



April 7, 2022

Consolidated Financial Results for the Fiscal Year Ended February 28, 2022

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 Prime Market of the Tokyo Stock Exchange.

Date of the ordinary general meeting of shareholders: May 26, 2022

Submission date of the annual securities report scheduled: May 27, 2022

Starting date of paying year-end dividend: May 27, 2022

Preparation of brief summary materials for financial results: Yes

Holding of financial results presentation: Yes

(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, 2022 (from March 1, 2021 to February 28, 2022)

(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 2022	8,749,752	51.7 %	387,653	5.8 %	358,571	0.3 %	210,774	17.6 %
Year Ended February 28 2021	5,766,718	(13.2) %	366,329	(13.7) %	357,364	(14.5) %	179,262	(17.8) %
	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 2022	238.68 (yen)	238.68 (yen)	7.5 %		4.6 %		4.4 %	
Year Ended February 28 2021	203.03 (yen)	203.02 (yen)	6.8 %		5.5 %		6.4 %	

(Note) Comprehensive income:

Year Ended February 28, 2022: 415,883 million yen [145.6%] Year Ended February 28, 2021: 169,315 million yen [(26.8)%]

(Reference) Equity in earnings of affiliates:

Year Ended February 28, 2022: 2,643 million yen Year Ended February 28, 2021: (885) million yen

Group's total sales:

Year Ended February 28, 2022: 14,243,270 million yen Year Ended February 28, 2021: 11,044,874 million yen

EBITDA:

Year Ended February 28, 2022: 751,491 million yen Year Ended February 28, 2021: 626,874 million yen

EPS before amortization of goodwill:

Year Ended February 28, 2022: 319.40 yen Year Ended February 28, 2021: 231.39 yen

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

*For EBITDA and EPS before amortization of goodwill, see "4.Others (4) Formula of Various Management Indicators"

(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 2022	8,739,279	3,147,732	34.1 %	3,375.50 (yen)
As of February 28 2021	6,946,832	2,831,335	38.4 %	3,022.68 (yen)

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

As of February 28, 2022: 2,980,956 million yen

As of February 28, 2021: 2,668,925 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 2022	736,476	(2,505,566)	937,077	1,414,890
Year Ended February 28 2021	539,995	(394,127)	690,542	2,183,837

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			
Cash Dividends						
Year Ended February 28, 2021	47.50	51.00	98.50	87,134	48.5 %	3.3 %
Year Ended February 28, 2022	48.00	52.00	100.00	88,460	41.9 %	3.1 %
Year Ending February 28, 2023 (forecast)	49.50	53.50	103.00		37.9 %	

3. Forecast of Business Results for the Fiscal Year ending February 28, 2023 (From March 1, 2022 to February 28, 2023)

(Millions of yen)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share	
Interim Period	4,772,000	30.9%	216,400	16.2%	202,600	16.8%	120,000	12.7%	135.88	(yen)
Entire Year	9,653,000	10.3%	430,000	10.9%	402,000	12.1%	240,000	13.9%	271.76	(yen)

(Note) Forecasts are reflecting the impact of the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)".
The forecast of gross revenues from operations (Revenues from operations based on the previous accounting standard) is ¥5,123,000 million (40.5%) and ¥10,374,000 million (18.6%) for the six months ending August 31, 2022 (cumulative) and for the fiscal year ending February 28, 2023, respectively.

(Reference) Group's total sales:
Interim Period: 7,676,000 million yen Entire Year: 15,468,000 million yen
EBITDA:
Interim Period: 438,400 million yen Entire Year: 882,300 million yen
EPS before amortization of goodwill:
Interim Period: 190.80yen Entire Year: 381.72 yen

4. Others

- (1) Changes in significant subsidiaries during the period:
(Changes in specific subsidiaries accompanying change in scope of consolidation): Yes
Added: One company (Speedway LLC) Excluded: One company (Seven & i Asset Management Co., Ltd.)
- (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, 2022: 886,441,983 shares	As of February 28, 2021: 886,441,983 shares
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 2. Number of treasury stock at the end of period

As of February 28, 2022: 3,325,685 shares	As of February 28, 2021: 3,475,704 shares
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 3. Average number of shares during the period (Cumulative quarterly consolidated period)

As of February 28, 2022: 883,065,915 shares	As of February 28, 2021: 882,927,577 shares
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(Note) The Company has introduced the BIP Trust and ESOP Trust, and its shares held by these Trusts are included in the number of treasury shares to be deducted when calculating the number of treasury stock at the end of the fiscal period and the average number of shares during the period.
- (4) Formula of Various Management Indicators
 1. EBITDA: Operating income + Depreciation and amortization + Amortization of goodwill
 2. EPS before amortization of goodwill: (Net income attributable to owners of parent + Amortization of goodwill) / Average number of shares during the period.

Reference:**Nonconsolidated Business Results for the Fiscal Year Ended February 28, 2022 (From March 1, 2021 to February 28, 2022)****(1) Results of Operations**

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Year Ended February 28, 2022	152,208	(7.2) %	102,717	(19.9) %	100,680	(21.4) %
Year Ended February 28, 2021	163,940	41.5 %	128,241	42.2 %	128,034	42.2 %

	Net Income		Net Income per Share		Diluted Net Income per Share	
Year Ended February 28, 2022	107,109	67.1 %	121.29	(yen)	121.29	(yen)
Year Ended February 28, 2021	64,096	14.1 %	72.59	(yen)	72.59	(yen)

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

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

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of February 28, 2022	2,561,080	1,421,117	55.5%	1,609.10 (yen)
As of February 28, 2021	2,529,336	1,413,027	55.9%	1,600.21 (yen)

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

As of February 28, 2022: 1,421,060 million yen

As of February 28, 2021: 1,412,970 million yen

NOTICE REGARDING AUDIT PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This consolidated financial results statement is not subject to audit.

FORWARD LOOKING STATEMENTS

1. The forecast of the business results is based on the Company's hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of the forecast.
2. This translation is to be used solely as a reference. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.
3. Other materials related in the financial results are available on the Company's website.
(<https://www.7andi.com/en/ir/library.html>)

Attached Materials

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1. Business Results

(1) Analysis of Business Results

① Overview

In the fiscal year under review, the domestic and overseas economies continued to pick up, despite evidence of some weakness, with the effect of the spread of vaccinations and measures implemented by various governments, while overall conditions remained difficult due to the emergence of new COVID-19 variants. However, the outlook for domestic consumer spending remains uncertain, partly due to the spread of the Omicron strain.

In this environment, we set our basic stance: “We aim to contribute to local communities both in Japan and overseas by providing new experiences and values, from the customer’s point of view.” To realize our ideal Group image for 2030: “A world-class global distribution group that leads distribution innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology.”, we announced our “Medium-Term Management Plan 2021-2025” in July 2021, and we will continue focusing on generating medium-to-long-term corporate value and realizing sustainable business growth under the Plan.

Effective May 14, 2021, the Company acquired from Marathon Petroleum Corporation (U.S.A.) shares and other equity interests in a convenience store business operated primarily under the Speedway brand. That business has since been included in the scope of consolidation.

Our consolidated financial results for the fiscal year ended February 28, 2022 are summarized below.

(Millions of yen)

	Year ended February 28, 2021		Year ended February 28, 2022	
		YOY change		YOY change
Revenues from operations	5,766,718	(13.2) %	8,749,752	51.7 %
Operating income	366,329	(13.7) %	387,653	5.8 %
Ordinary income	357,364	(14.5) %	358,571	0.3 %
Net income attributable to owners of parent	179,262	(17.8) %	210,774	17.6 %

Exchange rates	U.S.\$1 = ¥106.76	U.S.\$1 = ¥109.90
	1 yuan = ¥15.48	1 yuan = ¥17.04

Total Group sales (including sales of franchisees of Seven-Eleven Japan, Seven-Eleven Okinawa, and 7-Eleven, Inc.) amounted to ¥14,243.270 billion (up 29.0% year-on-year). In the fiscal year under review, revenues from operations and operating income increased by ¥158.0 billion, and ¥4.6 billion, respectively, as a result of exchange rate fluctuations.

② Business overview by operating segment

The Company changed its classification of reportable segments in the second quarter of the year under review. Figures for year-on-year change in the table below, figures in the previous fiscal year have been revised to reflect the new classification.

(Revenues from operations, by operating segment)

(Millions of yen)

	Year ended February 28, 2021		Year ended February 28, 2022	
		YOY change		YOY change
Domestic convenience store operations	858,776	—	873,239	1.7 %
Overseas convenience store operations	2,253,355	—	5,194,327	130.5 %
Superstore operations	1,810,884	—	1,810,728	(0.0) %
Department and specialty store operations	684,660	—	712,282	4.0 %
Financial services	198,927	—	194,399	(2.3) %
Others	17,323	—	20,340	17.4 %
Total	5,823,927	—	8,805,319	51.2 %
Adjustments (Eliminations/corporate)	(57,209)	—	(55,567)	—
Consolidated Total	5,766,718	(13.2) %	8,749,752	51.7 %

(Operating income, by operating segment)

(Millions of yen)

	Year ended February 28, 2021		Year ended February 28, 2022	
		YOY change		YOY change
Domestic convenience store operations	233,700	—	223,396	(4.4) %
Overseas convenience store operations	98,664	—	159,866	62.0 %
Superstore operations	29,681	—	18,791	(36.7) %
Department and specialty store operations	(17,444)	—	(8,153)	—
Financial services	48,077	—	37,549	(21.9) %
Others	(570)	—	(115)	—
Total	392,109	—	431,334	10.0 %
Adjustments (Eliminations/corporate)	(25,779)	—	(43,681)	—
Consolidated Total	366,329	(13.7) %	387,653	5.8 %

Domestic convenience store operations

Seven-Eleven Japan (SEJ) is currently implementing its Action Plan, announced in April 2019, targeting the sustainable growth of franchisees. Under the Plan, SEJ continues working to create an environment where franchisees can focus on their business operations with peace of mind. In addition, the impact of COVID-19 has caused commercial areas to shrink in size and highlighted growing differences in customer needs among individual stores. In the fiscal year under review, we focused on strengthening our response to one-stop shopping demand, expanding our assortment of high-value-added merchandise, and stepping up promotions to increase the frequency of store visits and attract new customers. To address growing demand for delivery services, we increased the number of stores handling “7NOW”, a service that allows customers to order items via smartphone and have them delivered to a designated location in as little as 30 minutes. With a view to meeting diversifying needs and providing convenience to all communities, meanwhile, we have worked to realize sustainable growth throughout the value chain, including franchisees and business partners.

As a result, existing store sales increased year on year, due to a rebound from the previous year when consumers refrained from going out to prevent the spread of COVID-19, although sales remained weak due to unseasonable weather in the summer, which had a downward impact on consumption. Total sales of all stores in the chain (the sum of sales from directly managed stores and franchisees) amounted to ¥4,952.782 billion, up 1.7% year on year. However, operating income decreased 4.4%, to ¥223.091 billion, due to lower merchandise gross profit margins resulting from changes in merchandise sales trends and an increase in selling, general, and administrative expenses.

Overseas convenience store operations

In North America, personal consumption continued growing amid an increase in the consumer price index, stemming from the implementation of various government policies and other factors, despite of new outbreaks of COVID-19.

In response to changing lifestyles, 7-Eleven, Inc. strove to expand new services by increasing the number of stores that offer the “7NOW” delivery service, digital wallet, mobile checkout, and other solutions. At the same time, it continued focusing on developing and selling fast food and private brand merchandise.

On May 14, 2021, 7-Eleven, Inc. acquired from U.S. company Marathon Petroleum Corporation shares and other equity interests in a convenience store business operated primarily under the Speedway brand. Since then, the Speedway business has been included in the scope of consolidation. The acquisition of Speedway is aimed at creating further synergies, and all processes related to its integration, including management, operations, and employee awareness initiatives, have proceeded smoothly.

As a result, existing store sales on a U.S. dollar basis increased year on year. In yen terms, total sales of all stores in the chain (the sum of sales from directly managed stores and franchisees) amounted to ¥6,463.940 billion, up 89.7% year on year. Operating income rose 88.6%, to ¥224.864 billion.

Superstore operations

Ito-Yokado, operator of general merchandise stores, continued promoting business and store structural reforms in the fiscal year under review. Sales of food merchandise, which grew in the previous year in line with stay-at-home demand, remained high as Ito-Yokado meticulously responded to changing customer needs.

Existing store sales (including tenants) increased year on year, partly in reaction to the previous year’s shortening of operating hours and partial tenant closures at Ario. However, Ito-Yokado’s operating income declined 79.2%, to ¥1.62 billion, partly due to fixed costs related to closures stemming from the spread of COVID-

19, which were treated as special losses in the previous fiscal year.

In addition, existing store sales at York-Benimaru, a food supermarket operator, declined year on year, mainly due to a recoil from the previous fiscal year, which saw firm stay-at-home demand as consumers refrained from dining out. York-Benimaru's operating income declined 11.1%, to ¥14.704 billion.

Department and specialty store operations

In order to promote its large-scale commercial base strategy, which is a key element of the Group Strategy, the Group integrated its "Department store operations" and "Specialty store operations" segments into a single segment, called "Department and specialty store operations."

For department store operation, existing store sales increased year on year due to a rebound from the previous year, which saw shortened operating hours and restrictions on the number of customers entering stores. As for restaurant operation, however, business conditions remained challenging due to shortened operating hours and restrictions on the serving of alcoholic beverages. As a result, the Department and specialty store operations segment posted an operating loss of ¥8.153 billion, down ¥9.291 billion from the previous fiscal year.

On September 1, 2021, Sogo & Seibu merged with Seven & i Asset Management, which was the property management company for the Seibu Ikebukuro main store.

In addition, based on the idea regarding the business portfolio that was presented in our "Medium-Term Management Plan 2021-2025", effective March 1, 2022, the Group transferred to ABC-MART, INC. all issued shares of Oshman's Japan held by the Group.

