significant increase.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 29, 2020.

As a result, 3,293 million yen that was presented as “Other” in non-operating income in the fiscal year ended February 29, 2020 has been reclassified as “Income from electronic money breakage” of 818 million yen and “Other” of 2,474 million yen.

## **(8) Supplementary Information**

(Performance-Based Stock Compensation Plan for Directors)

The Company and certain consolidated subsidiaries (hereinafter the “Companies”) have introduced a Performance-Based Stock Compensation Plan (hereinafter the “Plan”) for the directors of the Companies (excluding nonexecutive Directors and Directors residing overseas, the same applies hereinafter) using the Directors’ Compensation BIP (Board Incentive Plan) Trust (hereinafter “BIP Trust”), mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders.

The accounting treatment for the said trust agreement is in accordance with “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF (Practical Issue Task Force) No. 30, March 26, 2015).

### (1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the BIP Trust, which is used as funds to acquire Company’s shares. The Company’s shares are delivered to directors in accordance with Share Delivery Rules for directors stipulated by the Companies. Directors shall receive delivery of the Company’s shares, etc., in principle, upon their retirement.

### (2) Company’s shares remaining in the BIP Trust

The Company’s shares remaining in the BIP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). As of February 28, 2021, the carrying amount and the number of Company’s shares remaining in the BIP Trust are 3,552 million yen and 930 thousand shares, respectively.

(Performance-Based Stock Compensation Plan for Executive Officers)

The Company and certain consolidated subsidiaries (hereinafter the “Companies”) have introduced a Performance-Based Stock Compensation Plan (hereinafter the “Plan”) for the executive officers of the Companies (excluding those residing overseas, the same applies hereinafter) using the Stock Grant Employee Stock Ownership Plan (ESOP) Trust (hereinafter “ESOP Trust”), mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders. The Companies adopted “Practical Solution on Transactions of Delivering the Company’s Own Stock to Employees etc. through Trusts” (PITF No. 30, March 26, 2015) to account for the said trust agreement.

(1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the ESOP Trust, which is used as funds to acquire Company's shares. The Company's shares are delivered to executive officers in accordance with Share Delivery Rules for executive officers stipulated by the Companies. Executive officers shall receive delivery of the Company's shares, etc., in principle, upon their retirement.

(2) Company's shares remaining in the ESOP Trust

The Company's shares remaining in the ESOP Trust are recorded as treasury stock under net assets at their carrying amounts (excluding incidental expenses). As of February 28, 2021, the carrying amount and the number of Company's shares remaining in the Trust are 2,663 million yen and 694 thousand shares, respectively.

(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 for a certain period after this fiscal year, accounting estimates are reflected in accounting treatment including those used to determine impairment losses.

## **(9) Notes to Consolidated Financial Statements**

### ***Consolidated Balance Sheets;***

1. Accumulated depreciation of property and equipment

(Millions of yen)

|                          | As of February 29, 2020 | As of February 28, 2021 |
|--------------------------|-------------------------|-------------------------|
| Accumulated depreciation | 1,968,140               | 2,024,326               |

2. Assets pledged as collateral

*Assets pledged as collateral for the debts*

(Millions of yen)

|   | As of February 29, 2020 | As of February 28, 2021 |
|---|-------------------------|-------------------------|
| Buildings and structures  | 523                     | 489                     |
| Land  | 1,258                   | 1,258                   |
| Investments in securities   | 62,099                  | 68,087                  |
| Long-term leasehold deposits                                      | 4,499                   | 2,662                   |
| Total   | 68,380                  | 72,497                  |
| Debts for which above assets are pledged as collateral            |                         |                         |
| Long-term loans<br>(including current portion of long-term loans) | 9,947                   | 13,420                  |

*Assets pledged as collateral for the debts of affiliates*

(Millions of yen)

|  | As of February 29, 2020 | As of February 28, 2021 |
|--|-------------------------|-------------------------|
| Buildings and structures   | 306                     | -                       |
| Land   | 1,331                   | -                       |
| Total  | 1,637                   | -                       |
| Loans of affiliates for which above assets are pledged as collateral | 2,651                   | -                       |

*Assets pledged as collateral for fund transfer*

(Millions of yen)

|                              | As of February 29, 2020 | As of February 28, 2021 |
|------------------------------|-------------------------|-------------------------|
| Investments in securities    | 1,543                   | 2,529                   |
| Long-term leasehold deposits | 800                     | 800                     |
| Total                        | 2,343                   | 3,329                   |

*Assets pledged as collateral for real estate business*

(Millions of yen)

|                              | As of February 29, 2020 | As of February 28, 2021 |
|------------------------------|-------------------------|-------------------------|
| Long-term leasehold deposits | 55                      | 55                      |

*Assets pledged as collateral under installment sales law*

(Millions of yen)

|                              | As of February 29, 2020 | As of February 28, 2021 |
|------------------------------|-------------------------|-------------------------|
| Long-term leasehold deposits | 1,334                   | -                       |

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

(Millions of yen)

|                              | As of February 29, 2020 | As of February 28, 2021 |
|------------------------------|-------------------------|-------------------------|
| Long-term leasehold deposits | 382                     | 304                     |

3. Guarantees

(Millions of yen)

|                          | As of February 29, 2020 | As of February 28, 2021 |
|--------------------------|-------------------------|-------------------------|
| Employees' housing loans | 69                      | 57                      |

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 29, 2020 | As of February 28, 2021 |
|---|-------------------------|-------------------------|
| Credit availability of cash loan business | 855,436                 | 790,424                 |
| Outstanding balance                       | 45,407                  | 44,002                  |
| Unused credit balance                     | 810,029                 | 746,421                 |

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<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|---|---|---|
| Franchise commission from franchised stores | 795,486                                 | 762,514                                 |
| Net sales of franchised stores              | 4,914,928                               | 4,781,626                               |

7-Eleven, Inc.

(Millions of yen)

|   | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|---|---|---|
| Franchise commission from franchised stores | 259,531                                 | 245,210                                 |
| Net sales of franchised stores              | 1,503,717                               | 1,505,369                               |

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

(Millions of yen)

|                          | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|--------------------------|---|---|
| Buildings and structures | 1,474                                   | 1,194                                   |
| Land                     | 4,845                                   | 2,286                                   |
| Others                   | 287                                     | 635                                     |
| Total                    | 6,607                                   | 4,116                                   |

Note: 5 million yen (Buildings and structures), 900 million yen (Land), and 0 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 29, 2020. 1,106 million yen (Land) is included in "Gain on sales of property and equipment related to restructuring" in Consolidated Statements of Income for the year ended February 28, 2021.

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

(Millions of yen)

|                                   | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|-----------------------------------|---|---|
| Buildings and structures          | 6,437                                   | 3,710                                   |
| Furniture, fixtures and equipment | 3,774                                   | 3,309                                   |
| Others                            | 5,693                                   | 5,172                                   |
| Total                             | 15,905                                  | 12,193                                  |

Note: 0 million yen (Other) is included in "Restructuring expenses" and 218 million yen (Other) is included in "Loss on digital and settlement services" in Consolidated Statements of Income for the year ended February 29, 2020. 17 million yen (Buildings and structures), 10 million yen (Furniture, fixtures and equipment) and 101 million yen (Others) is included in Special losses "Others" (Loss on disaster).  
12 million yen (Other) is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2021.



#### 4. Impairment loss

For the fiscal year ended February 29, 2020, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

| Description                     | Classification           | Location  |   | Amount                  |
|---------------------------------|--------------------------|---|---|-------------------------|
| Stores                          | Land and buildings, etc. | Tokyo Met.  | Domestic convenience stores<br>Specialty stores | 108 Stores<br>41 Stores |
|                                 |                          | Osaka Pref.                                       | Domestic convenience stores<br>Specialty stores | 71 Stores<br>5 Stores   |
|                                 |                          | Aichi Pref.                                       | Domestic convenience stores<br>Specialty stores | 57 Stores<br>6 Stores   |
|                                 |                          | U.S. & others                                     | Overseas convenience stores                     | 119 Stores              |
| Digital and settlement services | Software, etc.           | Tokyo Met.  |   | 4,615                   |
| Other facility, etc.            | Land and buildings, etc. | Tokyo Met., Nagano Pref., Niigata Pref., & others |   | 1,219                   |
| Total                           |                          |   |   | 35,477                  |

Note: 2,880 million yen (Stores) is included in “Restructuring expenses” and 4,615 million yen is included in “Loss on digital and settlement services” 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 | Digital and settlement services | Other facilities, etc. | Total  |
|-----------------------------------|--------|---------------------------------|------------------------|--------|
| Buildings and structures          | 21,847 | 14                              | 559                    | 22,420 |
| Furniture, fixtures and equipment | 2,504  | 22                              | 66                     | 2,592  |
| Land                              | 2,392  | -                               | 207                    | 2,599  |
| Software                          | 875    | 3,998                           | 331                    | 5,205  |
| Other                             | 2,022  | 580                             | 55                     | 2,658  |
| Total                             | 29,642 | 4,615                           | 1,219                  | 35,477 |

Note: 2,685 million yen (Buildings and structures), 73 million yen (Furniture, fixtures and equipment), and 121 million yen (Other) are included in “Restructuring expenses” in Consolidated Statements of Income. 14 million yen (Buildings and structures), 22 million yen (Furniture, fixtures and equipment), 3,998 million yen (Software), and 580 million yen (Other) are included in “Loss on digital and settlement services” 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% - 6.0% discount rates were applied.

For the fiscal year ended February 28, 2021, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

| Description          | Classification              | Location                                       |                             | Amount    |
|----------------------|-----------------------------|--|-----------------------------|-----------|
| Stores               | Land and buildings, etc.    | Tokyo Met.                                     | Domestic convenience stores | 84 Stores |
|                      |                             |  | Specialty stores            | 22 Stores |
|                      |                             |  | Superstores                 | 2 Stores  |
|                      |                             |  | Others                      | 2 Stores  |
|                      |                             | Aichi Pref.                                    | Domestic convenience stores | 44 Stores |
|                      |                             | Specialty stores                               | 4 Stores                    |           |
| Kanagawa Pref.       | Domestic convenience stores | 35 Stores                                      |                             |           |
|                      |                             | Specialty stores                               | 11 Stores                   |           |
|                      |                             | Others   | 1 Stores                    |           |
| U.S. & others        | Overseas convenience stores | 175 Stores                                     |                             |           |
| Other facility, etc. | Software, etc.              | Tokyo Met., Kyoto Pref., Nagano Pref.,& others |                             | 1,378     |
| Total                |                             |  |                             | 35,484    |

Note: 3,879 million yen (Stores) is 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 | Other facilities, etc. | Total  |
|-----------------------------------|--------|------------------------|--------|
| Buildings and structures          | 27,335 | 470                    | 27,805 |
| Furniture, fixtures and equipment | 3,732  | 87                     | 3,820  |
| Land                              | 1,585  | 2                      | 1,587  |
| Software                          | 461    | 632                    | 1,094  |
| Other                             | 990    | 186                    | 1,176  |
| Total                             | 34,105 | 1,378                  | 35,484 |

Note: 3,497 million yen (Buildings and structures), 23 million yen (Furniture, fixtures and equipment), 330 million yen (Land), and 28 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 3.3% - 6.0% discount rates were applied.

