

<TRANSLATION FOR REFERENCE PURPOSES ONLY>

Securities Code No. 3382

May 5, 2021

To Our Shareholders,

8-8, Nibancho, Chiyoda-ku, Tokyo
Seven & i Holdings Co., Ltd.
Ryuichi Isaka, Representative Director and President

CONVOCATION NOTICE OF THE 16TH ANNUAL SHAREHOLDERS' MEETING

Notice is hereby provided of the 16th Annual Shareholders' Meeting of Seven & i Holdings Co., Ltd. (the "Company"), which will be held as indicated below.

As the COVID-19 pandemic has yet to be contained, we ask shareholders to be mindful of their own health, and those with feelings of lethargy to not feel obliged to attend and rather consider abstaining from attending the meeting.

Shareholders who do not plan to attend the meeting may exercise their voting rights in writing or by electronic method (via the Internet, etc.). You are kindly requested to examine the Shareholders' Meeting Reference Materials set out below, and exercise your voting right by 5:30 p.m. on May 26, 2021 (Wednesday) in accordance with Information about Exercising Your Voting Rights on pages 3 to 4.

Best regards,

Notes

- 1. Date:** 10:00 a.m., May 27, 2021 (Thursday)
- 2. Place:** Head office of the Company (8-8, Nibancho, Chiyoda-ku, Tokyo)
Conference Room

3. Purposes of this Annual Shareholders' Meeting

Matters to be Reported:

- (1) Reporting on the substance of the Business Report, the substance of the Consolidated Financial Statements for the 16th fiscal year (from March 1, 2020 to February 28, 2021), and the results of audits of the Consolidated Financial Statements by the accounting auditor and the Audit & Supervisory Board.
- (2) Reporting on the substance of the Financial Statements for the 16th fiscal year (from March 1, 2020 to February 28, 2021).

Matters to be Resolved:

Item No. 1: Appropriation of retained earnings.

Item No. 2: Election of thirteen (13) Directors.

Item No. 3: Election of one (1) Audit & Supervisory Board Member.

4. Matters Determined for Convocation

- (1) Please be advised that if you redundantly exercise your voting right both in writing and by electronic method, the Company will only deem your exercise by electronic method valid. Also, please be advised that if you exercise your voting right multiple times by electronic method, the Company will only deem the substance of your final exercise to be valid.
- (2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form, the Company will deem that you indicated your approval of the proposal.
- (3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

End

When you attend the Annual Shareholders' Meeting, please submit the enclosed Voting Instructions Form at the reception desk. In addition, please assist us in conserving resources by bringing with you this Convocation Notice.

Any changes in the Shareholders' Meeting Reference Materials, Business Report, Financial Statements, or Consolidated Financial Statements will be posted on the Company's website (<https://www.7andi.com/ir/st.html>).

In order to prevent the spread of the COVID-19, attending shareholders may be asked to have their temperature taken; and those with a high temperature or those who appear to be unwell may be directed to a separate venue or forbidden from attending. In addition, we will request attending shareholders' cooperation, including wearing masks and alcohol sanitizing. Please note that the Company's relevant persons may also wear masks. Any other measures to prevent the spread of the COVID-19 and changes thereto will be posted on the Company's website (<https://www.7andi.com/ir/stocks/general.html>).

Free samples will not be provided at Annual Shareholders' Meetings. Your understanding would be appreciated in this regard.

Information about Exercising Your Voting Rights

You may exercise your voting rights using one of the following three methods.

Exercise of voting rights by attending the Annual Shareholders' Meeting

You are kindly requested to exercise your voting rights by submitting the enclosed Voting Instructions Form to the Reception Desk at the Meeting.

Date of the Annual Shareholders' Meeting

10:00 a.m. Japan Standard Time (JST), May 27, 2021 (Thursday)

Exercise of voting rights by post

You are kindly requested to indicate your vote for or against the proposed actions on the enclosed Voting Instructions Form, and to return the completed Voting Instructions Form to the Company. You do not need to affix a stamp.

Deadline for exercise of voting rights by post

The Company must receive the completed Voting Instructions Form by 5:30 p.m. JST, May 26, 2021 (Wednesday).

Exercise of voting rights via the Internet

Follow the instructions on page 4 and input your vote for or against the proposed actions.

Deadline for exercise of voting rights via the Internet

The Company must receive your voting instructions by 5:30 p.m. JST, May 26, 2021 (Wednesday).

Handling of votes

- (1) If you redundantly exercise your voting right both by the Voting Instructions Form (post) and via the Internet, the Company will only deem your exercise via the Internet valid. Also, if you exercise your voting right multiple times via the Internet, the Company will only deem the substance of your final exercise to be valid.
- (2) If neither approval nor disapproval of each proposal is indicated on the Voting Instructions Form (post), the Company will deem that you indicated your approval of the proposal.
- (3) If you wish to make a diverse exercise of your voting rights, please notify the Company in writing of your intention of making a diverse exercise of your voting rights and the reasons thereof by three (3) days prior to the Annual Shareholders' Meeting.