Financial services

At fiscal year-end the number of domestic ATMs operated by Seven Bank stood at 26,194, up 508 from a year earlier. In addition, average ATM transaction per day amounted to 96.7 (up 7.0 year on year), due to a rebound from the previous year when consumers refrained from going out to prevent the spread of COVID-19, as well as an increase in the number of cash charge transactions at ATMs as consumers opted for various cashless payments. As a result, overall visits to Seven Bank's ATMs increased year on year. At fiscal year-end, Seven Bank had cash and deposits (including cash for ATM loading) of ¥934.6 billion.

Adjustments (eliminations/corporate)

The operating loss from adjustments, stemming mainly from expenses related to the construction of the Group's shared infrastructure system, totaled ¥43.681 billion, up ¥17.901 billion year on year.

③ Outlook for the year ending February 28, 2023

In Japan, economic and social activities remain steady as the government takes all possible measures to prevent the spread of COVID-19. Thanks also to various measures being taken, we expect the domestic economy to turn around in the next fiscal year. However, the outlook for personal consumption remains uncertain, and there are concerns about the spread of infectious diseases, supply constraints, and the risk of a downturn in consumption due to trends in raw material prices.

In North America, the economy is expected to remain firm, driven mainly by consumption, despite ongoing high levels of inflation. However, there are concerns that the pace of economic growth will slow due to labor shortages and supply constraints caused by logistics disruptions.

We also need to pay attention to geopolitical risks and fluctuations in financial and capital markets both in Japan and overseas. In light of these factors, we have summarized our consolidated performance forecasts for the fiscal year ending February 28, 2023, as follows.

(Consolidated business forecasts)	(Millions of yen)	
	Year ending February 28, 2023	
		YOY change
Gross revenues from operations (reference value)	10,374,000	18.6%
Revenues from operations	9,653,000	10.3%
Operating income	430,000	10.9%
Ordinary income	402,000	12.1%
Net income attributable to owners of parent	240,000	13.9%

* Assumed exchange rates: US\$1 = ¥114.00; 1 yuan = ¥16.00

* Total Group sales forecast (including sales of franchisees of Seven-Eleven Japan, Seven-Eleven Okinawa, and 7-Eleven, Inc.): ¥15,468,000 million

* Forecasts are reflecting the impact of the "Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020)". The forecast for revenues from operations in the fiscal year ending February 28, 2023, based on the previous accounting method, is presented as "Gross revenues from operations (reference value)."

(Forecasts for revenues from operations, by operating segment) (Millions of yen)

	Year ending February 28, 2023			
	Revenues from operations		Gross revenues from operations (reference value)	
		YOY change		YOY change
Domestic convenience store operations	855,000	(2.1) %	886,000	1.5 %
Overseas convenience store operations	6,650,000	28.0 %	6,650,000	28.0 %
Superstore operations	1,495,000	(17.4) %	1,850,000	2.2 %
Department and specialty store operations	487,000	(31.6) %	817,000	14.7 %
Financial services	200,000	2.9 %	209,000	7.5 %
Others	24,000	18.0 %	25,000	22.9 %
Total	9,711,000	10.3 %	10,437,000	18.5 %
Adjustments (Eliminations/corporate)	(58,000)	—	(63,000)	—
Consolidated Total	9,653,000	10.3 %	10,374,000	18.6 %

(Forecasts for operating income, by operating segment) (Millions of yen)

	Year ending February 28, 2023	
	Operating income	
		YOY change
Domestic convenience store operations	230,300	3.1%
Overseas convenience store operations	214,000	33.9%
Superstore operations	21,700	15.5%
Department and specialty store operations	5,500	—
Financial services	35,000	(6.8)%
Others	800	—
Total	507,300	17.6%
Adjustments (Eliminations/corporate)	(77,300)	—
Consolidated Total	430,000	10.9%

Domestic convenience store operations

SEJ will continue responding to changes in Japan's social structure, including declining birthrate, aging population, increasing number of single-person households, and growing number of working women, as well as changes in purchasing behavior that emerged and accelerated with COVID-19.

Going forward, SEJ will increase the pace of store transformations by innovating its sales floor layouts and expanding its range of high-value-added offerings to provide a richer merchandise mix for people's daily lives. In the process, we will adapt ourselves to the changing environment and strive for coexistence and co-prosperity with our franchisees. To address growing demand for last-mile solutions, we will proactively increase the number of stores handling the "7NOW" delivery service. This will further improve convenience and help resolve social issues.

Overseas convenience store operations

In May 2021, 7-Eleven, Inc. acquired from U.S. company Marathon Petroleum Corporation shares and other equity interests in a convenience store business operated primarily under the Speedway brand. We are in the process of proceeding with the integration of the Speedway business with the aim of creating further synergies. Speedway has strong brand loyalty and customer-attraction capability thanks to its favorable store locations. In addition to these factors, we will maximize and accelerate synergies by introducing fresh food and private brand merchandise from 7-Eleven, Inc. to Speedway stores. We will also improve merchandise quality and transform our assortment to address changes in consumer sentiment and the way convenience stores are used in the wake of COVID-19. At the same time, we will focus on improving customer loyalty by strengthening the "7NOW" delivery service, digital, and personalized solutions. Through these efforts, we will uncover the latent needs of customers,

expand our base of new customers, and strengthen store sales.

In addition, the recently established 7-Eleven International LLC will focus on merchandise development capabilities, digital technologies, ESG, and other elements by combining the strengths that 7-Eleven, Inc. has cultivated in North America and that SEJ has cultivated in Japan. It will also strive to enhance the value of 7-Eleven as a global brand and promote its growth worldwide while strengthening ties with existing area licensees, opening new stores in new countries, and further expanding global partnerships.

Superstore operations

Ito-Yokado will continue working on its growth strategy and business restructuring under the Group's "Medium-Term Management Plan 2021-2025" announced in July 2021. It will focus on building a foundation to stabilize earnings by completing business structural reforms in the fiscal year ending February 28, 2023. These include closing unprofitable stores and considering external partnerships, as well as optimizing its head office workforce. Ito-Yokado will also strive to identify market needs by expanding its online supermarket service and promoting mobile sales under its "Tokushimaru" as last-mile initiatives.

On March 1, 2022, York-Benimaru merged with its wholly owned subsidiary, Life Foods, which had been making and selling side dishes mainly at York-Benimaru stores. York-Benimaru has developed a high-growth integrated delicatessen production and sales business model. Enhancing this business model, York-Benimaru will strive to preserve its competitive edge under severe market conditions that are expected to continue in the future. In these ways, it will target sustainable growth as a supermarket operator that proposes lifestyle solutions.

Department and specialty store operations

For department store operation, Sogo & Seibu will work to improve profitability by operating commercial facilities that meet the needs of individual stores' commercial areas while completing business structural reforms based on the Group's "Medium-Term Management Plan 2021-2025". Its aim is to promote the development of large-scale commercial facilities as part of the Group Strategy.

As for specialty store operation, we will step up collaboration in order to improve operational efficiency while leveraging the strengths of specialty stores in each category under the Group Strategy. In light of the COVID-19 situation, which can easily affect our business performance, we will build a sales structure that responds flexibly to changing conditions and strengthen our ability to provide services that meet diversifying needs.

Financial services

In this segment, we will continue focusing on expanding our ATM platform strategy, as well as our e-money and credit card businesses.

(2) Analysis of Financial Position

① Assets, liabilities and net assets

(Millions of yen)

	February 28, 2021	February 28, 2022	YOY change (amount)
Total assets	6,946,832	8,739,279	1,792,446
Total liabilities	4,115,497	5,591,546	1,476,049
Net assets	2,831,335	3,147,732	316,397

Exchange rates	U.S.\$1 = ¥103.50	U.S.\$1 = ¥115.02
	1 yuan = ¥15.88	1 yuan = ¥18.06

At current fiscal year-end, total assets amounted to ¥8,739.279 billion, up ¥1,792.446 billion from a year earlier.

Current assets decreased ¥745.449 billion, mainly due to a decrease in cash and deposits resulting from the acquisition of Speedway in the overseas convenience store operations.

Non-current assets increased ¥2,538.636 billion, mainly due to an increase in tangible and intangible fixed assets resulting from the acquisition of Speedway in the overseas convenience store operations.

Total liabilities increased ¥1,476.049 billion, to ¥5,591.546 billion, mainly due to the issuance of bonds and borrowings to finance part of the acquisition of Speedway in the overseas convenience store operations.

Net assets increased ¥316.397 billion, to ¥3,147.732 billion, mainly due to an increase in retained earnings and foreign currency translation adjustments.

② Cash flows

(Consolidated cash flows)		(Millions of yen)	
	Year ended February 28, 2021	Year ended February 28, 2022	YOY change (amount)
Cash flows from operating activities	539,995	736,476	196,480
Cash flows from investing activities	(394,127)	(2,505,566)	(2,111,439)
Cash flows from financing activities	690,542	937,077	246,534
Cash and cash equivalents at end of the year	2,183,837	1,414,890	(768,946)

Net cash provided by operating activities amounted to ¥736.476 billion, up ¥196.480 billion from the previous year. This was mainly due to an increase in income before income taxes and minority interests.

Net cash used in investing activities totaled ¥2,505.566 billion. Main factors included acquisition of shares in subsidiaries accompanying a change in the scope of consolidation in the overseas convenience store operations.

Net cash provided by financing activities was ¥937.077 billion. Main inflows were due to proceeds from issuance of bonds and long-term loans by 7-Eleven, Inc.

From the above results, cash and cash equivalents at fiscal year ended February 28, 2022 totaled ¥1,414.890 billion.

(Cash flow indicators)

	Year ended February 29, 2020	Year ended February 28, 2021	Year ended February 28, 2022
Owner's equity ratio (%)	43.4	38.4	34.1
Owner's equity ratio (market base) (%)	54.4	51.3	56.5
Cash flow to interest-bearing debt ratio (years)	1.8	3.3	4.0
Interest coverage ratio (times)	48.4	48.6	33.9

Notes:

1. Owner's equity ratio: Shareholders' equity ÷ Total assets
2. Owner's equity ratio (market base): Total market capitalization ÷ Total assets
3. Cash flow to interest-bearing debt ratio: Interest-bearing debt ÷ Cash flow from operating activities
4. Interest coverage ratio: Cash flow from operating activities ÷ Interest paid

* Each indicator is calculated based on consolidated financial figures.

* Market capitalization is calculated by multiplying the closing stock price at each fiscal year-end by the number of shares outstanding (less treasury stock) at each fiscal year-end.

(3) Basic Policy on Profit Distribution; Dividends for Current and Next Fiscal Years

The Group's basic policy is to provide returns commensurate with profit growth. We will consider flexible shareholder returns, taking into consideration free cash flow level, stock price, and other factors, with stable and continuous improvement of dividends as the cornerstone of our shareholder return approach.

For the fiscal year under review, we declared a year-end dividend of ¥52.0 per share. Together with the ¥48.0 interim dividend already paid, this will bring total annual dividends to ¥100.0 per share.

In the fiscal year ending February 28, 2023, we plan to pay an interim dividend of ¥49.5 and a year-end dividend of ¥53.5, bringing total annual dividends to ¥103.0 per share.

(4) Business and Other Risks

Descriptions of business and other risks are provided in the Company's most recent Securities Report (released May 28, 2021). Since no new risks that require prompt disclosure have materialized since then, we have omitted such descriptions in this report.

Our risk factors can be viewed at the following sites.

Company website (Investor Relations): <https://www.7andi.com/en/ir/management/risks.html>

2. Scope of Consolidated Subsidiaries and Affiliates

Major Seven & i Group Companies by Operating Segment

Seven & i Group consists 198 diversified retail companies, mainly engaged in domestic convenience store operations, overseas convenience store operations, superstore operations, department and specialty store operations, and financial services. Operating segment, 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.