5. Loss related to novel coronavirus (COVID-19)

A breakdown of loss related to novel coronavirus (COVID-19) is as follows:

(Millions of yen)

|   | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|---|---|---|
| Fixed cost during temporary closure<br>(Salaries and wages, Land and building rent, etc.) | –                                       | 24,066                                  |
| Cost of infection prevention and control  | –                                       | 7,571                                   |
| Cost of support to franchisees  | –                                       | 5,193                                   |
| Others  | –                                       | 3,702                                   |
| <b>Total</b>  | –                                       | <b>40,534</b>                           |

Note: In addition to the above, 7-Eleven, Inc. 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 11,322 million yen.

6. Restructuring expenses

A breakdown of restructuring expenses is as follows:

(Millions of yen)

|   | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|---|---|---|
| Impairment loss                         | 2,880                                   | 3,879                                   |
| Early retirement benefit                | 2,183                                   | 2,765                                   |
| Store closing losses                    | 1,828                                   | 1,388                                   |
| Loss on sales of property and equipment | 608                                     | 30                                      |
| Others                                  | 239                                     | 2,149                                   |
| <b>Total</b>                            | <b>7,740</b>                            | <b>10,213</b>                           |

Note: The “Gain on sales of property and equipment related to restructuring” was recorded under “Special gains” for the fiscal years ended February 29, 2020 and February 28, 2021. This amount was 905 million yen for the fiscal year ended February 29, 2020, and 1,106 million yen for the fiscal year ended February 28, 2021.

7. Loss on digital and settlement services

A breakdown of loss on digital and settlement services is as follows:

(Millions of yen)

|                   | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|-------------------|---|---|
| Impairment loss   | 4,615                                   | -                                       |
| Security expenses | 4,344                                   | -                                       |
| Others            | 4,502                                   | -                                       |
| <b>Total</b>      | <b>13,463</b>                           | <b>-</b>                                |

**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 29, 2020 and February 28, 2021 are as follows:

(Millions of yen)

|  | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|--|---|---|
| Unrealized gains (losses) on available-for-sale securities, net of taxes:          |   |   |
| Decrease during the fiscal year  | 174                                     | 14,555                                  |
| Reclassification adjustments   | 60                                      | (567)                                   |
| Amount before tax  | 234                                     | 13,988                                  |
| Tax effects  | (447)                                   | (4,360)                                 |
| Subtotal   | (212)                                   | 9,627                                   |
| Unrealized gains (losses) on hedging derivatives, net of taxes                     |   |   |
| Decrease during the fiscal year  | (277)                                   | 2,476                                   |
| Reclassification adjustments   | -                                       | -                                       |
| Amount before tax  | (277)                                   | 2,476                                   |
| Tax effects  | 68                                      | (618)                                   |
| Subtotal   | (209)                                   | 1,857                                   |
| Foreign currency translation adjustments:  |   |   |
| Decrease during the fiscal year  | (6,340)                                 | (48,474)                                |
| Remeasurements of defined benefit plan, net of taxes:                              |   |   |
| Decrease during the fiscal year  | 7,168                                   | 18,558                                  |
| Reclassification adjustments   | (2,543)                                 | (1,582)                                 |
| Amount before tax  | 4,625                                   | 16,976                                  |
| Tax effects  | (1,802)                                 | (5,000)                                 |
| Subtotal   | 2,822                                   | 11,976                                  |
| Share of other comprehensive income of entities accounted for using equity method: |   |   |
| Decrease during the fiscal year  | (12)                                    | (8)                                     |
| Total other comprehensive income   | (3,952)                                 | (25,021)                                |

## Consolidated Statements of Changes in Net Assets;

(From March 1, 2019 to February 29, 2020)

### 1. Type and number of shares outstanding and treasury stock

#### (1) Outstanding stock

(Thousands of shares)

|                | As of March 1,<br>2019 | Number of shares<br>increased | Number of shares<br>decreased | As of February 29,<br>2020 |
|----------------|------------------------|-------------------------------|-------------------------------|----------------------------|
| Ordinary Share | 886,441                | –                             | –                             | 886,441                    |

#### (2) Treasury stock

(Thousands of shares)

|                | As of March 1,<br>2019 | Number of shares<br>increased<br>(Note 1) | Number of shares<br>decreased<br>(Note 2) | As of February 29,<br>2020<br>(Note 3) |
|----------------|------------------------|---|---|--|
| Ordinary Share | 1,873                  | 1,755                                     | 32  | 3,596                                  |

Notes: (1) 1,751 thousand shares and 3 thousand shares out of the 1,755 thousand shares increased due to the acquisitions of the shares of the Company by the BIP Trust and the ESOP Trust and purchase of odd-lot shares, respectively.

(2) 28 thousand shares, 3 thousand shares and 0 thousand shares out of the 32 thousand shares decreased due to the exercising of stock options, delivery of the shares of the Company held by the BIP Trust and the ESOP Trust, and sale of odd-lot shares, respectively.

(3) The number of shares of treasury stock as of February 29, 2020 includes 1,747 thousand shares of the Company held by the BIP Trust and the ESOP Trust.

### 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, 2019                  | –   | –   | –     |
|  | Number of shares increased                            | –   | –   | –     |
|  | Number of shares decreased                            | –   | –   | –     |
|  | Number of shares as of February 29, 2020              | –   | –   | –     |
|  | Balance as of February 29, 2020 (millions of yen)     | 56  | 274   | 331   |

### 3. Matters related to dividends

#### (1) Dividend payments

| Resolution   | Type           | Total amount of cash dividends | Dividend per share | Record date   | Effective date |
|--|----------------|--------------------------------|--------------------|---------------|----------------|
| May 23, 2019<br>Ordinary general meeting of shareholders | Ordinary Share | 42,018 million yen             | 47.50 yen          | Feb. 28, 2019 | May 24, 2019   |
| October 10, 2019<br>Board of Directors meeting           | Ordinary Share | 42,019 million yen             | 47.50 yen          | Aug. 31, 2019 | Nov. 15, 2019  |

Note: The total amount of cash dividends determined by the resolution of the Board of Directors meeting held on October 10, 2019 includes 83 million yen of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

#### (2) Dividends whose record date is within the fiscal year ended February 29, 2020, 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 28, 2020<br>Ordinary general meeting of shareholders | Ordinary Share | Retained earnings   | 45,115 million yen             | 51.00 yen          | Feb. 29, 2020 | May 29, 2020   |

Note: The total amount of cash dividends includes 89 million yen of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

(From March 1, 2020 to February 28, 2021)

#### 1. Type and number of shares outstanding and treasury stock

##### (1) Outstanding stock

(Thousands of shares)

|                | As of March 1, 2020 | Number of shares increased | Number of shares decreased | As of February 28, 2021 |
|----------------|---------------------|----------------------------|----------------------------|-------------------------|
| Ordinary Share | 886,441             | –                          | –                          | 886,441                 |

##### (2) Treasury stock

(Thousands of shares)

|                | As of March 1, 2020 | Number of shares increased (Note 1) | Number of shares decreased (Note 2) | As of February 28, 2021 (Note 3) |
|----------------|---------------------|-------------------------------------|-------------------------------------|----------------------------------|
| Ordinary Share | 3,596               | 3                                   | 124                                 | 3,475                            |

Notes: (1) 3 thousand shares increased due to purchase of odd-lot shares.  
(2) 123 thousand shares, 0 thousand shares out of the 124 thousand shares decreased due to delivery of the shares of the Company held by the BIP Trust and the ESOP Trust, and sale of odd-lot shares, respectively.  
(3) The number of shares of treasury stock as of February 28, 2021 includes 1,624 thousand shares of the Company held by the BIP Trust and the ESOP Trust.

## 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, 2020     | –   | –   | –     |
|  | Number of shares increased               | –   | –   | –     |
|  | Number of shares decreased               | –   | –   | –     |
|  | Number of shares as of February 28, 2021 | –   | –   | –     |
| Balance as of February 28, 2021 (millions of yen)                      |  | 56  | –   | 56    |

## 3. Matters related to dividends

### (1) Dividend payments

| Resolution   | Type           | Total amount of cash dividends | Dividend per share | Record date   | Effective date |
|--|----------------|--------------------------------|--------------------|---------------|----------------|
| May 28, 2020<br>Ordinary general meeting of shareholders | Ordinary Share | 45,115 million yen             | 51.00 yen          | Feb. 29, 2020 | May 29, 2020   |
| October 8, 2020<br>Board of Directors meeting            | Ordinary Share | 42,019 million yen             | 47.50 yen          | Aug. 31, 2020 | Nov. 13, 2020  |

Notes:

- The total amount of cash dividends determined by the resolution of the ordinary general meeting of shareholders held on May 28, 2020 includes 89 million yen of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.
- The total amount of cash dividends determined by the resolution of the Board of Directors meeting held on October 8, 2020 includes 77 million yen of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

### (2) Dividends whose record date is within the fiscal year ended February 28, 2021, 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 27, 2021<br>Ordinary general meeting of shareholders | Ordinary Share | Retained earnings   | 45,115 million yen             | 51.00 yen          | Feb. 28, 2021 | May 28, 2021   |

Note: The total amount of cash dividends includes 82 million yen of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust.

### **Consolidated Statements of Cash Flows;**

(For the fiscal year ended February 29, 2020)

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 29, 2020 |
|---|-------------------------|
| Cash and bank deposits  | 1,357,733               |
| Restricted cash   | 7,319                   |
| Time deposits and negotiable certificates of deposits with an original maturity of more than three months | (10,195)                |
| Cash and cash equivalents   | 1,354,856               |

2. Major non-cash transactions

(Millions of yen)

|   | Fiscal year ended February 29, 2020 |
|---|-------------------------------------|
| Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year | 7,180                               |
| Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year                         | 13,276                              |

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 29, 2020 |
|------------------------|-------------------------|
| Inventory              | 426                     |
| Goodwill               | 14,917                  |
| Other                  | 1,287                   |
| Subtotal               | 16,631                  |
| Property and equipment | 4,309                   |
| Total                  | 20,941                  |

Property and equipment set out above at an amount of 4,309 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 29, 2020.



(For the fiscal year ended February 28, 2021)

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, 2021 |
|---|-------------------------|
| Cash and bank deposits  | 2,189,152               |
| Restricted cash   | 7,112                   |
| Time deposits and negotiable certificates of deposits with an original maturity of more than three months | (12,427)                |
| Cash and cash equivalents   | 2,183,837               |

2. Assets and Liabilities of a newly consolidated subsidiary by acquisition of shares are as follows:

Brown-Thompson General Partnership and 7-Eleven,L.L.C.

(Millions of yen)

|                                     | As of February 28, 2021 |
|-------------------------------------|-------------------------|
| Current assets                      | 4,097                   |
| Non-current assets                  | 17,250                  |
| Goodwill                            | 28,472                  |
| Current liabilities                 | (3,675)                 |
| Non-current liabilities             | (2,892)                 |
| Acquisition of shares               | 43,252                  |
| Cash and cash equivalent            | (1,278)                 |
| Payment for acquisition of business | 41,973                  |

3. Major non-cash transactions

(Millions of yen)

|   | Fiscal year ended February 28, 2021 |
|---|-------------------------------------|
| Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year | 11,625                              |
| Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year                         | 13,352                              |

4. 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, 2021 |
|------------------------|-------------------------|
| Inventory              | 324                     |
| Goodwill               | 8,962                   |
| Other                  | 2,160                   |
| Subtotal               | 11,447                  |
| Property and equipment | 3,580                   |
| Total                  | 15,027                  |

Property and equipment set out above at an amount of 3,580 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2021.

## 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.

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 29, 2020 (From March 1, 2019 to February 29, 2020)

(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         |                  |                 |                    |
| <b>Revenues from operations</b>                                |                                       |                                       |                       |                             |                    |                            |                |                  |                 |                    |
| 1. Customers   | 969,257                               | 2,737,775                             | 1,841,346             | 570,694                     | 179,262            | 338,198                    | 7,777          | 6,644,312        | 47              | 6,644,359          |
| 2. Intersegment  | 1,979                                 | 2,057                                 | 7,774                 | 6,938                       | 38,104             | 1,462                      | 17,424         | 75,742           | (75,742)        | –                  |
| <b>Total</b>   | <b>971,236</b>                        | <b>2,739,833</b>                      | <b>1,849,121</b>      | <b>577,633</b>              | <b>217,367</b>     | <b>339,660</b>             | <b>25,202</b>  | <b>6,720,054</b> | <b>(75,695)</b> | <b>6,644,359</b>   |
| <b>Segment income (loss)</b>                                   | <b>256,601</b>                        | <b>102,001</b>                        | <b>21,307</b>         | <b>797</b>                  | <b>53,610</b>      | <b>4,690</b>               | <b>1,554</b>   | <b>440,562</b>   | <b>(16,296)</b> | <b>424,266</b>     |
| <b>Segment assets</b>  | <b>1,224,157</b>                      | <b>1,401,418</b>                      | <b>959,853</b>        | <b>308,969</b>              | <b>1,666,038</b>   | <b>136,657</b>             | <b>160,882</b> | <b>5,857,978</b> | <b>138,909</b>  | <b>5,996,887</b>   |
| <b>Segment liabilities (interest bearing debt)</b>             | <b>–</b>                              | <b>219,041</b>                        | <b>–</b>              | <b>160,999</b>              | <b>348,261</b>     | <b>17,743</b>              | <b>–</b>       | <b>746,044</b>   | <b>236,915</b>  | <b>982,960</b>     |
| Other items  |                                       |                                       |                       |                             |                    |                            |                |                  |                 |                    |
| Depreciation   | 76,519                                | 77,204                                | 26,071                | 9,083                       | 29,031             | 3,879                      | 2,447          | 224,237          | 2,238           | 226,475            |
| Amortization of goodwill                                       | –                                     | 19,653                                | 3,098                 | –                           | 359                | 462                        | –              | 23,574           | –               | 23,574             |
| Investment in associates accounted for using the equity method | 8,558                                 | 6,362                                 | 6,316                 | 295                         | 2,000              | 13,600                     | 4,906          | 42,039           | –               | 42,039             |
| Impairment loss  | 11,801                                | 3,565                                 | 10,102                | 3,179                       | 4,651              | 2,123                      | 39             | 35,463           | 14              | 35,477             |
| Net increase in property and equipment, and intangible assets  | 98,691                                | 134,684                               | 45,870                | 9,730                       | 31,110             | 9,641                      | 2,706          | 332,435          | 13,955          | 346,391            |

Notes:

- The adjustments of (16,296) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- The adjustments of 138,909 million yen for segment assets are eliminations of intersegment transactions and corporate assets.

- The adjustments of 236,915 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
- Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
- 2,880 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" and 4,615 million yen out of "Impairment loss" in the table above is included in "Loss on digital and settlement services" in Consolidated Statements of Income for the year ended February 29, 2020.

**Fiscal Year ended February 28, 2021 (From March 1, 2020 to February 28, 2021)**

(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         |                  |                  |                    |
| <b>Revenues from operations</b>                                |                                       |                                       |                       |                             |                    |                            |                |                  |                  |                    |
| 1. Customers   | 919,523                               | 2,189,327                             | 1,802,625             | 419,183                     | 167,259            | 262,736                    | 5,976          | 5,766,631        | 86               | 5,766,718          |
| 2. Intersegment  | 1,309                                 | 2,056                                 | 8,258                 | 5,969                       | 31,668             | 1,066                      | 16,034         | 66,364           | (66,364)         | -                  |
| <b>Total</b>   | <b>920,832</b>                        | <b>2,191,383</b>                      | <b>1,810,884</b>      | <b>425,153</b>              | <b>198,927</b>     | <b>263,803</b>             | <b>22,011</b>  | <b>5,832,995</b> | <b>(66,277)</b>  | <b>5,766,718</b>   |
| <b>Segment income (loss)</b>                                   | <b>234,258</b>                        | <b>98,097</b>                         | <b>29,683</b>         | <b>(6,248)</b>              | <b>48,077</b>      | <b>(13,572)</b>            | <b>1,944</b>   | <b>392,241</b>   | <b>(25,911)</b>  | <b>366,329</b>     |
| <b>Segment assets</b>  | <b>1,252,296</b>                      | <b>2,284,682</b>                      | <b>963,545</b>        | <b>297,593</b>              | <b>1,788,607</b>   | <b>151,604</b>             | <b>156,651</b> | <b>6,894,981</b> | <b>51,850</b>    | <b>6,946,832</b>   |
| <b>Segment liabilities (interest bearing debt)</b>             | <b>-</b>                              | <b>281,974</b>                        | <b>-</b>              | <b>146,193</b>              | <b>283,127</b>     | <b>40,998</b>              | <b>-</b>       | <b>752,293</b>   | <b>1,008,917</b> | <b>1,761,210</b>   |
| Other items  |                                       |                                       |                       |                             |                    |                            |                |                  |                  |                    |
| Depreciation   | 79,856                                | 81,299                                | 26,929                | 9,091                       | 28,766             | 4,254                      | 2,269          | 232,466          | 3,038            | 235,504            |
| Amortization of goodwill                                       | -                                     | 21,119                                | 3,098                 | -                           | 359                | 462                        | -              | 25,040           | -                | 25,040             |
| Investment in associates accounted for using the equity method | 8,881                                 | 5,463                                 | 6,694                 | 310                         | 1,685              | 12,727                     | 4,481          | 40,245           | -                | 40,245             |
| Impairment loss  | 8,859                                 | 5,911                                 | 11,589                | 3,332                       | 1                  | 4,252                      | 1,529          | 35,477           | 7                | 35,484             |
| Net increase in property and equipment, and intangible assets  | 122,467                               | 145,170                               | 46,625                | 15,540                      | 35,606             | 8,761                      | 1,756          | 375,927          | (12,030)         | 363,897            |

## Notes:

- The adjustments of (25,911) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- The adjustments of 51,850 million yen for segment assets are eliminations of intersegment transactions and corporate assets.
- The adjustments of 1,008,917 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
- Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
- 3,879 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, 2021.

**(Reference)**

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

**Fiscal Year ended February 29, 2020 (From March 1, 2019 to February 29, 2020)**

(Millions of yen)

|                                 | Japan            | North America    | Others         | Total before eliminations | Eliminations   | Consolidated total |
|---------------------------------|------------------|------------------|----------------|---------------------------|----------------|--------------------|
| <b>Revenues from operations</b> |                  |                  |                |                           |                |                    |
| 1. Customers                    | 3,744,516        | 2,781,724        | 118,118        | 6,644,359                 | –              | 6,644,359          |
| 2. Intersegment                 | 958              | 331              | –              | 1,289                     | (1,289)        | –                  |
| <b>Total revenues</b>           | <b>3,745,475</b> | <b>2,782,055</b> | <b>118,118</b> | <b>6,645,649</b>          | <b>(1,289)</b> | <b>6,644,359</b>   |
| <b>Operating income (loss)</b>  | <b>321,441</b>   | <b>101,777</b>   | <b>1,199</b>   | <b>424,419</b>            | <b>(152)</b>   | <b>424,266</b>     |

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, 2021 (From March 1, 2020 to February 28, 2021)**

(Millions of yen)

|                                 | Japan            | North America    | Others         | Total before eliminations | Eliminations   | Consolidated total |
|---------------------------------|------------------|------------------|----------------|---------------------------|----------------|--------------------|
| <b>Revenues from operations</b> |                  |                  |                |                           |                |                    |
| 1. Customers                    | 3,434,175        | 2,231,893        | 100,649        | 5,766,718                 | -              | 5,766,718          |
| 2. Intersegment                 | 971              | 340              | 58             | 1,371                     | (1,371)        | -                  |
| <b>Total revenues</b>           | <b>3,435,146</b> | <b>2,232,234</b> | <b>100,707</b> | <b>5,768,089</b>          | <b>(1,371)</b> | <b>5,766,718</b>   |
| <b>Operating income (loss)</b>  | <b>266,096</b>   | <b>99,582</b>    | <b>805</b>     | <b>366,484</b>            | <b>(154)</b>   | <b>366,329</b>     |

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 29, 2020 (From March 1, 2019 to February 29, 2020)

#### 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<br>(of which, the U.S.) | Others  | Total     |
|-----------|---------------------------------------|---------|-----------|
| 3,744,516 | 2,781,724<br>(2,520,681)              | 118,118 | 6,644,359 |

##### (2) Property and equipment

(Millions of yen)

| Japan     | North America<br>(of which, the U.S.) | Others | Total     |
|-----------|---------------------------------------|--------|-----------|
| 1,423,476 | 755,889<br>(702,525)                  | 4,009  | 2,183,375 |

#### 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, 2021 (From March 1, 2020 to February 28, 2021)

#### 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<br>(of which, the U.S.) | Others  | Total     |
|-----------|---------------------------------------|---------|-----------|
| 3,434,175 | 2,231,893<br>(2,011,844)              | 100,649 | 5,766,718 |

##### (2) Property and equipment

(Millions of yen)

| Japan     | North America<br>(of which, the U.S.) | Others | Total     |
|-----------|---------------------------------------|--------|-----------|
| 1,439,654 | 762,571<br>(704,752)                  | 3,798  | 2,206,023 |

#### 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 29, 2020 (From March 1, 2019 to February 29, 2020)

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

### Fiscal Year ended February 28, 2021 (From March 1, 2020 to February 28, 2021)

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 29, 2020 (From March 1, 2019 to February 29, 2020)**