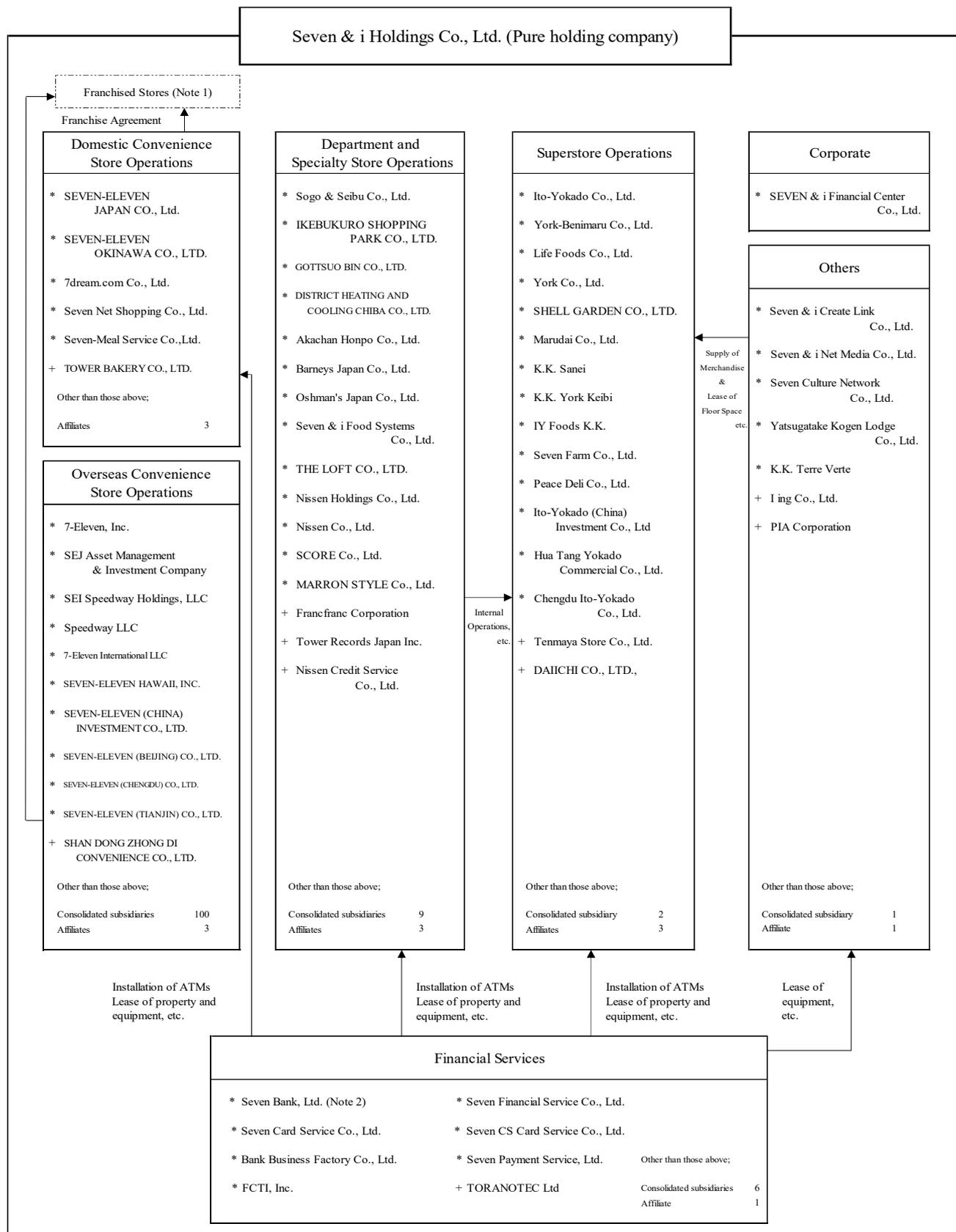
Operating Segment	Major Group Companies	Number of Companies	
Domestic Convenience Store Operations	SEVEN-ELEVEN JAPAN CO., Ltd. SEVEN-ELEVEN OKINAWA CO., LTD. 7dream.com Co., Ltd. Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. TOWER BAKERY CO., LTD.* ¹	Consolidated Subsidiaries	5
		Affiliates	4
		Total	9
Overseas Convenience Store Operations	7-Eleven, Inc. SEJ Asset Management & Investment Company SEI Speedway Holdings, LLC Speedway LLC 7-Eleven International LLC SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. SHAN DONG ZHONG DI CONVENIENCE CO., LTD.* ¹	Consolidated Subsidiaries	110
		Affiliates	4
		Total	114
Superstore Operations	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd.* ² York Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd. K.K. Sanei K.K. York Keibi IY Foods K.K. Seven Farm Co., Ltd. Peace Deli Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd.* ¹ DAIICHI CO., LTD.* ¹	Consolidated Subsidiaries	16
		Affiliates	5
		Total	21
Department and Specialty Store Operations	Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD. Akachan Honpo Co., Ltd. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd.* ³ Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD. Nissen Holdings Co., Ltd. Nissen Co., Ltd. SCORE Co., Ltd. MARRON STYLE Co., Ltd. Francfranc Corporation* ¹ Tower Records Japan Inc.* ¹ Nissen Credit Service Co., Ltd.* ¹	Consolidated Subsidiaries	22
		Affiliates	6
		Total	28
Financial Services	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. Bank Business Factory Co., Ltd. Seven Payment Service, Ltd. FCTI, Inc. TORANOTEC Ltd.* ¹	Consolidated Subsidiaries	13
		Affiliates	2
		Total	15
Others	Seven & i Create Link Co., Ltd. Seven & i Net Media Co., Ltd. Seven Culture Network Co., Ltd. Yatsugatake Kogen Lodge Co., Ltd. K.K. Terre Verte I ing Co., Ltd.* ¹ PIA Corporation* ¹	Consolidated Subsidiaries	6
		Affiliates	3
		Total	9
Corporate	SEVEN & i Financial Center Co., Ltd.	Consolidated Subsidiary	1

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

*2 Life Foods Co., Ltd. ceased to exist as a result of its merger with York-Benimaru Co., Ltd.

*3 Oshman's Japan Co., Ltd. was excluded from the scope of consolidation due to the transfer of shares on March 1, 2022.

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, 2022, Seven Bank, Ltd. has 26,194 units of ATMs placed mainly in the stores of Group companies.

3. Management Policies

(1) Basic Management Policies

Seven & i Holdings Co., Ltd. is a pure holding company that was established on September 1, 2005 through share transfers between Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd., and Denny's Japan Co., Ltd. With 173 consolidated subsidiaries operating mainly in the distribution business, we will strive to quickly respond to customer needs, market conditions, and rapid changing social circumstances while tirelessly reforming our operations and business structure. The Group also has a global network and exceptional information capabilities and engages in multiple businesses to meet all customer needs, including, centered on convenience store operations, and also superstore operations and financial services. As a distribution group unparalleled in the world, we will relentlessly pursue synergies under our basic policies of “Trust and Sincerity” and “Responding to Change while Strengthening Fundamentals.” To this end, we will strive to maximize Group corporate value by strengthening governance and pursuing Group synergies while fulfilling our accountabilities to stakeholders as a listed company representing the Group. In addition, operating companies in the Group will fulfill their respective responsibilities within their assigned business scope and pursue profit growth and improve asset efficiency while exercising their independence.

(2) Target Performance Indicators

In order to sustainably increase corporate value, we have established the following financial targets according to our basic policies of increasing returns (profits) in excess of the cost of capital and enhancing our ability to generate cash flow.

(Key consolidated financial targets for year ending February 28, 2026)

	FY2022 results	FY2026 targets
EBITDA	¥751.4 billion	¥1 trillion or more
Operating CF (excluding financial services)	¥630.8 billion	¥800 billion or more
Free CF (excluding financial services)	¥279.5 billion	¥400 billion or more
ROE	7.5%	10% or more
ROIC (excluding financial services)	4.8%	7% or more
Debt/EBITDA ratio	3.9 times	Less than 2.0 times
Adjusted debt/EBITDA ratio	-	Less than 2.2 times
EPS growth rate (CAGR)	-	15% or more

* Cash flows from operating activities (excluding financial services) is a management accounting figure based on NOPAT (excluding financial services).

Free cash flow (excluding financial services) is a management accounting-based figure (excluding financial services). M&A-related investments are regarded as strategic investments and thus are excluded from cash flows from investing activities.

ROIC (excluding financial services) = $\{(\text{Net income} + \text{Interest expense}) \times (1 - \text{Effective tax rate})\} \div \{(\text{Shareholders' equity} + \text{Interest-bearing debt [average of fiscal beginning/end for both figures]})\}$

Adjusted debt/EBITDA ratio is management accounting-based figure (excluding financial services).

Net debt/EBITDA = (Net Debt: interest-bearing debt + On-balance-sheet leases – Cash and cash equivalents and other adjustments)

EPS growth rate (CAGR) is computed as the CAGR (compound annual growth rate) for the year ended February 28, 2021.

(3) Medium- to long-term management strategies

Under our corporate creed of “Trust and Sincerity,” the Group has a basic stance that states: “We aim to contribute to local communities both in Japan and overseas by providing new experiences and values, from the customer’s point of view.” Adhering to this stance, we will steadily and speedily respond to changes in customer purchasing behavior against the backdrop of a changing social structure.

We also clarified our ideal Group image for 2030: “A world-class global distribution group that leads distribution innovation through global growth strategies centered on the 7-Eleven business and proactive utilization of technology.” To realize this image, we will steadily implement our Medium-Term Management Plan 2021–2025, announced in July 2021.

(4) Issues to Address

Business conditions surrounding the Group are changing dramatically at an ever-quicken pace. In Japan,

customers' lifestyles and values are becoming more diversified in line with the changing times, along with ongoing social structural changes, such as declining birthrates, aging population, decreasing number of households, and increasing number of dual-income households. On the other hand, the employment environment is expected to remain challenging in light of rising minimum wages and the expansion of social insurance application. Meanwhile, social issues related to climate change, marine pollution, food loss, and sustainable procurement are becoming more serious, both in Japan and abroad. Being members of society, companies are facing the situation that they will have to put their efforts to solve these issues more seriously than ever.

COVID-19, which has swept the globe since 2020, has had a major impact on consumer markets, prompting us to fundamentally re-examine the significance of our businesses. The Group views the changes in customer consumption behavior and the impact on the supply chain caused by COVID-19 not as transient factors but as a "tide of consumption" that will lead us into a new future. Accordingly, we are thoroughly analyzing changes in consumption, values, working environments, and industrial structures caused by COVID-19, and we are working on a Groupwide basis to ensure prompt responses.

[Group Priority Strategy of Medium-Term Management Plan 2021–2025]

1) Overseas CVS business operation strategy: Challenge of new "growth areas"

In the overseas convenience store operations, 7-Eleven, Inc., which operates the 7-Eleven business in the United States, has been accelerating its growth since 2000 and in recent years has come to play a key role in the Group's profit growth. 7-Eleven, Inc. has developed various merchandise to enhance its quality while expanding its 7NOW last-mile service through digital transformation. In the process, it has successfully renewed the image of traditional convenience stores in the United States and expanded its customer base.

In addition, 7-Eleven, Inc. has completed its acquisition of shares and other equity interests in the convenience store business and other businesses from U.S. company Marathon Petroleum Corporation, and integration of the Speedway business is progressing smoothly. The Speedway business has strong brand loyalty and customer-attraction power thanks to favorable store locations, and we will strive to maximize and accelerate synergies by introducing fast food and private brand merchandise from 7-Eleven, Inc. to Speedway stores. We will also strengthen our merchandise supply system by establishing a new supply chain. At the same time, along with strengthening the food business, we will promote the establishment of a sustainable business structure and improvement of profitability. That will be achieved by adapting to a decarbonized society through lowering the dependence on gasoline and accommodating the shift to EVs. Going forward, we will continue focusing on strengthening store openings in North America, including through M&As, in order to maintain the competitive edge of our network.

Furthermore, we established 7-Eleven International LLC to enhance the value of 7-Eleven as a global brand through U.S.-Japan cooperation. It will drive the collaboration between SEJ and 7-Eleven, Inc. to further strengthen ties with existing licensees, promote store openings in new areas, and expand global collaboration.

2) Domestic convenience store operation strategy: Open the next "convenience" door

The impact of COVID-19 has caused consumer behavior to change and commercial areas to shrink in size while highlighting growing differences in customer needs among individual stores. Rather than adopting uniformity across all stores, SEJ works to provide more meticulous offerings tailored to the needs of each store. To this end, we are utilizing the Group's economies of scale to increase direct imports and joint procurement of fresh food and other items while using the Group's common infrastructure to expand joint development of meal kits and the like. At the same time, we have begun to expand our merchandise assortment by utilizing the superstore operations', including Ito-Yokado, knowledge on tracking of production, sourcing merchandise, and production management, as well as its supply chain. We have also been innovating store layouts in response to changes in merchandise assortments, and since fiscal 2021 we have stepped up introduction of new layouts to meet changing customer needs. In addition, SEJ will strengthen merchandise development and provide support for improving store productivity, and its online convenience store service will be newly branded as 7NOW to focus on last-mile initiatives and creating new customer experiences through customer relationship management (CRM).

We will also promote structural reforms of unprofitable stores and more precise and efficient selection of candidate sites for new store openings. At the same time, we will actively develop and test next-generation stores and accelerate efforts to enter a new growth trajectory.

3) Group food strategy: Challenge of “food” expected now

While the domestic consumer market is shrinking due to falling birthrates and the aging population, the share of food merchandise in household expenditures is increasing. The Group has built various forms of infrastructure and accumulated significant know-how until today, including a merchandise development system that emphasizes quality and a supply chain and logistics system that maximizes the value of merchandise in terms of taste and freshness. In September 2021, we established the Overseas Procurement Department to address emerging changes in the world, customer needs, and purchasing behavior.

Going forward, in the food category, which represents a common foundation underpinning the Group’s businesses, we aim at realizing a high-quality, efficient merchandise supply system. To this end, we will further refine the private brand merchandise "Seven Premium," which is driving our competitiveness, due to its innovativeness, brand awareness, and customer appeal; utilize common infrastructure, including centralized kitchens and process centers; and exploit the Group’s economies of scale to promote overseas procurement (direct importing) and other efforts. We will continue to contribute to enriching the eating lifestyles of our customers by further promoting initiatives that utilize Group synergies.

4) Large-scale commercial base strategy: Create an abundant “lifestyle hubs”

In the current Medium-Term Management Plan 2021-2025, we have positioned the strategy for large-scale commercial base as a "strategy aiming for depth". Under the Plan, we will strive to improve the value of each commercial base by creating stores that meet the needs of each region.

Ito-Yokado has been re-examining the commercial areas of stores undergoing structural reforms while revising merchandise assortment to meet regional needs and proposing various merchandise for different lifestyle scenes, and has achieved a certain level of success in the process. Going forward, it will transform its online supermarket service into its large-scale centers and collaborate with its Tokushimaru mobile supermarkets to strengthen mobile sales. We will complete business structural reforms by the end of the fiscal year ending February 28, 2023, including closing unprofitable stores and optimizing the allocation of personnel. Meanwhile, we will utilize the knowledge of production tracking, merchandise sourcing, and production management, as well as supply chain to improve the competitiveness and corporate value of the Group. At the same time, we will focus on our regrowth strategy in order to strengthen the profitability of Ito-Yokado.

Sogo & Seibu is proceeding with store structural reforms by introducing and entrenching real estate management services. Going forward, it will strengthen external sales and expand commercial and other non-store businesses to meet the needs of affluent customers. However, with the continuous challenge in business environment, we are currently under a strategic review, as part of the re-evaluation of our business portfolio, which will be mentioned later.

5) Last mile initiatives

The spread of COVID-19 has dramatically increased the need for delivery and mobile sales services. In response, the Group will expand our efforts through establishing the system of merchandise development and its supply to meet wide-ranging customer needs. Those efforts include mobile sales, which serve as key infrastructure for local communities, regular deliveries with online supermarkets, which are increasingly handled by our large-scale centers, and SEJ’s online convenience stores, which is newly branded as 7NOW, by maximizing our advantage of having multiple business formats.

6) DX/finance strategy: Expand customer contact points and build robust security infrastructure

To strengthen contact points with customers, who represent a valuable foundation for the entire Group, we are promoting digital transformation (DX) to create new experiences and values. Our DX strategy has two main purposes. The first is to increase work productivity through digital technology and thus enable human resources to focus on highly creative tasks that only humans can perform. The second is to provide customers with unprecedented levels of convenience and other new experiences and values. To this end, we are working to strengthen relationships with individual customers by utilizing data provided by customers mainly through 7iD, the Group’s common ID, for our CRM and the like. We are also working to enhance the functionality of last-mile and other services. To spearhead our efforts of DX, we established Group DX Strategy Division in 2020. It was also divided into the Group DX Promotion Division and Group DX Solution Division in 2021 to ensure prompt and steady implementation of measures.