(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 |         |                          |                    |
| <b>Goodwill</b>                    |                                       |                                       |                       |                             |                    |                            |        |         |                          |                    |
| Amortization                       | –                                     | 19,653                                | 3,098                 | –                           | 359                | 462                        | –      | 23,574  | –                        | 23,574             |
| Balance at the end of current year | 2,826                                 | 329,406                               | 20,147                | –                           | 3,980              | 3,340                      | –      | 359,701 | –                        | 359,701            |
| <b>Negative Goodwill</b>           |                                       |                                       |                       |                             |                    |                            |        |         |                          |                    |
| Amortization                       | –                                     | –                                     | 23                    | –                           | –                  | 4                          | –      | 27      | –                        | 27                 |
| Balance at the end of current year | –                                     | –                                     | 70                    | –                           | –                  | 12                         | –      | 82      | –                        | 82                 |

**Fiscal Year ended February 28, 2021 (From March 1, 2020 to February 28, 2021)**

(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 |         |                          |                    |
| <b>Goodwill</b>                    |                                       |                                       |                       |                             |                    |                            |        |         |                          |                    |
| Amortization                       | -                                     | 21,119                                | 3,098                 | -                           | 359                | 462                        | -      | 25,040  | -                        | 25,040             |
| Balance at the end of current year | 2,498                                 | 323,804                               | 17,135                | -                           | 3,621              | 2,876                      | -      | 349,937 | -                        | 349,937            |
| <b>Negative Goodwill</b>           |                                       |                                       |                       |                             |                    |                            |        |         |                          |                    |
| Amortization                       | -                                     | -                                     | 23                    | -                           | -                  | 4                          | -      | 27      | -                        | 27                 |
| Balance at the end of current year | -                                     | -                                     | 46                    | -                           | -                  | 8                          | -      | 55      | -                        | 55                 |

## Information Regarding Gain on Negative Goodwill by Reportable Segment

**Fiscal Year ended February 29, 2020 (From March 1, 2019 to February 29, 2020)**

None

**Fiscal Year ended February 28, 2021 (From March 1, 2020 to February 28, 2021)**

None

***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)

None

2. Notes about the parent company and the important affiliates

None

## Per Share Information;

(Yen)

|                              | Fiscal year ended<br>February 29, 2020 | Fiscal year ended<br>February 28, 2021 |
|------------------------------|--|--|
| Owners' equity per share     | 2,946.83                               | 3,022.68                               |
| Net income per share         | 246.95                                 | 203.03                                 |
| Diluted net income per share | 246.85                                 | 203.02                                 |

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<br>February 29, 2020 | Fiscal year ended<br>February 28, 2021 |
|---|--|--|
| Net income attributable to owners of parent on the Consolidated Statements of Income                                  | 218,185                                | 179,262                                |
| Amount not attributable to owners of ordinary shares  | –                                      | –                                      |
| Net income attributable to owners of ordinary shares of parent  | 218,185                                | 179,262                                |
| Average number of ordinary shares outstanding during the period (thousands of shares)                                 | 883,508                                | 882,927                                |
| Adjustments to net income attributable to owners of parent which is used for calculating diluted net income per share |  |  |
| Net income attributable to non-controlling interests  | 10                                     | 4                                      |
| Adjustments to net income attributable to owners of parent  | 10                                     | 4                                      |
| Number of ordinary shares increased used for calculating the diluted net income per share                             |  |  |
| Subscription rights to shares (thousands of shares)   | 337                                    | 14                                     |
| Number of ordinary shares increased (thousands of shares)   | 337                                    | 14                                     |

As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the average number of shares during the period, to calculate net income per share and diluted net income per share. The average number of shares of treasury stock during the period deducted for the computation is 1,085 thousand shares for the fiscal year ended February 29, 2020 and 1,664 thousand shares for the fiscal year ended February 28, 2021.

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

(Millions of yen, except number of ordinary shares)

|   | As of February 29, 2020 | As of February 28, 2021 |
|---|-------------------------|-------------------------|
| Total net assets  | 2,757,222               | 2,831,335               |
| Amounts subtracted from total net assets:   | 155,627                 | 162,409                 |
| (Subscription rights to shares)   | (331)                   | (56)                    |
| (Net income attributable to non-controlling interests)  | (155,295)               | (162,352)               |
| Owners' equity for ordinary shares at the end of period   | 2,601,594               | 2,668,925               |
| Number of ordinary shares at the end of period used for calculating the amounts of owners' equity per share (thousands of shares) | 882,845                 | 882,966                 |

As the Company has introduced the BIP Trust and the ESOP Trust, the Company's shares held by the trusts are included in the number of shares of treasury stock deducted for the computation of the total number of shares outstanding at the end of period, to calculate owners' equity per share. The total number of shares of treasury stock at the end of period deducted for the computation is 1,747 thousand shares as of February 29, 2020 and 1,624 thousand shares as of February 28, 2021.



## ***Subsequent Event;***

### I.. Issuance of bonds

7-Eleven, Inc., which is a consolidated subsidiary of the Company, carried out the issuance senior unsecured notes denominated in US dollars on February 10,2021. 7-Eleven, Inc. intends to use the net proceeds from the sale of the Notes in this offering, together with borrowings, to finance the acquisition of Marathon Petroleum Corporation' s convenience store business, including the sale of transportation fuel and the operation of convenience stores and to pay fees and expenses incurred in connection with the Acquisition and other related transactions. A summary of this issuance is as follows.

#### 1. US Dollar-Denominated Senior Unsecured Notes Due 2022

- (1) Amount: US\$ 1.5 billion
- (2) Interest Rate: 3-month U.S. dollar LIBOR, plus 0.45% per annum
- (3) Issue Price: 100% of the principal amount
- (4) Maturity Date: August 10, 2022
- (5) Optional Redemption Date: August 10, 2021

#### 2. US Dollar-Denominated Senior Unsecured Notes Due 2023

- (1) Amount: US\$ 1.25 billion
- (2) Interest Rate: 0.625% per annum
- (3) Issue Price: 99.917% of the principal amount
- (4) Maturity Date: February 10, 2023
- (5) Optional Redemption Date: February 10, 2022

#### 3. US Dollar-Denominated Senior Unsecured Notes Due 2024

- (1) Amount: US\$ 2.25 billion
- (2) Interest Rate: 0.800% per annum
- (3) Issue Price: 99.917% of the principal amount
- (4) Maturity Date: February 10, 2024
- (5) Optional Redemption Date: February 10, 2022

#### 4. US Dollar-Denominated Senior Unsecured Notes Due 2026

- (1) Amount: US\$ 1.25 billion
- (2) Interest Rate: 0.950% per annum
- (3) Issue Price: 99.762% of the principal amount
- (4) Maturity Date: February 10, 2026

#### 5. US Dollar-Denominated Senior Unsecured Notes Due 2028

- (1) Amount: US\$ 1.0 billion
- (2) Interest Rate: 1.300% per annum
- (3) Issue Price: 99.687% of the principal amount
- (4) Maturity Date: February 10, 2028

#### 6. US Dollar-Denominated Senior Unsecured Notes Due 2031

- (1) Amount: US\$ 1.7billion
- (2) Interest Rate: 1.800% per annum
- (3) Issue Price: 99.945% of the principal amount
- (4) Maturity Date: February 10, 2031

7. US Dollar-Denominated Senior Unsecured Notes Due 2041
- (1) Amount: US\$ 0.75billion
  - (2) Interest Rate: 2.500% per annum
  - (3) Issue Price: 98.911% of the principal amount
  - (4) Maturity Date: February 10, 2041
8. US Dollar-Denominated Senior Unsecured Notes Due 2051
- (1) Amount: US\$ 1.25billion
  - (2) Interest Rate: 2.800% per annum
  - (3) Issue Price: 99.617% of the principal amount
  - (4) Maturity Date: February 10, 2051

### 3. Nonconsolidated Financial Statements

#### (1) Nonconsolidated Balance Sheets

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>99,671</b>     | <b>44,237</b>     |
| Cash and bank deposits                       | 496               | 625               |
| Prepaid expenses                             | 960               | 1,017             |
| Accounts receivable, other                   | 33,255            | 31,353            |
| Income taxes receivable                      | -                 | 6,564             |
| Deposits held by subsidiaries and affiliates | 62,566            | 3,504             |
| Other  | 2,392             | 1,172             |
| <b>Non-current assets</b>                    | <b>1,690,281</b>  | <b>2,484,446</b>  |
| <b>Property and equipment</b>                | <b>5,728</b>      | <b>7,278</b>      |
| Buildings and structures                     | 2,420             | 2,592             |
| Fixtures, equipment and vehicles             | 92                | 216               |
| Land   | 2,712             | 2,712             |
| Leased assets                                | 502               | 370               |
| Construction in progress                     | -                 | 1,385             |
| <b>Intangible assets</b>                     | <b>23,861</b>     | <b>40,310</b>     |
| Software                                     | 6,842             | 8,268             |
| Software in progress                         | 6,543             | 21,859            |
| Lease assets                                 | 10,474            | 10,180            |
| Other  | 1                 | 2                 |
| <b>Investments and other assets</b>          | <b>1,660,691</b>  | <b>2,436,857</b>  |
| Investments in securities                    | 34,563            | 36,326            |
| Stocks of subsidiaries and affiliates        | 1,609,913         | 2,382,108         |
| Deferred income taxes                        | 397               | -                 |
| Prepaid pension cost                         | 1,136             | 1,362             |
| Long-term leasehold deposits                 | 3,643             | 3,868             |
| Deposits paid in subsidiaries and affiliates | 10,000            | 10,000            |
| Other  | 1,036             | 3,190             |
| <b>Deferred assets</b>                       | <b>-</b>          | <b>652</b>        |
| Bond issuance costs                          | -                 | 652               |
| <b>TOTAL ASSETS</b>                          | <b>1,789,952</b>  | <b>2,529,336</b>  |

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>127,793</b>    | <b>605,194</b>    |
| Current portion of bonds   | 60,000            | 66,917            |
| Short-term loans   | -                 | 482,000           |
| Short-term loans payable to subsidiaries and affiliates                  | 39,008            | 32,006            |
| Lease obligations  | 3,499             | 3,732             |
| Accounts payable, other  | 11,334            | 16,571            |
| Accrued expenses   | 911               | 712               |
| Income taxes payable   | 11,669            | 1,560             |
| Advance received   | 254               | 226               |
| Allowance for bonuses to employees                                       | 368               | 555               |
| Allowance for bonuses to Directors and Audit & Supervisory Board Members | 49                | 49                |
| Other  | 695               | 862               |
| <b>Non-current liabilities</b>   | <b>226,287</b>    | <b>511,114</b>    |
| Bonds  | 176,915           | 460,000           |
| Long-term loans payable to subsidiaries and affiliates                   | 9                 | 9                 |
| Lease obligations  | 8,569             | 7,840             |
| Allowance for stock payments   | 2,695             | 2,414             |
| Provision for loss on guarantees   | 32,174            | 32,476            |
| Deposits paid in subsidiaries  | 3,073             | 2,992             |
| Deposits received from tenants   | 2,425             | 2,149             |
| Deferred income taxes  | -                 | 2,647             |
| Other  | 423               | 583               |
| <b>TOTAL LIABILITIES</b>   | <b>354,080</b>    | <b>1,116,309</b>  |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholders' equity</b>  | <b>1,425,797</b>  | <b>1,401,971</b>  |
| Common stock   | 50,000            | 50,000            |
| Capital surplus  | 1,246,519         | 1,245,271         |
| Additional paid-in capital   | 875,496           | 875,496           |
| Other capital surplus  | 371,022           | 369,774           |
| Retained earnings  | 140,542           | 117,504           |
| Other retained earnings  |                   |                   |
| Retained earnings brought forward  | 140,542           | 117,504           |
| Treasury stock, at cost  | (11,265)          | (10,804)          |
| Accumulated gains from valuation and translation adjustments             | 10,017            | 10,999            |
| Unrealized gains on available-for-sale securities, net of taxes          | 10,017            | 10,999            |
| <b>Subscription rights to shares</b>                                     | <b>56</b>         | <b>56</b>         |
| <b>TOTAL NET ASSETS</b>  | <b>1,435,871</b>  | <b>1,413,027</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>                                  | <b>1,789,952</b>  | <b>2,529,336</b>  |

**(2) Nonconsolidated Statements of Income**

(Millions of yen)

|  | Year ended<br>February 29, 2020 | Year ended<br>February 28, 2021 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Revenues from operations</b>                            | <b>115,843</b>                  | <b>163,940</b>                  |
| Dividend income  | 108,560                         | 156,582                         |
| Management consulting fee income                           | 4,858                           | 4,858                           |
| Commission fee income                                      | 2,292                           | 2,390                           |
| Other  | 130                             | 108                             |
| <b>General and administrative expenses</b>                 | <b>25,640</b>                   | <b>35,699</b>                   |
| <b>Operating income</b>                                    | <b>90,202</b>                   | <b>128,241</b>                  |
| <b>Non-operating income</b>                                | <b>1,774</b>                    | <b>1,467</b>                    |
| Interest income  | 1,140                           | 509                             |
| Dividend income  | 578                             | 347                             |
| Foreign exchange gains                                     | -                               | 523                             |
| Other  | 55                              | 87                              |
| <b>Non-operating expenses</b>                              | <b>1,944</b>                    | <b>1,674</b>                    |
| Interest expenses  | 149                             | 250                             |
| Interest on bonds  | 1,630                           | 1,105                           |
| Other  | 164                             | 318                             |
| <b>Ordinary income</b>                                     | <b>90,032</b>                   | <b>128,034</b>                  |
| <b>Special gains</b>                                       | <b>948</b>                      | <b>-</b>                        |
| Insurance income   | 944                             | -                               |
| Other  | 4                               | -                               |
| <b>Special losses</b>                                      | <b>37,305</b>                   | <b>66,671</b>                   |
| Loss on disposals of property and equipment                | 9                               | 14                              |
| Impairment loss  | 18                              | 7                               |
| Loss on valuation of stocks of subsidiaries and affiliates | 28,760                          | 65,456                          |
| Provision for loss on guarantees                           | 3,262                           | 632                             |
| Loss related to novel coronavirus (COVID-19)               | -                               | 110                             |
| Loss on digital and settlement services                    | 4,854                           | -                               |
| Other  | 400                             | 450                             |
| <b>Profit before income taxes</b>                          | <b>53,675</b>                   | <b>61,362</b>                   |
| <b>Total income taxes</b>                                  | <b>(2,523)</b>                  | <b>(2,734)</b>                  |
| Income taxes - current                                     | (2,357)                         | (5,346)                         |
| Income taxes - deferred                                    | (165)                           | 2,611                           |
| <b>Net income</b>  | <b>56,198</b>                   | <b>64,096</b>                   |

### (3) Nonconsolidated Statements of Changes in Net Assets

Fiscal year ended February 29, 2020 (From March 1, 2019 to February 29, 2020)

(Millions of yen)

|  | Shareholders' equity |                            |                       |                       |                                   |                         |                         | Total shareholders' equity |
|--|----------------------|----------------------------|-----------------------|-----------------------|-----------------------------------|-------------------------|-------------------------|----------------------------|
|  | Common stock         | Capital surplus            |                       |                       | Retained earnings                 |                         | Treasury stock, at cost |                            |
|  |                      | Additional paid-in capital | Other capital surplus | Total capital surplus | Other retained earnings           | Total retained earnings |                         |                            |
|  |                      |                            |                       |                       | Retained earnings brought forward |                         |                         |                            |
| Balance at March 1, 2019                             | 50,000               | 875,496                    | 370,992               | 1,246,489             | 168,381                           | 168,381                 | (4,632)                 | 1,460,238                  |
| Increase (decrease) for the year                     |                      |                            |                       |                       |                                   |                         |                         |                            |
| Cash dividends                                       |                      |                            |                       |                       | (84,037)                          | (84,037)                |                         | (84,037)                   |
| Net income   |                      |                            |                       |                       | 56,198                            | 56,198                  |                         | 56,198                     |
| Purchase of treasury stock                           |                      |                            |                       |                       |                                   |                         | (6,718)                 | (6,718)                    |
| Disposal of treasury stock                           |                      |                            | 30                    | 30                    |                                   |                         | 85                      | 115                        |
| Net changes of items other than shareholders' equity |                      |                            |                       |                       |                                   |                         |                         |                            |
| Net increase (decrease) for the year                 | -                    | -                          | 30                    | 30                    | (27,838)                          | (27,838)                | (6,632)                 | (34,441)                   |
| Balance at February 29, 2020                         | 50,000               | 875,496                    | 371,022               | 1,246,519             | 140,542                           | 140,542                 | (11,265)                | 1,425,797                  |

|  | 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, 2019                             | 13,476   | 13,476  | 2,484                         | 1,476,199        |
| Increase (decrease) for the year                     |  |   |                               |                  |
| Cash dividends                                       |  |   |                               | (84,037)         |
| Net income   |  |   |                               | 56,198           |
| Purchase of treasury stock                           |  |   |                               | (6,718)          |
| Disposal of treasury stock                           |  |   |                               | 115              |
| Net changes of items other than shareholders' equity | (3,458)  | (3,458)   | (2,427)                       | (5,886)          |
| Net increase (decrease) for the year                 | (3,458)  | (3,458)   | (2,427)                       | (40,327)         |
| Balance at February 29, 2020                         | 10,017   | 10,017  | 56                            | 1,435,871        |

Fiscal year ended February 28, 2021 (From March 1, 2020 to February 28, 2021)

(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 |                         |                            |
| Balance at March 1, 2020                             | 50,000               | 875,496                    | 371,022               | 1,246,519             | 140,542                 | 140,542                 | (11,265)                | 1,425,797                  |
| Increase (decrease) for the year                     |                      |                            |                       |                       |                         |                         |                         |                            |
| Cash dividends                                       |                      |                            |                       |                       | (87,134)                | (87,134)                |                         | (87,134)                   |
| Net income   |                      |                            |                       |                       | 64,096                  | 64,096                  |                         | 64,096                     |
| Decrease by corporate division                       |                      |                            | (1,248)               | (1,248)               |                         |                         |                         | (1,248)                    |
| Purchase of treasury stock                           |                      |                            |                       |                       |                         |                         | (12)                    | (12)                       |
| Disposal of treasury stock                           |                      |                            | 0                     | 0                     |                         |                         | 472                     | 472                        |
| Net changes of items other than shareholders' equity |                      |                            |                       |                       |                         |                         |                         |                            |
| Net increase (decrease) for the year                 | -                    | -                          | (1,248)               | (1,248)               | (23,037)                | (23,037)                | 460                     | (23,825)                   |
| Balance at February 28, 2021                         | 50,000               | 875,496                    | 369,774               | 1,245,271             | 117,504                 | 117,504                 | (10,804)                | 1,401,971                  |

|  | 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, 2020                             | 10,017   | 10,017  | 56                            | 1,435,871        |
| Increase (decrease) for the year                     |  |   |                               |                  |
| Cash dividends                                       |  |   |                               | (87,134)         |
| Net income   |  |   |                               | 64,096           |
| Decrease by corporate division                       |  |   |                               | (1,248)          |
| Purchase of treasury stock                           |  |   |                               | (12)             |
| Disposal of treasury stock                           |  |   |                               | 472              |
| Net changes of items other than shareholders' equity | 981  | 981   | -                             | 981              |
| Net increase (decrease) for the year                 | 981  | 981   | -                             | (22,844)         |
| Balance at February 28, 2021                         | 10,999   | 10,999  | 56                            | 1,413,027        |

#### **(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 29, 2020 | As of February 28, 2021 |
|--------------------------|-------------------------|-------------------------|
| Accumulated depreciation | 4,362                   | 4,713                   |

##### 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 29, 2020 | As of February 28, 2021 |
|------------------------|-------------------------|-------------------------|
| Short-term receivables | 34,127                  | 30,160                  |
| Short-term payables    | 12,481                  | 15,531                  |
| Long-term payables     | 10,979                  | 9,942                   |

##### ***Nonconsolidated Statements of Income;***

##### 1. Major transactions with subsidiaries and affiliates

(Millions of yen)

|                                     | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|-------------------------------------|---|---|
| Operating transactions              |   |   |
| Revenues from operations            | 115,790                                 | 163,849                                 |
| General and administrative expenses | 4,689                                   | 6,268                                   |
| Non-operating transactions          | 5,358                                   | 3,166                                   |

##### 2. Main components and amounts of general and administrative expenses

(Millions of yen)

|                                       | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|---------------------------------------|---|---|
| Salaries and wages                    | 4,579                                   | 5,357                                   |
| Provision for bonuses to employees    | 368                                     | 555                                     |
| Pension expenses                      | 33                                      | 92                                      |
| Depreciation and amortization         | 2,053                                   | 2,540                                   |
| Commissions paid                      | 4,548                                   | 5,327                                   |
| Electronical data processing expenses | 6,190                                   | 13,570                                  |

##### 3. Main components and amounts of loss on valuation of stocks of subsidiaries and affiliates

The Company recorded 65,456 million yen of loss on valuation of stocks of subsidiaries and affiliates (mainly 57,358 million yen and 4,311 million yen on Sogo & Seibu Co., Ltd. and Barneys Japan Co., Ltd., respectively).