In the financial services, we will leverage our customer contact points, made stronger through the aforementioned initiatives, to develop financial products and services that contribute to provide new value to customers across retail and finance.

To build a robust security infrastructure, we have revised our Basic Policy on Information Security, under which we are helping each Group operating company build its own security environment while performing control assessments and other tasks. Under the supervision of the Information Management Committee, meanwhile, we will strengthen the Group-wide security and constantly review our security measures in line with advances in digital technology. We are committed to rigorously protecting the safety and security within the Group.

[Ongoing reassessment of business portfolio]

Our Medium-Term Management Plan 2021–2025 clearly defines our business portfolio approach, which is to maximize the Group’s corporate value by constantly reassessing our business portfolio and accelerating actions to achieve optimal outcomes. Based on the efficiency and growth potential of each business, we will restructure businesses in fields earmarked for priority structural reforms by undertaking drastic restructuring, tightening investment discipline, and leveraging Group synergies to increase profits. We will then identify businesses that are struggling to increase corporate value adequately within the Group and consider the “best owners” of such businesses. As a Group, we will continue reassessing our business portfolio, including by shifting management resources to priority growth fields.

[Solid management foundation to support our strategy]

1) Realizing a sustainable society

To date, the Group has been proactive in its efforts to resolve social issues and enhance corporate value, both of which are fundamental to management. In 2012, we signed the United Nations Global Compact and have since worked continuously to put its 10 principles into practice. We also identified “Five Material Issues” that are highly compatible with our business areas. Following dialogue with our stakeholders, we revised this into “Seven Material Issues” in March 2022. We are addressing such issues while linking them to the 17 Sustainable Development Goals (SDGs) set forth by the United Nations. Through these efforts, we are working through our core businesses to create a new business model that takes social issues and priority issues as its starting points.

“Seven Material Issues”

- Create a livable society with local communities through various customer touchpoints
- Provide safe, reliable, and healthier merchandise and services
- Realize decarbonization, circular economy, and society in harmony with nature, through environmental efforts
- Achieve a society in which diverse people can actively participate
- Improve work engagement and environment for people working in Group businesses
- Create an ethical society through dialogue and collaboration with customers
- Achieve a sustainable society through partnerships

In May 2019, we announced our “GREEN CHALLENGE 2050” environmental declaration, which sets four key themes: reduction of CO₂ emissions, measures against plastic, measures against food loss and for food recycling, and sustainable procurement. As we address these themes, we are working to realize a sustainable society in cooperation with customers, local communities, business partners, and other stakeholders.

In conjunction with the global expansion of our business, in 2020 we disclosed our response to recommendations of the Task Force on Climate-related Financial Disclosure (TCFD) on our corporate website. We have also completed registration for certification under the Science Based Targets initiative (SBTi), an international standard for CO₂ emission reduction targets. In addition, we hosted the 7-Eleven ESG Global Forum and will promote CO₂ emission reduction and plastic-related measures in collaboration with 7-Eleven licensees around the world.

In addition, communities are becoming increasingly concerned about the human rights efforts of companies as their activities become more global in nature. The Group has been working to protect human rights under its Corporate Action Guidelines. We recently established the Seven & i Group Human Rights Policy, which is based on the International Bill of Human Rights (Universal Declaration of Human Rights and International Covenants on Human Rights), the International Labor Organization Declaration on Fundamental Principles and Rights at Work, the 10 principles of the U.N. Global Compact, and the U.N. Guiding Principles on Business and Human Rights. We will continue encouraging employees, supply chain partners, and local communities to work

with us as we step up our efforts to respect human rights.

2) Further strengthening corporate governance

With respect to corporate governance, to date, we have been constantly striving to improve and expand corporate governance based on dialogue with all stakeholders. In May 2020, the existing Nomination & Compensation Committee was separated into the Nomination Committee and the Compensation Committee, each with a majority of independent outside directors. This is one example of improvements aimed at ensuring management transparency and objectivity. We will continue working to enhance information disclosure through a wide range of tools, including print media and the Internet, and to make dialogue with the stakeholders even more fruitful. Since 2021, the Group has used a skills matrix to select members of the Board of Directors with a view to ensure that they have the requisite knowledge, experience, competence, and diversity, to further promote our Group's medium to long term initiatives upon enhancing corporate value.

In addition to these efforts, we will further improve the diversity of the Board of Directors and increase the number of independent outside directors to a majority. This is to build a governance system suitable for aiming to become a world-class global distribution group, which is our Group image for 2030.

Our aim is to achieve sustainable growth in the global market and increase corporate value over the medium to long term. The Board will continue making appropriate and important decisions, conducting highly effective oversight, and appropriately fulfilling roles and responsibilities.

Moreover, we are further strengthening our financial discipline in accordance with our basic financial policy, as both revenue and investment opportunities are expanding globally. Regarding shareholder returns, we will consider flexible returns based on stable and continuous improvement of dividends per share, taking into consideration free cash flow, stock price, and other factors.

3) Human resource measures linked to management strategy

Human resources are the source of the Group's growth potential. In particular, we believe that management measures and human resource strategy are inseparable and must be linked in order to promote DX and global strategies and enhance both social and corporate value. Accordingly, we pursue a human resource measures that is integrated with our management strategy, and we will not only seek human resources with specialized knowledge and skills from outside the Group but also actively develop them within the Group. In human resource development, we adhere to the concept of being "a company that grows together with its human resources." With this in mind, in August 2020 we established Human Resources Development Department, which operates independently of our regular personnel training activities.

By actively providing employees with opportunities for growth, we aim to develop human resources who continue to learn and improve their skills on their own, thereby achieving mutual growth for both employees and the Group.

In addition, we will work to create workplaces where everyone can work comfortably by reforming work styles and improving productivity. Our Diversity Promotion Project, launched in 2012, has continued to innovate its activities in light of changes in the social environment and other factors. Under our Diversity & Inclusion Promotion Project, as it is now called, we have established frameworks to create environments that allow diversity and differences among workers and support flexible work styles. We will focus particular attention on fostering an organization and corporate culture where women and other diverse human resources can play active roles, taking into consideration the nature of the Group's main business, which welcomes many female customers.

Furthermore, in 2021, we established the Engagement Improvement Committee, consisting of the presidents of each Group operating company, to formulate and monitor action plans to improve employee engagement. We will continue promoting these activities in the belief that increased employee engagement and desire to contribute will revitalize and strengthen the competitiveness of our organization.

The Group is committed to achieving sustainable growth by enhancing corporate value over the medium and long terms. To this end, we will continue strengthening Group synergies to further expand the Group's strengths while providing more value and appropriate returns on profits to all stakeholders.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
ASSETS		
Current assets	3,350,223	2,604,774
Cash and bank deposits	2,189,152	1,420,653
Notes and accounts receivable-trade	318,142	365,746
Trade accounts receivable-financial services	95,010	91,662
Merchandise and finished goods	158,867	246,571
Work in process	80	51
Raw materials and supplies	2,378	2,193
Prepaid expenses	62,009	71,249
ATM-related temporary payments	216,471	107,883
Other	315,465	306,593
Allowance for doubtful accounts	(7,353)	(7,829)
Non-current assets	3,594,022	6,132,658
Property and equipment	2,206,023	3,232,347
Buildings and structures, net	994,096	1,527,898
Furniture, fixtures and equipment, net	330,185	436,377
Vehicles, net	17,647	19,506
Land	746,284	1,119,796
Lease assets, net	7,789	7,240
Right-of-use assets, net	—	10,801
Construction in progress	110,019	110,725
Intangible assets	645,873	2,140,002
Goodwill	349,882	1,741,604
Software	152,324	213,462
Other	143,666	184,935
Investments and other assets	742,125	760,308
Investments in securities	204,107	220,615
Long-term loans receivable	14,194	14,633
Long-term leasehold deposits	339,405	330,285
Advances for store construction	203	542
Net defined benefit asset	79,888	86,217
Deferred income taxes	44,352	43,539
Other	63,338	67,499
Allowance for doubtful accounts	(3,364)	(3,024)
Deferred assets	2,586	1,846
Business commencement expenses	1,934	1,353
Bond issuance cost	652	492
TOTAL ASSETS	6,946,832	8,739,279

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
LIABILITIES		
Current liabilities	2,782,433	2,480,725
Notes and accounts payable, trade	385,289	483,908
Short-term loans	619,953	140,146
Current portion of bonds	66,917	60,000
Current portion of long-term loans	146,747	121,280
Income taxes payable	21,283	22,716
Accrued expenses	124,070	235,274
Deposits received	236,400	223,146
ATM-related temporary advances	130,167	73,901
Allowance for sales promotion expenses	19,859	17,649
Allowance for bonuses to employees	14,853	13,937
Allowance for bonuses to Directors and Audit & Supervisory Board Members	360	349
Allowance for loss on future collection of gift certificates	933	602
Provision for sales returns	27	34
Deposits received in banking business	741,422	787,879
Other	274,145	299,898
Non-current liabilities	1,333,063	3,110,820
Bonds	565,000	1,582,906
Long-term loans	362,592	994,399
Deferred income taxes	78,879	109,825
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	774	569
Allowance for stock payments	4,008	4,272
Net defined benefit liability	9,309	12,702
Deposits received from tenants and franchised stores	50,783	51,422
Asset retirement obligations	99,072	130,456
Other	162,644	224,265
TOTAL LIABILITIES	4,115,497	5,591,546
NET ASSETS		
Shareholders' equity	2,647,023	2,767,517
Common stock	50,000	50,000
Capital surplus	409,069	408,645
Retained earnings	2,198,805	2,319,155
Treasury stock, at cost	(10,851)	(10,282)
Total accumulated other comprehensive income	21,902	213,438
Unrealized gains on available-for-sale securities, net of taxes	35,729	37,696
Unrealized gains (losses) on hedging derivatives, net of taxes	1,580	4,270
Foreign currency translation adjustments	(30,835)	157,570
Remeasurements of defined benefit plan	15,427	13,901
Subscription rights to shares	56	56
Non-controlling interests	162,352	166,719
TOTAL NET ASSETS	2,831,335	3,147,732
TOTAL LIABILITIES AND NET ASSETS	6,946,832	8,739,279

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

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
	Amount	Amount
Revenues from operations	5,766,718	8,749,752
Net sales	4,518,821	7,429,576
Cost of sales	3,480,025	6,017,372
Gross profit on sales	1,038,796	1,412,203
Operating revenues	1,247,896	1,320,175
Gross profit from operations	2,286,692	2,732,379
Selling, general and administrative expenses	1,920,363	2,344,726
Advertising and decoration expenses	112,921	123,214
Salaries and wages	450,665	564,770
Provision for bonuses to employees	14,796	13,861
Pension expenses	10,541	14,045
Legal welfare expenses	61,137	75,217
Land and building rent	376,771	396,241
Depreciation and amortization	220,434	279,082
Utility expenses	104,457	121,954
Store maintenance and repair expenses	73,778	92,481
Other	494,856	663,854
Operating income	366,329	387,653
Non-operating income	10,138	12,736
Interest income	2,991	3,220
Dividend income	1,013	1,093
Equity in earnings of affiliates	-	2,643
Insurance income	790	1,389
Income from electronic money breakage	1,179	1,205
Other	4,163	3,184
Non-operating expenses	19,104	41,818
Interest expenses	9,479	12,101
Interest on bonds	1,105	17,248
Equity in losses of affiliates	885	-
Commitment fee	1,508	3,534
Other	6,124	8,934
Ordinary income	357,364	358,571
Special gains	10,433	22,011
Gain on sales of property and equipment	3,010	6,372
Gain on sales of property and equipment related to restructuring	1,106	2,554
Subsidy income	4,108	7,648
Insurance income related to disasters	956	-
Gain on sales of investments in securities	252	3,222
Other	999	2,213

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
	Amount	Amount
Special losses	109,022	68,728
Loss on disposals of property and equipment	12,180	13,666
Impairment loss	31,604	26,410
Loss related to novel coronavirus (COVID-19)	40,534	10,380
Restructuring expenses	10,213	4,163
Other	14,489	14,107
Income before income taxes	258,776	311,854
Total income taxes	64,439	88,613
Income taxes - current	46,369	66,886
Income taxes - deferred	18,069	21,727
Net income	194,337	223,241
Net income attributable to non-controlling interests	15,074	12,466
Net income attributable to owners of parent	179,262	210,774

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
	Amount	Amount
Net income	194,337	223,241
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	9,627	2,073
Unrealized gains (losses) on hedging derivatives, net of taxes	1,857	2,689
Foreign currency translation adjustments	(48,474)	189,239
Remeasurements of defined benefit plan, net of taxes	11,976	(1,515)
Share of other comprehensive income (loss) of entities accounted for using the equity method	(8)	156
Total other comprehensive income (loss)	(25,021)	192,642
Comprehensive income (loss)	169,315	415,883
Comprehensive income (loss) attributable to owners of parent	154,439	402,228
Comprehensive income (loss) attributable to non-controlling interests	14,876	13,655

(3) Consolidated Statements of Changes in Net Assets

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

Fiscal year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

(Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2021	50,000	409,069	2,198,805	(10,851)	2,647,023
Increase (Decrease) due to the adoption of IFRS in foreign subsidiaries			(2,847)		(2,847)
Balance at the beginning of the current period reflecting the increase (decrease) due to the adoption of IFRS in foreign subsidiaries	50,000	409,069	2,195,957	(10,851)	2,644,175
Increase (decrease) for the year					
Cash dividends			(87,576)		(87,576)
Net income attributable to owners of parent			210,774		210,774
Purchase of treasury stock				(22)	(22)
Disposal of treasury stock		0		591	592
Other		(424)		(0)	(425)
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	-	(424)	123,197	568	123,342
Balance at February 28, 2022	50,000	408,645	2,319,155	(10,282)	2,767,517