##### 4. Loss on digital and settlement services

(Millions of yen)

|                   | For the year ended<br>February 29, 2020 | For the year ended<br>February 28, 2021 |
|-------------------|---|---|
| Security expenses | 4,647                                   | -                                       |
| Others            | 207                                     | -                                       |



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

## Nonconsolidated Balance Sheets

(Millions of yen)

|   | February 29, 2020 | February 28, 2021 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>                                 | <b>570,622</b>    | <b>570,034</b>    |
| Cash and bank deposits                                | 79,606            | 111,317           |
| Accounts receivable due from franchised stores        | 14,661            | 12,767            |
| Lease investment assets                               | 3,539             | 3,252             |
| Inventories   | 2,082             | 2,594             |
| Prepaid expenses                                      | 27,002            | 27,419            |
| Deposits held by subsidiaries and affiliates          | 313,993           | 279,798           |
| Accounts receivable, other                            | 128,010           | 131,094           |
| Other   | 1,935             | 1,996             |
| Allowance for doubtful accounts                       | (209)             | (206)             |
| <b>Non-current assets</b>                             | <b>1,458,753</b>  | <b>1,488,117</b>  |
| <b>Property and equipment</b>                         | <b>569,958</b>    | <b>599,761</b>    |
| Buildings   | 312,949           | 309,641           |
| Structures  | 45,001            | 42,999            |
| Vehicles  | 1                 | 0                 |
| Furniture, fixtures and equipment                     | 129,466           | 128,238           |
| Land  | 80,514            | 116,806           |
| Lease assets  | 1,116             | 967               |
| Construction in progress                              | 908               | 1,107             |
| <b>Intangible assets</b>                              | <b>40,696</b>     | <b>40,052</b>     |
| Goodwill  | 2,826             | 2,498             |
| Rights of leasehold                                   | 14,663            | 13,975            |
| Trademark   | 3,297             | 552               |
| Software  | 19,907            | 23,023            |
| Other   | 2                 | 1                 |
| <b>Investments and other assets</b>                   | <b>848,097</b>    | <b>848,304</b>    |
| Investments in securities                             | 26,251            | 36,553            |
| Stocks of subsidiaries and affiliates                 | 583,737           | 583,737           |
| Investments in capital of subsidiaries and affiliates | 11,809            | 11,809            |
| Long-term loans receivable                            | 660               | 461               |
| Long-term loans to subsidiaries and affiliates        | 3,353             | 3,103             |
| Long-term prepaid expenses                            | 19,561            | 17,548            |
| Prepaid pension cost                                  | 3,963             | 4,906             |
| Long-term leasehold deposits                          | 168,467           | 164,227           |
| Deferred income taxes                                 | 30,730            | 26,410            |
| Other   | 1,476             | 1,331             |
| Allowance for doubtful accounts                       | (1,914)           | (1,785)           |
| <b>TOTAL ASSETS</b>                                   | <b>2,029,375</b>  | <b>2,058,152</b>  |

## Seven-Eleven Japan Co., Ltd.

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>491,394</b>    | <b>469,554</b>    |
| Accounts payable, trade  | 193,752           | 183,096           |
| Accounts payable due to franchised stores  | 16,697            | 15,139            |
| Lease obligations  | 1,680             | 1,420             |
| Accounts payable, other  | 26,706            | 24,890            |
| Accrued expenses   | 19,976            | 16,225            |
| Income taxes payable   | 12,215            | 10,164            |
| Accounts payable to parent company   | 26,642            | 25,372            |
| Consumption taxes withheld   | 12,904            | 12,113            |
| Deposits received  | 169,910           | 169,072           |
| Allowance for bonuses to employees   | 3,610             | 3,520             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 62                | 60                |
| Allowance for sales promotion expenses   | 3,267             | 4,184             |
| Other  | 3,966             | 4,294             |
| <b>Non-current liabilities</b>   | <b>59,563</b>     | <b>59,879</b>     |
| Guarantee deposits received from franchised stores                               | 10,352            | 10,370            |
| Long-term loans  | 374               | 384               |
| Lease obligations  | 3,249             | 3,081             |
| Allowance for stock payments   | 148               | 267               |
| Allowance for retirement benefits to directors and<br>corporate auditors         | 29                | 27                |
| Allowance for loss on guarantee  | 1,750             | 1,750             |
| Asset retirement obligations   | 43,659            | 43,997            |
| <b>TOTAL LIABILITIES</b>   | <b>550,958</b>    | <b>529,433</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>1,466,821</b>  | <b>1,509,998</b>  |
| 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  | 1,424,416         | 1,467,593         |
| Legal reserve  | 4,300             | 4,300             |
| Other retained earnings  | 823,409           | 823,409           |
| General reserve  | 596,707           | 639,884           |
| Retained earnings brought forward  | 226,702           | 183,525           |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>11,595</b>     | <b>18,719</b>     |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 11,595            | 18,719            |
| <b>TOTAL NET ASSETS</b>  | <b>1,478,416</b>  | <b>1,528,718</b>  |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>2,029,375</b>  | <b>2,058,152</b>  |

# Seven-Eleven Japan Co., Ltd.

## Nonconsolidated Statements of Income

(Millions of yen)

|   | Year Ended<br>February 29, 2020 | Year Ended<br>February 28, 2021 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Operating income and expenses</b>                      |                                 |                                 |
| <b>Revenues from operations</b>                           | <b>887,625</b>                  | <b>850,291</b>                  |
| Franchise commission from franchised stores               | 796,266                         | 763,031                         |
| Net sales reported by franchised stores                   |                                 |                                 |
| Year ended February 29, 2020: 4,923,751                   |                                 |                                 |
| Year ended February 28, 2021: 4,787,495                   |                                 |                                 |
| Total net sales (including net sales of corporate stores) |                                 |                                 |
| Year ended February 29, 2020: 5,010,273                   |                                 |                                 |
| Year ended February 28, 2021: 4,870,619                   |                                 |                                 |
| Other operating revenues                                  | 6,217                           | 5,556                           |
| Net sales of corporate stores                             | 85,141                          | 81,703                          |
| Cost of sales   | 60,541                          | 58,372                          |
| <b>Gross profit from operations</b>                       | <b>827,084</b>                  | <b>791,919</b>                  |
| <b>Selling, general and administrative expenses</b>       | <b>573,103</b>                  | <b>558,597</b>                  |
| Land and building rent                                    | 189,457                         | 188,473                         |
| Depreciation and amortization                             | 64,920                          | 67,235                          |
| Commission paid   | 51,590                          | 52,056                          |
| Salaries and wages  | 48,777                          | 48,220                          |
| Advertising expenses                                      | 57,167                          | 48,092                          |
| Other   | 161,189                         | 154,518                         |
| <b>Operating income</b>                                   | <b>253,980</b>                  | <b>233,321</b>                  |
| <b>Non-operating income</b>                               | <b>9,250</b>                    | <b>49,796</b>                   |
| Interest income   | 2,371                           | 1,993                           |
| Dividend income   | 6,129                           | 46,525                          |
| Reversal of allowance for doubtful accounts               | 75                              | 112                             |
| Other   | 673                             | 1,164                           |
| <b>Non-operating expenses</b>                             | <b>981</b>                      | <b>1,142</b>                    |
| Interest expenses   | 83                              | 72                              |
| Loss on cancellation of construction contribution         | 330                             | 260                             |
| Other   | 567                             | 810                             |
| <b>Ordinary income</b>                                    | <b>262,249</b>                  | <b>281,974</b>                  |
| <b>Special gains</b>                                      | <b>1,091</b>                    | <b>724</b>                      |
| Gain on sales of property and equipment                   | 560                             | 497                             |
| Gain on sales of investment securities                    | 498                             | -                               |
| Other   | 32                              | 227                             |
| <b>Special losses</b>                                     | <b>25,810</b>                   | <b>25,614</b>                   |
| Loss on sales of property and equipment                   | 108                             | 302                             |
| Loss on disposals of property and equipment               | 5,703                           | 4,482                           |
| Loss on cancellation of lease contracts                   | 468                             | 348                             |
| Impairment loss   | 11,801                          | 8,859                           |
| Loss related to novel coronavirus (COVID-19)              | -                               | 7,529                           |
| Loss on cancellation of rental contracts                  | 3,918                           | 3,262                           |
| Other   | 3,810                           | 830                             |
| <b>Income before income taxes</b>                         | <b>237,529</b>                  | <b>257,084</b>                  |
| Income taxes - current                                    | 68,625                          | 61,430                          |
| Income taxes - deferred                                   | (791)                           | 1,174                           |
| <b>Net income</b>   | <b>169,695</b>                  | <b>194,479</b>                  |

# [Reference] Ito-Yokado Co., Ltd.

## Nonconsolidated Balance Sheets

(Millions of yen)

|   | February 29, 2020 | February 28, 2021 |
|---|-------------------|-------------------|
|   | Amount            | Amount            |
| <b>ASSETS</b>   |                   |                   |
| <b>Current assets</b>                                 | <b>212,361</b>    | <b>203,476</b>    |
| Cash and bank deposits                                | 21,625            | 23,684            |
| Accounts receivable, trade                            | 17,037            | 14,896            |
| Inventories   | 56,060            | 46,170            |
| Supplies  | 66                | 52                |
| Advance paid  | 267               | 335               |
| Prepaid expenses                                      | 7,112             | 6,604             |
| Short-term loans to employees                         | 153               | 134               |
| Short-term loans receivable                           | 393               | 443               |
| Deposits held by subsidiaries and affiliates          | 69,890            | 71,070            |
| Accounts receivable, other                            | 30,671            | 29,662            |
| Short-term leasehold deposits                         | 4,847             | 5,810             |
| Payments in advance                                   | 2,779             | 3,130             |
| Other   | 1,613             | 1,499             |
| Allowance for doubtful accounts                       | (158)             | (19)              |
| <b>Non-current assets</b>                             | <b>501,478</b>    | <b>478,691</b>    |
| <b>Property and equipment</b>                         | <b>323,383</b>    | <b>308,229</b>    |
| Buildings   | 126,408           | 120,370           |
| Structures  | 7,379             | 6,557             |
| Vehicles  | 3                 | 12                |
| Furniture, fixtures and equipment                     | 8,495             | 8,545             |
| Land  | 177,790           | 170,025           |
| Lease assets  | 2,924             | 2,236             |
| Construction in progress                              | 381               | 482               |
| <b>Intangible assets</b>                              | <b>4,392</b>      | <b>5,242</b>      |
| Rights of leasehold                                   | 392               | 330               |
| Trademark   | 11                | 9                 |
| Software  | 1,245             | 1,024             |
| Other   | 2,744             | 3,877             |
| <b>Investments and other assets</b>                   | <b>173,702</b>    | <b>165,219</b>    |
| Investments in securities                             | 19,495            | 17,834            |
| Stocks of subsidiaries and affiliates                 | 7,860             | 9,109             |
| Investments in capital                                | 4                 | 4                 |
| Investments in capital of subsidiaries and affiliates | 4,581             | 4,581             |
| Long-term loans receivable                            | 12,113            | 11,681            |
| Long-term loans to subsidiaries and affiliates        | 5,033             | 371               |
| Long-term prepaid expenses                            | 4,429             | 3,976             |
| Prepaid pension cost                                  | 30,556            | 33,878            |
| Long-term leasehold deposits                          | 89,253            | 79,781            |
| Receivable in bankruptcy                              | 40                | 131               |
| Deferred income taxes                                 | 4,372             | 3,657             |
| Other   | 2,576             | 2,402             |
| Allowance for doubtful accounts                       | (6,615)           | (2,191)           |
| <b>TOTAL ASSETS</b>                                   | <b>713,839</b>    | <b>682,167</b>    |