(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, 2021	35,729	1,580	(30,835)	15,427	21,902	56	162,352	2,831,335
Increase (Decrease) due to the adoption of IFRS in foreign subsidiaries	82				82			(2,765)
Balance at the beginning of the current period reflecting the increase (decrease) due to the adoption of IFRS in foreign subsidiaries	35,811	1,580	(30,835)	15,427	21,984	56	162,352	2,828,569
Increase (decrease) for the year								
Cash dividends								(87,576)
Net income attributable to owners of parent								210,774
Purchase of treasury stock								(22)
Disposal of treasury stock								592
Other								(425)
Net changes of items other than shareholders' equity	1,884	2,689	188,405	(1,525)	191,454	-	4,366	195,820
Net increase (decrease) for the year	1,884	2,689	188,405	(1,525)	191,454	-	4,366	319,163
Balance at February 28, 2022	37,696	4,270	157,570	13,901	213,438	56	166,719	3,147,732

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	258,776	311,854
Depreciation and amortization	235,504	292,561
Impairment loss	35,484	27,775
Amortization of goodwill	25,040	71,276
Increase (decrease) in allowance for bonuses to employees	654	(956)
Increase in net defined benefit asset	(6,280)	(8,514)
Interest and dividends income	(4,004)	(4,313)
Interest expenses and interest on bonds	10,585	29,349
Equity in earnings of affiliates	885	(2,643)
Insurance income	(790)	(1,389)
Insurance income related to disasters	(956)	-
Gain on sales of property and equipment	(4,116)	(8,927)
Subsidies income	(4,094)	(7,648)
Loss on disposals of property and equipment	12,193	13,667
Loss (gain) on sale of investment securities	-	(3,211)
Increase (decrease) in notes and accounts receivable, trade	31,472	(9,227)
Increase (decrease) in trade accounts receivable, financial services	7,713	3,348
Decrease (increase) in inventories	13,844	(26,209)
Increase (decrease) in notes and accounts payable, trade	(21,610)	3,015
Increase (decrease) in deposits received	7,854	(13,396)
Net increase (decrease) in corporate bonds in the banking business	(20,000)	-
Net increase (decrease) in deposits received in the banking business	86,386	46,456
Net decrease (increase) in ATM-related temporary accounts	(7,475)	52,386
Other	(18,225)	12,713
Subtotal	638,840	777,967
Interest and dividends received	2,201	4,505
Interest paid	(10,129)	(20,781)
Proceeds from settlement of interest rate swaps	-	5,993
Insurance income received	790	1,389
Insurance income related to disasters received	956	-
Subsidies income received	4,092	7,647
Income taxes paid	(102,693)	(67,411)
Income taxes refund	5,935	27,165
Net cash provided by operating activities	539,995	736,476

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
	Amount	Amount
Cash flows from investing activities:		
Acquisition of property and equipment	(297,859)	(337,505)
Proceeds from sales of property and equipment	13,442	147,745
Acquisition of intangible assets	(51,972)	(86,926)
Payment for purchase of investments in securities	(22,239)	(25,519)
Proceeds from sales of investments in securities	14,690	106,380
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(41,973)	(2,295,563)
Payment for long-term leasehold deposits	(9,938)	(12,357)
Refund of long-term leasehold deposits	26,971	24,536
Proceeds from deposits from tenants	2,428	4,002
Refund of deposits from tenants	(2,963)	(2,841)
Payment for acquisition of business	(11,447)	(11,661)
Payment for time deposits	(4,081)	(3,996)
Proceeds from withdrawal of time deposits	1,963	4,083
Other	(11,146)	(15,943)
Net cash used in investing activities	(394,127)	(2,505,566)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	490,506	(479,923)
Proceeds from long-term debts	125,793	832,298
Repayment of long-term debts	(93,579)	(261,954)
Proceeds from commercial paper	263,118	81,872
Payment for redemption of commercial paper	(263,118)	(81,872)
Proceeds from issuance of bonds	349,307	1,192,710
Payment for redemption of bonds	(60,000)	(231,768)
Capital contribution from non-controlling interests	183	337
Purchase of treasury shares	(12)	(22)
Dividends paid	(87,081)	(87,490)
Dividends paid to non-controlling interests	(7,482)	(7,348)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(770)	(1,821)
Other	(26,321)	(17,941)
Net cash provided by financing activities	690,542	937,077
Effect of exchange rate changes on cash and cash equivalents	(7,430)	63,065
Net increase in cash and cash equivalents	828,980	(768,946)
Cash and cash equivalents at the beginning of the year	1,354,856	2,183,837
Cash and cash equivalents at the end of the year	2,183,837	1,414,890

(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: 173

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 26

(Establishment, etc.)

The company included 4 companies including 7-Eleven International LLC in the scope of the consolidation, which will contribute to the growth of the 7-Eleven brand globally as well as provide value and support for existing overseas licensees.

(Acquisition of shares and other interests)

SEI Speedway Holdings, LLC, which was established as a wholly owned subsidiary of 7-Eleven, Inc., the Company's consolidated subsidiary, carried out the acquisition of Speedway LLC and other 20 companies shares and other interests from US company Marathon Petroleum Corporation.

Consolidated subsidiaries decreased by 1

Disappearing company included Seven & i Asset Management Co., Ltd., which was merged into Sogo & Seibu Co., Ltd.

2. Application of the equity method

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

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

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

Affiliates to which the equity method is applied increased by 2

(Acquisition of shares and other interests)

Two companies became affiliates to which the equity method is applied through acquisition of shares and other interests from US company Marathon Petroleum Corporation.

Affiliates to which the equity method is applied decreased by 3

(Transfer of shares)

BALS INTERNATIONAL LIMITED and two other companies

(3) Procedure for applying the 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

The amount of actuarial differences is amortized on a straight-line basis over a 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.

The amount of prior service costs is amortized on a straight-line basis over a period 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 designated accounting treatment when they meet certain treatment for that. Certain interest rate swap contracts that meet specific accounting treatment 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. The Company applies integral accounting treatment (specific accounting treatment, designated accounting treatment) to interest rate and currency swap contracts that meet the requirements of integral accounting treatment.

(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, bonds

(III) Hedge instruments – Interest rate and currency swap

Hedged items – Foreign currency-denominated loans

(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 accounting treatment and integral accounting treatment.

(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 consist 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 correspond with the transition from the Consolidated Taxation System to the Group Tax Sharing System, which was established 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 the 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)

“Insurance income”, which was previously included in “Other” of non-operating income in the fiscal year ended February 28, 2021, exceeded 10% of the total amount of non-operating income, and is separately presented for the fiscal year ended February 28, 2022 due to significant increase.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2021.

As a result, 4,954 million yen that was presented as “Other” in non-operating income in the fiscal year ended February 28, 2021 has been reclassified as “Insurance income” of 790 million yen and “Other” of 4,163 million yen.

“Commitment fee”, which was previously included in “Other” of non-operating expenses in the fiscal year ended February 28, 2021, is separately presented for the fiscal year ended February 28, 2022 due to significant increase.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2021.

As a result, 7,633 million yen that was presented as “Other” in non-operating expenses in the fiscal year ended February 28, 2021 has been reclassified as “Commitment fee” of 1,508 million yen and “Other” of 6,124 million yen.

“Insurance income”, which was previously presented in special gains in the fiscal year ended February 28, 2021, has been changed to “Insurance income related to disasters” for the fiscal year ended February 28, 2022 in order to provide a clearer presentation in line with actual conditions.

“Subsidies for employment adjustment”, which was previously presented in special gains in the fiscal year ended

February 28, 2021, has been changed to “Subsidy income” for the fiscal year ended February 28, 2022 in order to present it together with the “Subsidy income related to COVID-19”, which increased in importance in the current fiscal year. “Gain on sales of investments in securities”, which was previously included in “Other” of special gains in the fiscal year ended February 28, 2021, exceeded 10% of the total amount of special gains, and is separately presented for the fiscal year ended February 28, 2022 due to significant increase.

To reflect these changes in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2021.

As a result, 1,265 million yen that was presented as “Other” in special gains in the fiscal year ended February 28, 2021 has been reclassified as “Gain on sales of investments in securities” of 252 million yen, “Subsidy income” of 13 million yen and “Other” of 999 million yen, respectively.

(Consolidated Statements of Cash Flows)

“Insurance income” and “Subsidies for employment adjustment”, which were previously presented in “Cash flows from operating activities” in the fiscal year ended February 28, 2021, have been changed to “Insurance income related to disasters” and “Subsidy income” for the fiscal year ended February 28, 2022 in order to reflect the change in method of presentation. Accordingly, “Insurance income received” and “Subsidies for employment adjustment received”, which were previously presented in “Cash flows from operating activities” in the fiscal year ended February 28, 2021, have been changed to “Insurance income related to disasters received” and “Subsidy income received” for the fiscal year ended February 28, 2022.

“Insurance income” and “Insurance income received” are separately presented in “Cash flows from operating activities” for the fiscal year ended February 28, 2022 due to significant increase.

To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2021.

As a result, “Insurance income”, (790) million yen and “Insurance income”, 790 million yen were presented separately, and “Subtotal” 639,630 million yen have been changed to 638,840 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 BIP 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, 2022, the carrying amount and the number of Company’s shares remaining in the BIP Trust are 3,187 million yen and 834 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 the Company's shares. The Company's shares are delivered to executive officers in accordance with the 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, 2022, the carrying amount and the number of the Company's shares remaining in the Trust are 2,436 million yen and 635 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 28, 2021	As of February 28, 2022
Accumulated depreciation	2,024,326	2,249,245

2. Assets pledged as collateral

Assets pledged as collateral for the debts

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Buildings and structures	489	463
Land	1,258	1,258
Investments in securities	68,087	79,715
Long-term leasehold deposits	2,662	1,162
Total	72,497	82,599
Debts for which above assets are pledged as collateral		
Long-term loans (including current portion of long-term loans)	13,420	9,717

Assets pledged as collateral for fund transfer

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Investments in securities	2,529	2,516
Long-term leasehold deposits	800	1,700
Total	3,329	4,216

Assets pledged as collateral for real estate business

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Long-term leasehold deposits	55	55

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

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Long-term leasehold deposits	304	292

3. Guarantees

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Employees' housing loans	57	42

4. Loan commitment

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

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Credit availability of cash loan business	790,424	832,746
Outstanding balance	44,002	42,048
Unused credit balance	746,421	790,697

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

5. Others

Bonds held by Seven Bank, Ltd.

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

Consolidated Statements of Income;

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

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

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Franchise commission from franchised stores	762,514	765,199
Net sales of franchised stores	4,781,626	4,853,881

7-Eleven, Inc.

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Franchise commission from franchised stores	245,210	294,374
Net sales of franchised stores	1,505,369	1,695,895

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

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Buildings and structures	1,194	2,200
Land	2,286	6,497
Others	635	229
Total	4,116	8,927

Note: 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. 108 million yen (Buildings and structures), 2,440 million yen (Land), and 5 million yen (Other) are included in "Gain on sales of property and equipment related to restructuring" in Consolidated Statements of Income for the year ended February 28, 2022.

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

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Buildings and structures	3,710	4,264
Furniture, fixtures and equipment	3,309	3,490
Others	5,172	5,911
Total	12,193	13,667

Note: 12 million yen (Other) is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2021. 0 million yen (Buildings and structures) is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2022.

4. Impairment loss

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 the 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 using discount rates of 3.3% - 6.0% .

For the fiscal year ended February 28, 2022, 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	94 Stores
			Specialty stores	49 Stores
			Superstores	2 Stores
			Others	1 Stores
		Aichi Pref.	Domestic convenience stores	98 Stores
		Specialty stores	9 Stores	
Osaka Pref.	Domestic convenience stores	93 Stores		
		Specialty stores	4 Stores	
		Others	1 Stores	
U.S. & others	Overseas convenience stores	150 Stores		
Other facility, etc.	Software, etc.	Tokyo Met., Fukushima Pref., Nagano Pref., & others		2,705
Total				27,775

Note: 1,365 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	20,055	474	20,530
Furniture, fixtures and equipment	2,455	32	2,487
Land	1,669	165	1,834
Software	5	1,829	1,834
Other	884	204	1,088
Total	25,070	2,705	27,775

Note: 1,291 million yen (Buildings and structures), 2 million yen (Furniture, fixtures and equipment), and 71 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 the 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 using discount rates of 4.0% - 9.4%.

5. Subsidy income

A breakdown of subsidy income is as follows:

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Subsidy income related to COVID-19	13	5,741
Subsidies for employment adjustment	4,094	1,907
Total	4,108	7,648

6. 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 February 28, 2021	For the year ended February 28, 2022
Fixed cost during temporary closure (Salaries and wages, Land and building rent, etc.)	24,066	8,625
Cost of support to franchisees	5,193	1,492
Cost of infection prevention and control	7,571	-
Others	3,702	262
Total	40,534	10,380

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 for the fiscal year ended February 28, 2021. The "Cost of infection prevention and control" was recorded as "Special losses" for the fiscal year ended February 28, 2021, because it was extraordinary expenses. However, it has been considered to be recurring expenses and has been recorded as "Selling, general and administrative expenses" for the fiscal year ended February 28, 2022.

7. Restructuring expenses

A breakdown of restructuring expenses is as follows:

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Impairment loss	3,879	1,365
Early retirement benefit	2,765	247
Store closing losses	1,388	-
Loss on sales of property and equipment	30	-
Others	2,149	2,550
Total	10,213	4,163

Note: In addition to the above restructuring expenses, the Companies recognize "Gain on sales of property and equipment related to restructuring" for the years ended February 28, 2021 and February 28, 2022 in the amount of 1,106 million yen and 2,554 million yen, respectively.

Consolidated Statements of Comprehensive Income;

1. The components of other comprehensive income including reclassification adjustments and tax (expense) or benefits for the fiscal years ended February 28, 2021 and February 28, 2022 are as follows:

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Unrealized gains (losses) on available-for-sale securities, net of taxes:		
Increase during the fiscal year	14,555	3,211
Reclassification adjustments	(567)	(406)
Amount before tax	13,988	2,805
Tax effects	(4,360)	(731)
Subtotal	9,627	2,073
Unrealized gains (losses) on hedging derivatives, net of taxes:		
Increase during the fiscal year	2,476	3,595
Reclassification adjustments	-	-
Amount before tax	2,476	3,595
Tax effects	(618)	(905)
Subtotal	1,857	2,689
Foreign currency translation adjustments:		
Increase (decrease) during the fiscal year	(48,474)	189,239
Remeasurements of defined benefit plan, net of taxes:		
Increase during the fiscal year	18,558	1,391
Reclassification adjustments	(1,582)	(3,605)
Amount before tax	16,976	(2,213)
Tax effects	(5,000)	698
Subtotal	11,976	(1,515)
Share of other comprehensive income of entities accounted for using the equity method:		
Increase (decrease) during the fiscal year	(8)	156
Total other comprehensive income (loss)	(25,021)	192,642

Consolidated Statements of Changes in Net Assets;

(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		Total
Description of subscription rights to shares	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 Ordinary general meeting of shareholders	Ordinary Share	45,115 million yen	51.00 yen	Feb. 29, 2020	May 29, 2020
October 8, 2020 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 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.

(From March 1, 2021 to February 28, 2022)

1. Type and number of shares outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of March 1, 2021	Number of shares increased	Number of shares decreased	As of February 28, 2022
Ordinary Share	886,441	–	–	886,441

(2) Treasury stock

(Thousands of shares)

	As of March 1, 2021	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	As of February 28, 2022 (Note 3)
Ordinary Share	3,475	4	154	3,325

- Notes: (1) 4 thousand shares increased due to purchase of odd-lot shares.
(2) 154 thousand shares, 0 thousand shares out of the 154 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, 2022 includes 1,469 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	Total
Description of subscription rights to shares		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, 2021	–	–
	Number of shares increased	–	–
	Number of shares decreased	–	–
	Number of shares as of February 28, 2022	–	–
Balance as of February 28, 2022 (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 27, 2021 Ordinary general meeting of shareholders	Ordinary Share	45,115 million yen	51.00 yen	Feb. 28, 2021	May 28, 2021
October 7, 2021 Board of Directors meeting	Ordinary Share	42,461 million yen	48.00 yen	Aug. 31, 2021	Nov. 15, 2021

Notes:

- The total amount of cash dividends determined by the resolution of the ordinary general meeting of shareholders held on May 27, 2021 includes 82 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 7, 2021 includes 70 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, 2022, 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 26, 2022 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	45,999 million yen	52.00 yen	Feb. 28, 2022	May 27, 2022

Note: The total amount of cash dividends includes 76 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 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.

(For the fiscal year ended February 28, 2022)

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, 2022
Cash and bank deposits	1,420,653
Restricted cash	8,049
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(13,812)
Cash and cash equivalents	1,414,890

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

Speedway LLC and other

(Millions of yen)

	As of February 28, 2022
Current assets	108,625
Non-current assets	1,074,482
Goodwill	1,348,179
Current liabilities	(159,410)
Non-current liabilities	(54,754)
Acquisition of shares	2,317,122
Accrued amount included in acquisition	(3,846)
Cash and cash equivalent	(17,712)
Payment for acquisition of business	2,295,563

3. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2022
Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year	6,799
Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year	12,622

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, 2022
Inventory	468
Goodwill	10,891
Other	301
Subtotal	11,661
Property and equipment	5,348
Total	17,010

Property and equipment set out above at an amount of 5,348 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2022.

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.

From the fiscal year ended February 28, 2022, changes have been made to the classification of reportable segments.

Accordingly, the figures for the fiscal year ended February 28, 2021 have been restated to reflect the segment classification that now exists after the change.

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 and specialty store operations”, “Financial services” 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 directly-managed 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 and specialty store operations” operate a retail business that collects and provides various and high-dollar merchandise and services as well as advanced and unique merchandise and services. “Financial services” operate a banking business, credit card business and leasing business. “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 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 and specialty store operations	Financial services	Others			
Revenues from operations									
1. Customers	857,222	2,251,627	1,802,625	681,919	167,259	5,976	5,766,631	86	5,766,718
2. Intersegment	1,553	1,727	8,258	2,740	31,668	11,346	57,296	(57,296)	-
Total	858,776	2,253,355	1,810,884	684,660	198,927	17,323	5,823,927	(57,209)	5,766,718
Segment income (loss)	233,700	98,664	29,681	(17,444)	48,077	(570)	392,109	(25,779)	366,329
Segment assets	1,227,004	2,309,842	964,187	566,491	1,788,607	34,701	6,890,836	55,996	6,946,832
Segment liabilities (interest bearing debt)	-	281,974	-	187,191	283,127	-	752,293	1,008,917	1,761,210
Other items									
Depreciation	78,430	82,725	26,929	14,598	28,766	1,016	232,466	3,038	235,504
Amortization of goodwill	-	21,119	3,098	462	359	-	25,040	-	25,040
Investment in associates accounted for using the equity method	8,881	5,463	6,694	13,038	1,685	4,481	40,245	-	40,245
Impairment loss	8,859	5,911	11,589	7,585	1	1,529	35,477	7	35,484
Net increase in property and equipment, and intangible assets	121,686	145,951	46,625	25,090	35,606	967	375,927	(12,030)	363,897

Notes:

1. The adjustments of (25,779) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of 55,996 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.

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

(Millions of yen)

	Reportable segment						Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department and specialty store operations	Financial services	Others			
Revenues from operations									
1. Customers	871,294	5,191,910	1,804,516	709,472	165,361	7,072	8,749,628	123	8,749,752
2. Intersegment	1,944	2,417	6,212	2,810	29,037	13,268	55,690	(55,690)	-
Total	873,239	5,194,327	1,810,728	712,282	194,399	20,340	8,805,319	(55,567)	8,749,752
Segment income (loss)	223,396	159,866	18,791	(8,153)	37,549	(115)	431,334	(43,681)	387,653
Segment assets	1,182,328	4,126,637	972,803	531,990	1,711,943	36,070	8,561,773	177,506	8,739,279
Segment liabilities (interest bearing debt)	-	1,500,345	-	169,806	287,607	-	1,957,759	940,974	2,898,733
Other items									
Depreciation	80,781	127,193	28,600	14,460	31,783	877	283,696	8,865	292,561
Amortization of goodwill	-	67,355	3,098	462	359	-	71,276	-	71,276
Investment in associates accounted for using the equity method	9,497	5,771	7,178	10,867	1,378	3,937	38,629	-	38,629
Impairment loss	9,944	2,359	6,359	7,882	761	67	27,374	400	27,775
Net increase in property and equipment, and intangible assets	91,785	178,432	60,747	13,848	34,046	2,322	381,182	44,438	425,621

Notes:

- The adjustments of (43,681) 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 177,506 million yen for segment assets are eliminations of intersegment transactions and corporate assets.
- The adjustments of 940,974 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
- The adjustments of 8,865 million yen for depreciation are depreciation for corporate assets.
- The adjustments of 44,438 million yen for net increase in property and equipment, and intangible assets, are eliminations of intersegment transactions and net increase in corporate assets.
- Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
- 1,365 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, 2022.

(Reference)

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

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
Revenues from operations						
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)	-
Total revenues	3,435,146	2,232,234	100,707	5,768,089	(1,371)	5,766,718
Operating income (loss)	266,096	99,582	805	366,484	(154)	366,329

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, 2022 (From March 1, 2021 to February 28, 2022)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	3,467,722	5,169,616	112,413	8,749,752	-	8,749,752
2. Intersegment	1,118	436	87	1,642	(1,642)	-
Total revenues	3,468,840	5,170,053	112,500	8,751,394	(1,642)	8,749,752
Operating income (loss)	227,174	159,507	1,029	387,711	(58)	387,653

Notes:

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

Related Information

Fiscal Year ended February 28, 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 (of which, the U.S.)	Others	Total
3,434,175	2,231,893 (2,011,844)	100,649	5,766,718

(2) Property and equipment

(Millions of yen)

Japan	North America (of which, the U.S.)	Others	Total
1,439,654	762,571 (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.

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

1. Information on products and services

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

2. Information by region

(1) Revenues from operations

(Millions of yen)

Japan	North America (of which, the U.S.)	Others	Total
3,467,722	5,169,616 (4,893,774)	112,413	8,749,752

(2) Property and equipment

(Millions of yen)

Japan	North America (of which, the U.S.)	Others	Total
1,457,749	1,755,359 (1,692,085)	19,238	3,232,347

3. Information about major customers

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

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

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

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

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

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

Information on Amortization and Outstanding Balance of Goodwill by Reportable Segment

Fiscal Year ended February 28, 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 and specialty store operations	Financial services	Others			
Goodwill									
Amortization	-	21,119	3,098	462	359	-	25,040	-	25,040
Balance at the end of current year	2,498	323,804	17,135	2,876	3,621	-	349,937	-	349,937
Negative Goodwill									
Amortization	-	-	23	4	-	-	27	-	27
Balance at the end of current year	-	-	46	8	-	-	55	-	55

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

(Millions of yen)

	Reportable segment						Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department and specialty store operations	Financial services	Others			
Goodwill									
Amortization	-	67,355	3,098	462	359	-	71,276	-	71,276
Balance at the end of current year	2,229	1,719,693	14,032	2,413	3,262	-	1,741,632	-	1,741,632
Negative Goodwill									
Amortization	-	-	23	4	-	-	27	-	27
Balance at the end of current year	-	-	23	4	-	-	27	-	27

Information Regarding Gain on Negative Goodwill by Reportable Segment

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

None

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

None

Business Combinations, etc.

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

Business combination by acquisition

As of August 3, 2020, the Company's consolidated subsidiary, 7-Eleven, Inc. executed an agreement with U.S. company Marathon Petroleum Corporation ("MPC"), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses) (hereinafter, the agreement is referred to as the "Transaction Agreement," and the acquisition is referred to as the "Transaction"). 7-Eleven, Inc. acquired the shares and other interests of the companies as of May 14, 2021 through SEI Speedway Holdings, LLC established as the Company's wholly-owned subsidiary. In parallel, the Company entered into a 15-year gasoline supply agreement for the acquired stores with MPC.

Although the business to have been acquired in the Transaction consists of multiple companies, we only disclose the information of one representative company in "(1) Name and main business of the acquired company" and "(6) Ratio of voting rights acquired."

1. Overview

(1) Name and main business of the acquired company

Name: Speedway LLC

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

(2) Main reason for the business combination

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

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

(a) Strategic expansion of store network

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

(b) Financial effect

We anticipate synergies and a tax savings due to beneficial tax treatment in the U.S.

(c) ESG Leadership

In May 2019, the Group, including 7-Eleven, Inc. as a global retailer representing Japan, announced the "GREEN CHALLENGE 2050," the Company's environmental declaration. The Group is committed to achieving the declaration's four themes: (i) reducing CO₂ emissions to achieve a carbon-free society; (ii) measures to realize a circular economy with respect to plastics; (iii) measures for food loss and recycling; and (iv) sustainable procurement to achieve a society that coexists with nature. Following the Transaction, the Group, including 7-Eleven, Inc. as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the North American market through expansion of its network and presence.

7-Eleven, Inc., as a chance of the Transactions, will set mutual and shared targets for 2027 to reduce CO₂ emissions, to utilize more ecofriendly packaging and sustainable food supplies, and to drive reduction in plastic usage for both newly acquired stores and existing stores and aim to enhance long-term corporate value.

(3) Date of the business combination

May 14, 2021

(4) Legal form of the business combination

Acquisition of shares and other interests

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

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

(6) Ratio of voting rights acquired

100%

(7) Reason for selecting the acquired company

The Company's subsidiary acquired the shares and other interests of the companies in exchange for cash.

2. Period of performance of the acquired company included in the consolidated financial statements

From May 14, 2021 to December 31, 2021

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

Consideration for acquisition	Cash	\$21,083,918 thousand	(¥2,332,513 million)
Acquisition cost		\$21,083,918 thousand	(¥2,332,513 million)

4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigations \$134,084 thousand (¥14,833 million)

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

(1) Amount of goodwill

\$12,267,329 thousand (¥1,357,134 million)

The amount above is provisional since the purchase price allocation has not been finalized and fair value measurement of identifiable assets and liabilities at the acquisition date has not been finalized.

(2) Reason for recognition of goodwill

Future excess earning power expected from future business development.

(3) Period and method of amortization of goodwill

Straight-line method over 20 years

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

Current assets	\$988,406 thousand	(¥109,347 million)
Non-current assets	\$9,776,912 thousand	(¥1,081,619 million)
Total assets	\$10,765,319 thousand	(¥1,190,967 million)
Current liabilities	\$1,450,507 thousand	(¥160,469 million)
Non-current liabilities	\$498,223 thousand	(¥55,118 million)
Total liabilities	\$1,948,730 thousand	(¥215,588 million)

Note: Converted at the rate of \$1 = ¥110.63 (as of May 13, 2021).

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

Net sales	\$8,420 million	(¥925,358 million)
Operating income	\$183 million	(¥20,111 million)
Ordinary income	\$177 million	(¥19,452 million)
Income before income taxes	\$177 million	(¥19,452 million)
Net income attributable to owners of parent	\$132 million	(¥14,552 million)
Net income per share	\$0.15	(¥16.49)

(Method of calculation of estimated amount)

The difference between the net sales and profit/loss information calculated as if the business combination had been completed at the beginning of the consolidated fiscal year and the net sales and profit/loss information in the consolidated statement of income of the acquired company is the estimated amount of impact. The estimated amount includes an adjustment for amortization of goodwill and other items, assuming that the goodwill and other items recognized at the time of the business combination were recognized as of the beginning of the current fiscal year.

These notes are not audited.

Note: Converted at the rate of \$1 = ¥109.90 (average exchange rate during the period).