# Ito-Yokado Co., Ltd.

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>129,105</b>    | <b>122,655</b>    |
| Accounts payable, trade  | 55,043            | 48,149            |
| Short-term loans   | 47                | 33                |
| Current portion of long-term loans   | 98                | 93                |
| Lease obligations  | 2,053             | 1,359             |
| Accounts payable, other  | 15,832            | 14,720            |
| Income taxes payable   | 1,237             | 733               |
| Consumption taxes withheld   | 1,694             | 2,681             |
| Accrued expenses   | 8,650             | 9,460             |
| Advance received   | 885               | 788               |
| Deposits received  | 22,713            | 21,770            |
| Allowance for bonuses to employees   | 2,925             | 3,548             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 17                | 17                |
| Allowance for sales promotion expenses   | 466               | 1,007             |
| Allowance for loss on future collection of<br>gift certificates                  | 248               | 217               |
| Gift certificates  | 15,866            | 15,710            |
| Other  | 1,323             | 2,360             |
| <b>Non-current liabilities</b>   | <b>54,995</b>     | <b>47,022</b>     |
| Long-term loans  | 190               | 183               |
| Lease obligations  | 6,173             | 4,173             |
| Allowance for stock payments   | 66                | 108               |
| Allowance for loss on guarantee  | 4,376             | -                 |
| Deposits received from tenants   | 32,522            | 29,925            |
| Asset retirement obligations   | 11,665            | 12,631            |
| <b>TOTAL LIABILITIES</b>   | <b>184,101</b>    | <b>169,678</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>520,732</b>    | <b>504,624</b>    |
| Common stock   | 40,000            | 40,000            |
| Capital surplus  | 168,637           | 165,621           |
| Additional paid-in capital   | 165,621           | 165,621           |
| Other capital surplus  | 3,016             | -                 |
| Retained earnings  | 312,095           | 299,002           |
| Legal reserve  | 11,700            | 11,700            |
| Other retained earnings  |                   |                   |
| Reserve for deferred gains on property<br>and equipment                          | 1,084             | 1,070             |
| Retained earnings brought forward  | 299,310           | 286,232           |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>9,004</b>      | <b>7,865</b>      |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 9,004             | 7,865             |
| <b>TOTAL NET ASSETS</b>  | <b>529,737</b>    | <b>512,489</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>713,839</b>    | <b>682,167</b>    |

# Ito-Yokado Co., Ltd.

## Nonconsolidated Statements of Income

(Millions of yen)

|  | Year Ended<br>February 29, 2020 | Year Ended<br>February 28, 2021 |
|--|---------------------------------|---------------------------------|
|  | Amount                          | Amount                          |
| <b>Revenues from operations</b>                                  | <b>1,185,147</b>                | <b>1,080,934</b>                |
| Net sales  | 1,154,374                       | 1,053,284                       |
| Cost of sales  | 887,573                         | 807,673                         |
| <b>Gross profit on sales</b>                                     | <b>266,800</b>                  | <b>245,610</b>                  |
| Other operating revenues   | 30,773                          | 27,650                          |
| Rental income  | 23,444                          | 20,282                          |
| Other income   | 7,328                           | 7,367                           |
| <b>Gross profit from operations</b>                              | <b>297,573</b>                  | <b>273,260</b>                  |
| <b>Selling, general and administrative expenses</b>              | <b>291,051</b>                  | <b>265,479</b>                  |
| Advertising and decoration expenses                              | 17,873                          | 15,345                          |
| Salaries and wages   | 100,979                         | 91,225                          |
| Land and building rent   | 54,446                          | 46,292                          |
| Depreciation and amortization                                    | 13,254                          | 12,594                          |
| Other  | 104,498                         | 100,020                         |
| <b>Operating income</b>  | <b>6,522</b>                    | <b>7,781</b>                    |
| <b>Non-operating income</b>                                      | <b>2,106</b>                    | <b>1,878</b>                    |
| Interest income  | 1,091                           | 895                             |
| Dividend income  | 757                             | 732                             |
| Other  | 257                             | 250                             |
| <b>Non-operating expenses</b>                                    | <b>1,013</b>                    | <b>1,961</b>                    |
| Interest expenses  | 15                              | 10                              |
| Foreign exchange losses  | 64                              | 235                             |
| Other  | 933                             | 1,715                           |
| <b>Ordinary income</b>   | <b>7,615</b>                    | <b>7,698</b>                    |
| <b>Special gains</b>   | <b>2,085</b>                    | <b>6,151</b>                    |
| Gain on sales of property and equipment                          | 543                             | 10                              |
| Gain on sales of property and equipment related to restructuring | 905                             | 1,134                           |
| Gain on sales of stocks of subsidiaries and affiliates           | 445                             | -                               |
| Gain on sales of investment securities                           | -                               | 160                             |
| Reversal of Provision for loss on guarantee                      | -                               | 4,725                           |
| Other  | 191                             | 120                             |
| <b>Special losses</b>  | <b>7,910</b>                    | <b>23,726</b>                   |
| Loss on sales of property and equipment                          | 75                              | 18                              |
| Loss on disposals of property and equipment                      | 2,270                           | 2,208                           |
| Impairment loss  | 3,095                           | 7,669                           |
| Restructuring expenses   | 1,373                           | 5,773                           |
| Loss related to novel coronavirus (COVID-19)                     | -                               | 7,884                           |
| Provision for loss on guarantee                                  | 266                             | -                               |
| Other  | 829                             | 172                             |
| <b>Income (loss) before income taxes</b>                         | <b>1,790</b>                    | <b>(9,876)</b>                  |
| Income taxes - current   | (3,097)                         | (6,370)                         |
| Income taxes - deferred  | 3,213                           | 198                             |
| <b>Net income (loss)</b>   | <b>1,674</b>                    | <b>(3,705)</b>                  |

**[Reference] York-Benimaru Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>42,372</b>     | <b>45,809</b>     |
| Cash and bank deposits                       | 19,511            | 20,016            |
| Accounts receivable, trade                   | 2,618             | 2,568             |
| Inventories                                  | 9,390             | 9,383             |
| Supplies                                     | 11                | 10                |
| Prepaid expenses                             | 849               | 919               |
| Short-term loans receivable                  | 92                | 91                |
| Deposits held by subsidiaries and affiliates | 1,500             | 3,000             |
| Accounts receivable, other                   | 4,760             | 5,885             |
| Payments in advance                          | 2,805             | 3,073             |
| Other  | 833               | 860               |
| <b>Non-current assets</b>                    | <b>147,718</b>    | <b>153,699</b>    |
| <b>Property and equipment</b>                | <b>109,108</b>    | <b>115,475</b>    |
| Buildings                                    | 44,932            | 50,099            |
| Structures                                   | 8,324             | 8,826             |
| Furniture, fixtures and equipment            | 2,485             | 2,581             |
| Land   | 46,863            | 45,259            |
| Lease assets                                 | 5,112             | 7,170             |
| Construction in progress                     | 1,390             | 1,537             |
| <b>Intangible assets</b>                     | <b>414</b>        | <b>378</b>        |
| Software                                     | 395               | 360               |
| Other  | 18                | 18                |
| <b>Investments and other assets</b>          | <b>38,195</b>     | <b>37,845</b>     |
| Investments in securities                    | 13,155            | 11,176            |
| Stocks of subsidiaries and affiliates        | 170               | 170               |
| Investments in capital                       | 1                 | 1                 |
| Long-term loans receivable                   | 295               | 247               |
| Long-term prepaid expenses                   | 2,729             | 2,670             |
| Prepaid pension cost                         | 4,130             | 4,746             |
| Long-term leasehold deposits                 | 16,237            | 16,065            |
| Deferred income taxes                        | 1,143             | 2,443             |
| Other  | 702               | 695               |
| Allowance for doubtful accounts              | (372)             | (372)             |
| <b>TOTAL ASSETS</b>                          | <b>190,090</b>    | <b>199,509</b>    |

## York-Benimaru Co., Ltd.

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>36,705</b>     | <b>41,678</b>     |
| Accounts payable, trade  | 20,104            | 20,652            |
| Short-term loans   | 78                | 78                |
| Lease obligations  | 980               | 1,326             |
| Accounts payable, other  | 6,694             | 9,503             |
| Accounts payable to parent company   | 1,199             | 851               |
| Income taxes payable   | 943               | 969               |
| Accrued expenses   | 3,423             | 3,416             |
| Deposits received  | 818               | 923               |
| Advance received   | 305               | 347               |
| Allowance for bonuses to employees   | 1,777             | 2,087             |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 44                | 47                |
| Allowance for loss on future collection of<br>gift certificates                  | 7                 | 6                 |
| Other  | 328               | 1,467             |
| <b>Non-current liabilities</b>   | <b>11,962</b>     | <b>14,384</b>     |
| Long-term loans  | 144               | 129               |
| Lease obligations  | 5,276             | 7,245             |
| Deposits received from tenants   | 3,380             | 3,356             |
| Allowance for retirement benefits to<br>directors and corporate auditors         | 216               | 216               |
| Allowance for stock payments   | 114               | 238               |
| Asset retirement obligations   | 2,429             | 2,913             |
| Other  | 401               | 283               |
| <b>TOTAL LIABILITIES</b>   | <b>48,668</b>     | <b>56,062</b>     |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>134,708</b>    | <b>138,119</b>    |
| 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  | 112,174           | 115,586           |
| Legal reserve  | 2,186             | 2,186             |
| General reserve  | 69,366            | 69,355            |
| Retained earnings brought forward  | 40,622            | 44,044            |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>6,714</b>      | <b>5,327</b>      |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 6,714             | 5,327             |
| <b>TOTAL NET ASSETS</b>  | <b>141,422</b>    | <b>143,447</b>    |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>190,090</b>    | <b>199,509</b>    |