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 February 28, 2021	Fiscal year ended February 28, 2022
Owners' equity per share	3,022.68	3,375.50
Net income per share	203.03	238.68
Diluted net income per share	203.02	238.68

Notes:

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

(Millions of yen, except number of ordinary shares)

	Fiscal year ended February 28, 2021	Fiscal year ended February 28, 2022
Net income attributable to owners of parent on the Consolidated Statements of Income	179,262	210,774
Amount not attributable to owners of ordinary shares	-	-
Net income attributable to owners of ordinary shares of parent	179,262	210,774
Average number of ordinary shares outstanding during the period (thousands of shares)	882,927	883,065
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	4	-
Adjustments to net income attributable to owners of parent	4	-
Number of ordinary shares increased used for calculating the diluted net income per share		
Subscription rights to shares (thousands of shares)	14	14
Number of ordinary shares increased (thousands of shares)	14	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 1,664 thousand shares for the fiscal year ended February 28, 2021 and 1,522 thousand shares for the fiscal year ended February 28, 2022.

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

(Millions of yen, except number of ordinary shares)

	As of February 28, 2021	As of February 28, 2022
Total net assets	2,831,335	3,147,732
Amounts subtracted from total net assets:	162,409	166,776
(Subscription rights to shares)	(56)	(56)
(Net income attributable to non-controlling interests)	(162,352)	(166,719)
Owners' equity for ordinary shares at the end of period	2,668,925	2,980,956
Number of ordinary shares at the end of period used for calculating the amounts of owners' equity per share (thousands of shares)	882,966	883,116

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 1,624 thousand shares as of February 28, 2021 and 1,469 thousand shares as of February 28, 2022.

Subsequent Event;

None

5. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
ASSETS		
Current assets	44,237	46,085
Cash and bank deposits	625	811
Prepaid expenses	1,017	1,018
Accounts receivable, other	31,353	37,057
Income taxes receivable	6,564	-
Deposits held by subsidiaries and affiliates	3,504	5,761
Other	1,172	1,435
Non-current assets	2,484,446	2,514,503
Property and equipment	7,278	13,026
Buildings and structures	2,592	2,553
Fixtures, equipment and vehicles	216	2,310
Land	2,712	2,712
Leased assets	370	219
Construction in progress	1,385	5,230
Intangible assets	40,310	69,186
Software	8,268	21,831
Software in progress	21,859	22,457
Lease assets	10,180	24,892
Other	2	5
Investments and other assets	2,436,857	2,432,290
Investments in securities	36,326	37,329
Stocks of subsidiaries and affiliates	2,382,108	2,373,222
Prepaid pension cost	1,362	1,685
Long-term leasehold deposits	3,868	3,943
Deposits paid in subsidiaries and affiliates	10,000	10,000
Other	3,190	6,109
Deferred assets	652	492
Bond issuance costs	652	492
TOTAL ASSETS	2,529,336	2,561,080

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
LIABILITIES		
Current liabilities	605,194	231,902
Current portion of bonds	66,917	60,000
Short-term loans	482,000	-
Short-term loans from subsidiaries and affiliates	32,006	106,505
Current portion of long-term loans	-	41,000
Lease obligations	3,732	6,140
Accounts payable, other	16,571	11,742
Accrued expenses	712	934
Income taxes payable	1,560	3,781
Advance received	226	237
Allowance for bonuses to employees	555	561
Allowance for bonuses to Directors and Audit & Supervisory Board Members	49	49
Other	862	949
Non-current liabilities	511,114	908,060
Bonds	460,000	400,000
Long-term loans	-	439,974
Long-term loans from subsidiaries and affiliates	9	11
Lease obligations	7,840	21,544
Allowance for stock payments	2,414	2,063
Provision for loss on guarantees	32,476	34,983
Deposits paid in subsidiaries	2,992	2,867
Deposits received from tenants	2,149	2,180
Deferred income taxes	2,647	3,705
Other	583	729
TOTAL LIABILITIES	1,116,309	1,139,962
NET ASSETS		
Shareholders' equity	1,401,971	1,409,699
Common stock	50,000	50,000
Capital surplus	1,245,271	1,232,897
Additional paid-in capital	875,496	875,496
Other capital surplus	369,774	357,400
Retained earnings	117,504	137,037
Other retained earnings		
Retained earnings brought forward	117,504	137,037
Treasury stock, at cost	(10,804)	(10,235)
Accumulated gains from valuation and translation adjustments	10,999	11,360
Unrealized gains on available-for-sale securities, net of taxes	10,999	11,360
Subscription rights to shares	56	56
TOTAL NET ASSETS	1,413,027	1,421,117
TOTAL LIABILITIES AND NET ASSETS	2,529,336	2,561,080

(2) Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2021	Year ended February 28, 2022
	Amount	Amount
Revenues from operations	163,940	152,208
Dividend income	156,582	145,014
Management consulting fee income	4,858	4,711
Commission fee income	2,390	2,333
Other	108	148
General and administrative expenses	35,699	49,490
Operating income	128,241	102,717
Non-operating income	1,467	823
Interest income	509	113
Dividend income	347	386
Gain on investments in investment partnerships	-	288
Foreign exchange gains	523	-
Other	87	34
Non-operating expenses	1,674	2,860
Interest expenses	250	1,457
Interest on bonds	1,105	1,244
Other	318	159
Ordinary income	128,034	100,680
Special gains	-	18,039
Gain on sales of stocks of subsidiaries and affiliates	-	4,171
Consolidated tax payment individual attribution adjustment amount	-	13,828
Other	-	40
Special losses	66,671	18,730
Loss on disposals of property and equipment	14	42
Impairment loss	7	400
Loss on valuation of stocks of subsidiaries and affiliates	65,456	14,501
Provision for loss on guarantees	632	2,507
Loss related to novel coronavirus (COVID-19)	110	1
Other	450	1,276
Income before income taxes	61,362	99,989
Total income taxes	(2,734)	(7,119)
Income taxes - current	(5,346)	(8,018)
Income taxes - deferred	2,611	898
Net income	64,096	107,109

(3) Nonconsolidated Statements of Changes in Net Assets

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

Fiscal year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

(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, 2021	50,000	875,496	369,774	1,245,271	117,504	117,504	(10,804)	1,401,971
Increase (decrease) for the year								
Cash dividends					(87,576)	(87,576)		(87,576)
Net income					107,109	107,109		107,109
Decrease by corporate division			(12,373)	(12,373)				(12,373)
Purchase of treasury stock							(22)	(22)
Disposal of treasury stock			0	0			591	592
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	-	-	(12,373)	(12,373)	19,532	19,532	569	7,728
Balance at February 28, 2022	50,000	875,496	357,400	1,232,897	137,037	137,037	(10,235)	1,409,699

	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, 2021	10,999	10,999	56	1,413,027
Increase (decrease) for the year				
Cash dividends				(87,576)
Net income				107,109
Decrease by corporate division				(12,373)
Purchase of treasury stock				(22)
Disposal of treasury stock				592
Net changes of items other than shareholders' equity	361	361	-	361
Net increase (decrease) for the year	361	361	-	8,090
Balance at February 28, 2022	11,360	11,360	56	1,421,117

(4) Doubts on the Premise of Going Concern

None

(5) Notes to Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets;

1. Accumulated depreciation of property and equipment

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Accumulated depreciation	4,713	5,169

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

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

(Millions of yen)

	As of February 28, 2021	As of February 28, 2022
Short-term receivables	30,160	32,231
Short-term payables	15,531	9,418
Long-term payables	9,942	23,683

Nonconsolidated Statements of Income;

1. Major transactions with subsidiaries and affiliates

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Operating transactions		
Revenues from operations	163,849	152,082
General and administrative expenses	6,268	6,936
Non-operating transactions	3,166	17,975

2. Main components and amounts of general and administrative expenses

(Millions of yen)

	For the year ended February 28, 2021	For the year ended February 28, 2022
Salaries and wages	5,357	6,593
Provision for bonuses to employees	555	561
Pension expenses	92	86
Depreciation and amortization	2,540	3,952
Commissions paid	5,327	5,693
Electronical data processing expenses	13,570	22,244

3. Main components and amounts of "Loss on valuation of stocks of subsidiaries and affiliates"

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

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).

Fiscal Year ended February 28, 2022 (From March 1, 2021 to February 28, 2022)

The Company recorded 14,501 million yen of loss on valuation of stocks of subsidiaries and affiliates (mainly 12,708 million yen and 1,785 million yen on Seven & i Food Systems Co., Ltd. and Barneys Japan Co., Ltd., respectively).

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

Nonconsolidated Balance Sheets

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
ASSETS		
Current assets	570,034	614,690
Cash and bank deposits	111,317	48,719
Accounts receivable due from franchised stores	12,767	11,272
Lease investment assets	3,252	2,969
Inventories	2,594	2,356
Prepaid expenses	27,419	26,359
Deposits held by subsidiaries and affiliates	279,798	383,984
Accounts receivable, other	131,094	137,106
Other	1,996	2,095
Allowance for doubtful accounts	(206)	(172)
Non-current assets	1,488,117	1,494,483
Property and equipment	599,761	601,995
Buildings	309,641	314,620
Structures	42,999	41,146
Vehicles	0	0
Furniture, fixtures and equipment	128,238	127,319
Land	116,806	115,655
Lease assets	967	696
Construction in progress	1,107	2,557
Intangible assets	40,052	45,405
Goodwill	2,498	2,229
Rights of leasehold	13,975	14,310
Trademark	552	529
Software	23,023	28,208
Other	1	127
Investments and other assets	848,304	847,082
Investments in securities	36,553	40,970
Stocks of subsidiaries and affiliates	583,737	583,737
Investments in capital of subsidiaries and affiliates	11,809	6,765
Long-term loans receivable	461	387
Long-term loans to subsidiaries and affiliates	3,103	3,453
Long-term prepaid expenses	17,548	15,781
Prepaid pension cost	4,906	6,463
Long-term leasehold deposits	164,227	161,498
Deferred income taxes	26,410	28,498
Other	1,331	1,242
Allowance for doubtful accounts	(1,785)	(1,715)
TOTAL ASSETS	2,058,152	2,109,174

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
LIABILITIES		
Current liabilities	469,554	455,605
Accounts payable, trade	183,096	177,987
Accounts payable due to franchised stores	15,139	18,064
Lease obligations	1,420	1,191
Accounts payable, other	24,890	25,798
Accrued expenses	16,225	19,711
Income taxes payable	10,164	9,898
Accounts payable to parent company	25,372	27,015
Consumption taxes withheld	12,113	5,859
Deposits received	169,072	158,677
Allowance for bonuses to employees	3,520	3,734
Allowance for bonuses to Directors and Audit & Supervisory Board Members	60	81
Allowance for sales promotion expenses	4,184	3,227
Other	4,294	4,358
Non-current liabilities	59,879	70,127
Guarantee deposits received from franchised stores	10,370	10,440
Long-term loans	384	369
Lease obligations	3,081	2,700
Allowance for stock payments	267	390
Allowance for retirement benefits to directors and corporate auditors	27	27
Allowance for loss on guarantee	1,750	1,750
Asset retirement obligations	43,997	54,448
TOTAL LIABILITIES	529,433	525,732
NET ASSETS		
Shareholder's equity	1,509,998	1,561,619
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	1,467,593	1,519,214
Legal reserve	4,300	4,300
Other retained earnings		
General reserve	823,409	823,409
Retained earnings brought forward	639,884	691,505
Accumulated gains (losses) from valuation and translation adjustments	18,719	21,822
Unrealized gains (losses) on available-for-sale securities, net of taxes	18,719	21,822
TOTAL NET ASSETS	1,528,718	1,583,441
TOTAL LIABILITIES AND NET ASSETS	2,058,152	2,109,174

Seven-Eleven Japan Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year Ended February 28, 2021	Year Ended February 28, 2022
	Amount	Amount
Operating income and expenses		
Gross revenues from operations	850,291	863,025
Revenues from operations	768,588	771,753
Franchise commission from franchised stores	763,031	765,731
Net sales reported by franchised stores		
Year ended February 28, 2021: 4,787,495		
Year ended February 28, 2022: 4,859,926		
Total net sales (including net sales of corporate stores)		
Year ended February 28, 2021: 4,870,619		
Year ended February 28, 2022: 4,952,782		
Other operating revenues	5,556	6,022
Net sales of corporate stores	81,703	91,271
Cost of sales	58,372	65,593
Gross profit from operations	791,919	797,431
Selling, general and administrative expenses	558,597	574,340
Land and building rent	188,473	190,390
Depreciation and amortization	67,235	71,360
Commission paid	52,056	55,323
Salaries and wages	48,220	50,182
Utility expenses	43,748	46,550
Other	158,862	160,533
Operating income	233,321	223,091
Non-operating income	49,796	51,400
Interest income	1,993	2,027
Dividend income	46,525	47,472
Reversal of allowance for doubtful accounts	112	44
Other	1,164	1,856
Non-operating expenses	1,142	819
Interest expenses	72	59
Loss on cancellation of construction contribution	260	504
Other	810	256
Ordinary income	281,974	273,672
Special gains	724	1,498
Gain on sales of property and equipment	497	197
Gain on sales of investment securities	-	1,034
Other	227	266
Special losses	25,614	23,824
Loss on sales of property and equipment	302	104
Loss on disposals of property and equipment	4,482	3,716
Loss on cancellation of lease contracts	348	172
Impairment loss	8,859	9,917
Loss on valuation of investments in capital of subsidiaries and associates	-	5,044
Loss related to novel coronavirus (COVID-19)	7,529	1,610
Loss on cancellation of rental contracts	3,262	2,539
Other	830	718
Income before income taxes	257,084	251,346
Income taxes - current	61,430	65,149
Income taxes - deferred	1,174	(3,456)
Net income	194,479	189,652

[Reference] Ito-Yokado Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
ASSETS		
Current assets	203,476	173,034
Cash and bank deposits	23,684	22,852
Accounts receivable, trade	14,896	14,600
Inventories	46,170	41,239
Supplies	52	25
Advance paid	335	231
Prepaid expenses	6,604	6,425
Short-term loans to employees	134	114
Short-term loans receivable	443	442
Deposits held by subsidiaries and affiliates	71,070	53,341
Accounts receivable, other	29,662	25,549
Short-term leasehold deposits	5,810	4,263
Payments in advance	3,130	2,744
Other	1,499	1,224
Allowance for doubtful accounts	(19)	(21)
Non-current assets	478,691	492,987
Property and equipment	308,229	311,155
Buildings	120,370	121,466
Structures	6,557	6,125
Vehicles	12	8
Furniture, fixtures and equipment	8,545	10,912
Land	170,025	168,822
Lease assets	2,236	2,481
Construction in progress	482	1,339
Intangible assets	5,242	12,664
Rights of leasehold	330	253
Trademark	9	12
Software	1,024	1,143
Other	3,877	11,255
Investments and other assets	165,219	169,167
Investments in securities	17,834	18,348
Stocks of subsidiaries and affiliates	9,109	15,296
Investments in capital	4	4
Investments in capital of subsidiaries and affiliates	4,581	4,581
Long-term loans receivable	11,681	11,222
Long-term loans to subsidiaries and affiliates	371	382
Long-term prepaid expenses	3,976	3,756
Prepaid pension cost	33,878	38,120
Long-term leasehold deposits	79,781	75,333
Receivable in bankruptcy	131	97
Deferred income taxes	3,657	1,667
Other	2,402	2,273
Allowance for doubtful accounts	(2,191)	(1,916)
TOTAL ASSETS	682,167	666,022

Ito-Yokado Co., Ltd.