# York-Benimaru Co., Ltd.

## Nonconsolidated Statements of Income

(Millions of yen)

|   | Year Ended<br>February 29, 2020 | Year Ended<br>February 28, 2021 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Revenues from operations</b>                     | <b>446,843</b>                  | <b>477,633</b>                  |
| Net sales   | 438,637                         | 469,057                         |
| Cost of sales                                       | 333,810                         | 355,076                         |
| <b>Gross Profit on sales</b>                        | <b>104,826</b>                  | <b>113,980</b>                  |
| Other operating revenues                            | 8,206                           | 8,575                           |
| Rental income                                       | 5,348                           | 5,453                           |
| Commission fee income                               | 2,857                           | 3,122                           |
| <b>Gross profit from operations</b>                 | <b>113,033</b>                  | <b>122,556</b>                  |
| <b>Selling, general and administrative expenses</b> | <b>99,932</b>                   | <b>106,007</b>                  |
| Salaries and wages                                  | 43,000                          | 44,882                          |
| Provision for bonuses to employees                  | 1,777                           | 2,087                           |
| Legal welfare expenses                              | 6,193                           | 6,445                           |
| Advertising and decoration expenses                 | 6,791                           | 6,284                           |
| Land and building rent                              | 10,133                          | 10,404                          |
| Store maintenance and repair expenses               | 4,932                           | 6,476                           |
| Depreciation and amortization                       | 5,883                           | 6,259                           |
| Utility expenses                                    | 5,940                           | 5,804                           |
| Other   | 15,278                          | 17,362                          |
| <b>Operating income</b>                             | <b>13,100</b>                   | <b>16,548</b>                   |
| <b>Non-operating income</b>                         | <b>1,380</b>                    | <b>1,404</b>                    |
| Interest income                                     | 86                              | 82                              |
| Dividend income                                     | 1,272                           | 1,295                           |
| Other   | 21                              | 26                              |
| <b>Non-operating expenses</b>                       | <b>172</b>                      | <b>245</b>                      |
| Interest expenses                                   | 3                               | 3                               |
| Maintenance expenses for idle assets                | 98                              | 107                             |
| Other   | 71                              | 135                             |
| <b>Ordinary income</b>                              | <b>14,308</b>                   | <b>17,707</b>                   |
| <b>Special gains</b>                                | <b>22</b>                       | <b>882</b>                      |
| Gain on sales of property and equipment             | 2                               | -                               |
| Receipt of stock option income                      | -                               | 881                             |
| Compensation income                                 | 15                              | 1                               |
| Gain on forgiveness of lease obligation             | 4                               | -                               |
| <b>Special losses</b>                               | <b>4,467</b>                    | <b>7,158</b>                    |
| Loss on sales of property and equipment             | -                               | 550                             |
| Loss on disposals of property and equipment         | 599                             | 1,179                           |
| Impairment loss                                     | 3,075                           | 2,787                           |
| Loss related to novel coronavirus (COVID-19)        | -                               | 996                             |
| Loss on disaster                                    | 732                             | 1,631                           |
| Other   | 59                              | 12                              |
| <b>Income before income taxes</b>                   | <b>9,863</b>                    | <b>11,431</b>                   |
| Income taxes - current                              | 3,774                           | 4,293                           |
| Income taxes - deferred                             | (622)                           | (707)                           |
| <b>Net income</b>                                   | <b>6,712</b>                    | <b>7,845</b>                    |

**[Reference] Sogo & Seibu Co., Ltd.**

**Nonconsolidated Balance Sheets**

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>ASSETS</b>                                |                   |                   |
| <b>Current assets</b>                        | <b>70,041</b>     | <b>84,711</b>     |
| Cash and bank deposits                       | 20,383            | 23,567            |
| Notes receivable, trade                      | 181               | 101               |
| Accounts receivable, trade                   | 18,947            | 15,099            |
| Inventories                                  | 15,779            | 12,171            |
| Real estate for sale                         | 2,456             | 2,421             |
| Supplies                                     | 163               | 150               |
| Prepaid expenses                             | 2,972             | 2,667             |
| Short-term loans receivable                  | 420               | 68                |
| Accounts receivable, other                   | 5,725             | 7,272             |
| Current portion of construction contribution | 383               | 308               |
| Deposits held by subsidiaries and affiliates | -                 | 20,000            |
| Other  | 2,635             | 882               |
| Allowance for doubtful accounts              | (8)               | (1)               |
| <b>Non-current assets</b>                    | <b>266,959</b>    | <b>259,443</b>    |
| <b>Property and equipment</b>                | <b>159,169</b>    | <b>164,048</b>    |
| Buildings                                    | 57,218            | 55,903            |
| Structures                                   | 820               | 821               |
| Machinery and equipment                      | 605               | 593               |
| Furniture, fixtures and equipment            | 2,834             | 2,554             |
| Lease assets                                 | 3,134             | 2,468             |
| Land   | 94,516            | 101,677           |
| Construction in progress                     | 40                | 29                |
| <b>Intangible assets</b>                     | <b>13,567</b>     | <b>13,360</b>     |
| Rights of leasehold                          | 10,987            | 10,562            |
| Other  | 2,580             | 2,797             |
| <b>Investments and other assets</b>          | <b>94,222</b>     | <b>82,034</b>     |
| Investments in securities                    | 3,095             | 2,851             |
| Stocks of subsidiaries and affiliates        | 25,588            | 25,124            |
| Long-term loans receivable                   | 32                | 37                |
| Long-term leasehold deposits                 | 51,791            | 43,069            |
| Construction contribution                    | 1,924             | 372               |
| Long-term accounts receivable, other         | 179               | 140               |
| Receivable in bankruptcy                     | 90                | 1,770             |
| Deferred income taxes                        | 9,855             | 7,947             |
| Other  | 1,906             | 1,397             |
| Allowance for doubtful accounts              | (241)             | (677)             |
| <b>TOTAL ASSETS</b>                          | <b>337,000</b>    | <b>344,154</b>    |

## Sogo & Seibu Co., Ltd.

(Millions of yen)

|  | February 29, 2020 | February 28, 2021 |
|--|-------------------|-------------------|
|  | Amount            | Amount            |
| <b>LIABILITIES</b>   |                   |                   |
| <b>Current liabilities</b>   | <b>190,879</b>    | <b>276,771</b>    |
| Accounts payable, trade  | 24,343            | 19,402            |
| Short-term loans   | 125,700           | 221,509           |
| Accounts payable, other  | 5,979             | 5,342             |
| Lease obligations  | 887               | 770               |
| Accrued expenses   | 2,651             | 2,628             |
| Income taxes payable   | 598               | 126               |
| Consumption taxes withheld   | 888               | -                 |
| Advance received   | 1,336             | 1,318             |
| Gift certificates  | 13,531            | 12,798            |
| Deposits received  | 6,999             | 6,257             |
| Allowance for bonuses to employees   | 1,108             | 823               |
| Allowance for bonuses to Directors and<br>Audit & Supervisory Board Members      | 21                | 16                |
| Allowance for sales promotion expenses   | 3,554             | 2,577             |
| Allowance for loss on future collection of<br>gift certificates                  | 885               | 709               |
| Allowance for store closing losses   | 1,786             | 1,885             |
| Asset retirement obligations   | 250               | 277               |
| Other  | 355               | 326               |
| <b>Non-current liabilities</b>   | <b>84,887</b>     | <b>22,601</b>     |
| Long-term loans  | 69,531            | 9,059             |
| Long-term accounts payable, other  | 325               | 256               |
| Lease obligations  | 3,301             | 2,527             |
| Deposits received from tenants   | 5,755             | 5,566             |
| Allowance for retirement benefits to directors and<br>corporate auditors         | 14                | 17                |
| Allowance for stock payments   | 89                | 163               |
| Allowance for environmental obligations  | 340               | 295               |
| Allowance for store closing losses   | 586               | 93                |
| Asset retirement obligations   | 4,894             | 4,428             |
| Other  | 47                | 194               |
| <b>TOTAL LIABILITIES</b>   | <b>275,766</b>    | <b>299,373</b>    |
| <b>NET ASSETS</b>  |                   |                   |
| <b>Shareholder's equity</b>  | <b>60,515</b>     | <b>44,225</b>     |
| Common stock   | 20,000            | 20,500            |
| Capital surplus  | 49,317            | 49,767            |
| Additional paid-in capital   | 49,317            | 49,767            |
| Retained earnings  | (8,802)           | (26,041)          |
| Other retained earnings  |                   |                   |
| Retained earnings brought forward  | (8,802)           | (26,041)          |
| <b>Accumulated gains (losses) from<br/>valuation and translation adjustments</b> | <b>718</b>        | <b>555</b>        |
| Unrealized gains (losses) on available-for-sale<br>securities, net of taxes      | 718               | 555               |
| <b>TOTAL NET ASSETS</b>  | <b>61,233</b>     | <b>44,781</b>     |
| <b>TOTAL LIABILITIES AND NET ASSETS</b>  | <b>337,000</b>    | <b>344,154</b>    |

## Sogo & Seibu Co., Ltd.

### Nonconsolidated Statements of Income

(Millions of yen)

|   | Year Ended<br>February 29, 2020 | Year Ended<br>February 28, 2021 |
|---|---------------------------------|---------------------------------|
|   | Amount                          | Amount                          |
| <b>Revenues from operations</b>                     | <b>600,148</b>                  | <b>440,484</b>                  |
| Net sales   | 589,410                         | 430,698                         |
| Cost of sales                                       | 470,657                         | 348,304                         |
| <b>Gross profit on sales</b>                        | <b>118,752</b>                  | <b>82,394</b>                   |
| Operating revenues                                  | 10,738                          | 9,785                           |
| <b>Gross profit from operations</b>                 | <b>129,490</b>                  | <b>92,180</b>                   |
| <b>Selling, general and administrative expenses</b> | <b>129,318</b>                  | <b>98,871</b>                   |
| Advertising and decoration expenses                 | 19,569                          | 12,898                          |
| Salaries and wages                                  | 32,233                          | 24,303                          |
| Land and building rent                              | 33,902                          | 27,071                          |
| Depreciation and amortization                       | 8,534                           | 7,400                           |
| Utility expenses                                    | 6,374                           | 4,420                           |
| Other   | 28,703                          | 22,777                          |
| <b>Operating income (loss)</b>                      | <b>172</b>                      | <b>(6,691)</b>                  |
| <b>Non-operating income</b>                         | <b>802</b>                      | <b>640</b>                      |
| Interest and dividend income                        | 630                             | 353                             |
| Other   | 171                             | 286                             |
| <b>Non-operating expenses</b>                       | <b>1,833</b>                    | <b>2,097</b>                    |
| Interest expenses                                   | 806                             | 917                             |
| Other   | 1,026                           | 1,180                           |
| <b>Ordinary income (loss)</b>                       | <b>(858)</b>                    | <b>(8,148)</b>                  |
| <b>Special gains</b>                                | <b>405</b>                      | <b>2,568</b>                    |
| Gain on sales of investment securities              | 123                             | 13                              |
| Gain on sales of property and equipment             | -                               | 195                             |
| Subsidies for employment adjustment                 | -                               | 1,861                           |
| Other   | 282                             | 498                             |
| <b>Special losses</b>                               | <b>10,281</b>                   | <b>18,335</b>                   |
| Loss on sales of property and equipment             | -                               | 51                              |
| Loss on disposals of property and equipment         | 2,272                           | 994                             |
| Impairment loss                                     | 963                             | 840                             |
| Loss related to novel coronavirus (COVID-19)        | -                               | 11,217                          |
| Restructuring expenses                              | 6,487                           | 4,831                           |
| Other   | 557                             | 399                             |
| <b>Income(loss) before income taxes</b>             | <b>(10,734)</b>                 | <b>(23,915)</b>                 |
| Income taxes - current                              | (4,084)                         | (8,675)                         |
| Income taxes - deferred                             | 876                             | 1,999                           |
| <b>Net income (loss)</b>                            | <b>(7,526)</b>                  | <b>(17,239)</b>                 |