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
LIABILITIES		
Current liabilities	122,655	112,529
Accounts payable, trade	48,149	46,016
Short-term loans	33	28
Current portion of long-term loans	93	78
Lease obligations	1,359	1,551
Accounts payable, other	14,720	13,828
Income taxes payable	733	1,045
Consumption taxes withheld	2,681	-
Accrued expenses	9,460	8,676
Advance received	788	844
Deposits received	21,770	18,823
Allowance for bonuses to employees	3,548	2,704
Allowance for bonuses to Directors and Audit & Supervisory Board Members	17	29
Allowance for sales promotion expenses	1,007	748
Allowance for loss on future collection of gift certificates	217	191
Gift certificates	15,710	15,912
Other	2,360	2,049
Non-current liabilities	47,022	45,643
Long-term loans	183	147
Lease obligations	4,173	3,746
Allowance for stock payments	108	183
Deposits received from tenants	29,925	28,986
Asset retirement obligations	12,631	12,580
TOTAL LIABILITIES	169,678	158,173
NET ASSETS		
Shareholder's equity	504,624	499,609
Common stock	40,000	40,000
Capital surplus	165,621	171,808
Additional paid-in capital	165,621	165,621
Other capital surplus	-	6,186
Retained earnings	299,002	287,801
Legal reserve	11,700	11,700
Other retained earnings		
Reserve for deferred gains on property and equipment	1,070	1,055
Retained earnings brought forward	286,232	275,045
Accumulated gains (losses) from valuation and translation adjustments	7,865	8,240
Unrealized gains (losses) on available-for-sale securities, net of taxes	7,865	8,240
TOTAL NET ASSETS	512,489	507,849
TOTAL LIABILITIES AND NET ASSETS	682,167	666,022

Ito-Yokado Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year Ended February 28, 2021	Year Ended February 28, 2022
	Amount	Amount
Revenues from operations	1,080,934	1,067,545
Net sales	1,053,284	1,038,664
Cost of sales	807,673	806,626
Gross profit on sales	245,610	232,037
Other operating revenues	27,650	28,881
Rental income	20,282	21,050
Other income	7,367	7,831
Gross profit from operations	273,260	260,919
Selling, general and administrative expenses	265,479	259,298
Advertising and decoration expenses	15,345	14,840
Salaries and wages	91,225	83,814
Land and building rent	46,292	46,098
Depreciation and amortization	12,594	13,318
Other	100,020	101,226
Operating income	7,781	1,620
Non-operating income	1,878	1,615
Interest income	895	616
Dividend income	732	754
Other	250	244
Non-operating expenses	1,961	864
Interest expenses	10	11
Foreign exchange losses	235	15
Other	1,715	836
Ordinary income	7,698	2,371
Special gains	6,151	1,540
Gain on sales of property and equipment	10	283
Gain on sales of property and equipment related to restructuring	1,134	740
Gain on sales of investment securities	160	-
Gain on sale of shares of subsidiaries and associates	-	40
Reversal of Provision for loss on guarantee	4,725	-
Other	120	476
Special losses	23,726	18,824
Loss on sales of property and equipment	18	94
Loss on disposals of property and equipment	2,208	2,284
Impairment loss	7,669	3,066
Restructuring expenses	5,773	3,928
Loss related to novel coronavirus (COVID-19)	7,884	3,298
Consolidated tax payment individual attribution adjustment amount	-	6,052
Other	172	99
Income (loss) before income taxes	(9,876)	(14,911)
Income taxes - current	(6,370)	(5,555)
Income taxes - deferred	198	1,845
Net income (loss)	(3,705)	(11,201)

[Reference] York-Benimaru Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
ASSETS		
Current assets	45,809	38,515
Cash and bank deposits	20,016	12,055
Accounts receivable, trade	2,568	2,845
Inventories	9,383	9,709
Supplies	10	12
Prepaid expenses	919	983
Short-term loans receivable	91	87
Deposits held by subsidiaries and affiliates	3,000	2,500
Accounts receivable, other	5,885	6,235
Payments in advance	3,073	3,268
Other	860	817
Non-current assets	153,699	162,628
Property and equipment	115,475	123,615
Buildings	50,099	53,561
Structures	8,826	8,410
Furniture, fixtures and equipment	2,581	2,390
Land	45,259	47,013
Lease assets	7,170	9,372
Construction in progress	1,537	2,866
Intangible assets	378	349
Software	360	333
Other	18	16
Investments and other assets	37,845	38,663
Investments in securities	11,176	11,522
Stocks of subsidiaries and affiliates	170	170
Investments in capital	1	1
Long-term loans receivable	247	268
Long-term prepaid expenses	2,670	3,288
Prepaid pension cost	4,746	5,594
Long-term leasehold deposits	16,065	15,710
Deferred income taxes	2,443	1,801
Other	695	678
Allowance for doubtful accounts	(372)	(372)
TOTAL ASSETS	199,509	201,144

York-Benimaru Co., Ltd.

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
LIABILITIES		
Current liabilities	41,678	37,416
Accounts payable, trade	20,652	20,789
Short-term loans	78	71
Lease obligations	1,326	1,798
Accounts payable, other	9,503	6,150
Accounts payable to parent company	851	778
Income taxes payable	969	718
Accrued expenses	3,416	3,366
Deposits received	923	999
Advance received	347	341
Allowance for bonuses to employees	2,087	1,912
Allowance for bonuses to Directors and Audit & Supervisory Board Members	47	42
Allowance for loss on future collection of gift certificates	6	4
Other	1,467	443
Non-current liabilities	14,384	16,605
Long-term loans	129	131
Lease obligations	7,245	9,293
Deposits received from tenants	3,356	3,448
Allowance for retirement benefits to directors and corporate auditors	216	216
Allowance for stock payments	238	349
Asset retirement obligations	2,913	3,036
Other	283	129
TOTAL LIABILITIES	56,062	54,022
NET ASSETS		
Shareholder's equity	138,119	141,552
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	115,586	119,018
Legal reserve	2,186	2,186
General reserve	69,355	69,345
Retained earnings brought forward	44,044	47,487
Accumulated gains (losses) from valuation and translation adjustments	5,327	5,569
Unrealized gains (losses) on available-for-sale securities, net of taxes	5,327	5,569
TOTAL NET ASSETS	143,447	147,122
TOTAL LIABILITIES AND NET ASSETS	199,509	201,144

York-Benimaru Co., Ltd.

Nonconsolidated Statements of Income

(Millions of yen)

	Year Ended February 28, 2021	Year Ended February 28, 2022
	Amount	Amount
Revenues from operations	477,633	478,144
Net sales	469,057	469,415
Cost of sales	355,076	358,395
Gross Profit on sales	113,980	111,019
Other operating revenues	8,575	8,728
Rental income	5,453	4,639
Commission fee income	3,122	4,089
Gross profit from operations	122,556	119,748
Selling, general and administrative expenses	106,007	105,044
Salaries and wages	44,882	44,766
Provision for bonuses to employees	2,087	1,912
Legal welfare expenses	6,445	6,728
Advertising and decoration expenses	6,284	5,955
Land and building rent	10,404	10,500
Store maintenance and repair expenses	6,476	6,310
Depreciation and amortization	6,259	7,297
Utility expenses	5,804	5,498
Other	17,362	16,075
Operating income	16,548	14,704
Non-operating income	1,404	1,454
Interest income	82	74
Dividend income	1,295	1,348
Other	26	32
Non-operating expenses	245	206
Interest expenses	3	3
Maintenance expenses for idle assets	107	95
Other	135	107
Ordinary income	17,707	15,953
Special gains	882	6
Insurance income	881	-
Compensation income	1	1
Other	-	4
Special losses	7,158	2,864
Loss on sales of property and equipment	550	4
Loss on disposals of property and equipment	1,179	636
Impairment loss	2,787	1,869
Loss related to novel coronavirus (COVID-19)	996	1
Loss on disaster	1,631	326
Other	12	26
Income before income taxes	11,431	13,094
Income taxes - current	4,293	3,500
Income taxes - deferred	(707)	538
Net income	7,845	9,055

[Reference] Sogo & Seibu Co., Ltd.

Nonconsolidated Balance Sheets

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
ASSETS		
Current assets	84,711	66,358
Cash and bank deposits	23,567	21,727
Notes receivable, trade	101	61
Accounts receivable, trade	15,099	15,116
Inventories	12,171	10,301
Real estate for sale	2,421	2,385
Supplies	150	151
Prepaid expenses	2,667	2,230
Short-term loans receivable	68	66
Accounts receivable, other	7,272	3,006
Current portion of construction contribution	308	83
Deposits held by subsidiaries and affiliates	20,000	10,000
Other	882	1,227
Allowance for doubtful accounts	(1)	-
Non-current assets	259,443	367,687
Property and equipment	164,048	216,149
Buildings	55,903	66,848
Structures	821	909
Machinery and equipment	593	520
Furniture, fixtures and equipment	2,554	2,203
Lease assets	2,468	1,854
Land	101,677	143,742
Construction in progress	29	69
Intangible assets	13,360	72,418
Rights of leasehold	10,562	68,488
Other	2,797	3,929
Investments and other assets	82,034	79,120
Investments in securities	2,851	2,758
Stocks of subsidiaries and affiliates	25,124	25,124
Long-term loans receivable	37	30
Long-term leasehold deposits	43,069	40,320
Construction contribution	372	290
Long-term accounts receivable, other	140	1,011
Receivable in bankruptcy	1,770	1,327
Deferred income taxes	7,947	6,701
Other	1,397	1,795
Allowance for doubtful accounts	(677)	(239)
TOTAL ASSETS	344,154	434,045

Sogo & Seibu Co., Ltd.

(Millions of yen)

	February 28, 2021	February 28, 2022
	Amount	Amount
LIABILITIES		
Current liabilities	276,771	213,281
Accounts payable, trade	19,402	18,289
Short-term loans	221,509	160,366
Accounts payable, other	5,342	6,458
Lease obligations	770	648
Accrued expenses	2,628	2,377
Income taxes payable	126	555
Consumption taxes withheld	-	975
Advance received	1,318	1,127
Gift certificates	12,798	11,993
Deposits received	6,257	6,265
Allowance for bonuses to employees	823	851
Allowance for bonuses to Directors and Audit & Supervisory Board Members	16	21
Allowance for sales promotion expenses	2,577	2,315
Allowance for loss on future collection of gift certificates	709	406
Allowance for store closing losses	1,885	101
Asset retirement obligations	277	205
Other	326	323
Non-current liabilities	22,601	156,598
Long-term loans	9,059	144,642
Long-term accounts payable, other	256	177
Lease obligations	2,527	1,620
Deposits received from tenants	5,566	5,455
Allowance for retirement benefits to directors and corporate auditors	17	-
Allowance for stock payments	163	261
Allowance for environmental obligations	295	182
Allowance for store closing losses	93	-
Asset retirement obligations	4,428	3,765
Other	194	491
TOTAL LIABILITIES	299,373	369,880
NET ASSETS		
Shareholder's equity	44,225	63,676
Common stock	20,500	20,500
Capital surplus	49,767	69,767
Additional paid-in capital	49,767	49,767
Other capital surplus	-	20,000
Retained earnings	(26,041)	(26,590)
Other retained earnings		
Retained earnings brought forward	(26,041)	(26,590)
Accumulated gains (losses) from valuation and translation adjustments	555	489
Unrealized gains (losses) on available-for-sale securities, net of taxes	555	489
TOTAL NET ASSETS	44,781	64,165
TOTAL LIABILITIES AND NET ASSETS	344,154	434,045

Nonconsolidated Statements of Income

(Millions of yen)

	Year Ended February 28, 2021	Year Ended February 28, 2022
	Amount	Amount
Revenues from operations	440,484	456,842
Net sales	430,698	446,973
Cost of sales	348,304	360,735
Gross profit on sales	82,394	86,238
Operating revenues	9,785	9,868
Gross profit from operations	92,180	96,106
Selling, general and administrative expenses	98,871	99,634
Advertising and decoration expenses	12,898	13,038
Salaries and wages	24,303	23,816
Land and building rent	27,071	25,575
Depreciation and amortization	7,400	8,731
Utility expenses	4,420	4,559
Other	22,777	23,912
Operating income (loss)	(6,691)	(3,527)
Non-operating income	640	320
Interest and dividend income	353	118
Other	286	201
Non-operating expenses	2,097	2,323
Interest expenses	917	1,225
Other	1,180	1,097
Ordinary income (loss)	(8,148)	(5,530)
Special gains	2,568	4,195
Gain on sales of investment securities	13	-
Gain on sales of property and equipment	195	1,690
Subsidies for employment adjustment	1,861	1,214
Other	498	1,290
Special losses	18,335	11,254
Loss on sales of property and equipment	51	-
Loss on disposals of property and equipment	994	1,443
Impairment loss	840	1,242
Consolidated tax payment individual attribution adjustment amount	-	5,175
Loss related to novel coronavirus (COVID-19)	11,217	2,696
Restructuring expenses	4,831	238
Other	399	456
Income(loss) before income taxes	(23,915)	(12,588)
Income taxes - current	(8,675)	(5,064)
Income taxes - deferred	1,999	1,302
Net income (loss)	(17,239)	(8,826)