Information about Exercising Your Voting Rights via the Internet

Scanning QR code®

You can simply login to the Voting Website for exercising voting rights without entering your login ID and temporary password printed on the Voting Instructions Form.

1. Please scan the QR code® located on the right side of the Voting Instructions Form.

* “QR code” is a registered trademark of DENSO WAVE INCORPORATED.

2. Indicate your approval or disapproval by following the instructions on the screen.

Note that you can login to the website only once by using QR code®.

If you wish to redo your vote or exercise your voting rights without using QR code®, please refer to the “Entering login ID and temporary password” on the right.

Entering login ID and temporary password

Voting Website:
<https://evote.tr.mufg.jp/>

1. Please access the Voting Website.
2. Enter your “login ID” and “temporary password” printed on the Voting Instructions Form.
3. Please register a new password.
4. Indicate your approval or disapproval by following the instructions on the screen.

Please confirm the following items if you exercise your voting rights via the Internet.

- (1) Please note that service is not available between 2:00 a.m. and 5:00 a.m. (JST) each day.
- (2) Costs (Internet connection charges, packet transmission fees, etc.) incurred in accessing the Voting Website (<https://evote.tr.mufg.jp/>) will be the responsibility of the shareholder.
- (3) Depending on certain factors in the shareholder’s Internet usage environment, it might not be possible to exercise voting rights. These factors include the use of a firewall, etc., in the Internet connection, the use of anti-virus software, and the use of a proxy server.

In case you need instructions for how to operate your personal computer/smartphone/mobile phone in order to exercise your voting rights via the Internet, please contact:

Mitsubishi UFJ Trust and Banking Corporation

Corporate Agency Department Help Desk

Tel: 0120-173-027 (Toll free only from Japan / Hours: 9:00 a.m. to 9:00 p.m. JST)

Platform for Electronic Exercise of Voting Rights

Nominee shareholders such as trust and custody services banks (including standing proxies) who have made prior application to use the platform for the electronic exercise of voting rights that is operated by ICJ Inc. may use this platform.

Shareholders' Meeting Reference Materials

Item No. 1: Appropriation of retained earnings.

It is proposed that retained earnings will be appropriated as described below:

The Company considers it fundamental to increase dividends per share in a stable and continuous manner. In addition, the Company will seek to make its capital policy more flexible, taking into account free cash flow, stock price, and other factors.

Matters concerning year-end dividends

It is proposed that the year-end dividends for the 16th fiscal year be paid as follows in consideration of the performance for the 16th fiscal year and the future business development, etc.

(1) Type of dividend property

It is proposed that the dividend property will be paid in monetary terms.

(2) Matters concerning the allocation of dividend property and the aggregate amount thereof

It is proposed that the amount of allocation will be ¥51 per share of the Company's common stock.

In such a case, the aggregate amount of dividends shall be ¥45,115,268,610.

Therefore, the annual dividends for the 16th fiscal year, including interim dividends of ¥47.50, shall be ¥98.50 per share.

(3) Date on which the dividends from retained earnings become effective

It is proposed that the dividends from retained earnings become effective on May 28, 2021.

Item No. 2: Election of thirteen (13) Directors.

The terms of office of all thirteen (13) current Directors expire upon the conclusion of this Annual Shareholders' Meeting.

Shareholders are therefore requested to elect thirteen (13) Directors.

This proposal was approved at the Board of Directors meeting after its details were supported by the "Nomination Committee," an advisory committee to the Board of Directors chaired by an Independent Outside Director.

The candidates for Directors are as follows:

Candidate No.	Name	Current position in the Company	Attendance at Board of Directors meetings			
1	Ryuichi Isaka	Representative Director and President Executive Officer and President	14/14	Reappointment		
2	Katsuhiro Goto	Representative Director and Vice President Executive Officer and Vice President	14/14	Reappointment		
3	Junro Ito	Director and Managing Executive Officer	14/14	Reappointment		
4	Kimiyoshi Yamaguchi	Director and Executive Officer	14/14	Reappointment		
5	Yoshimichi Maruyama	Director and Executive Officer	11/11	Reappointment		
6	Fumihiko Nagamatsu	Director	14/14	Reappointment		
7	Shigeki Kimura	Director	14/14	Reappointment		
8	Joseph M. DePinto	Director	14/14	Reappointment		
9	Yoshio Tsukio	Outside Director	14/14	Reappointment	Outside	Independent
10	Kunio Ito	Outside Director	14/14	Reappointment	Outside	Independent
11	Toshiro Yonemura	Outside Director	14/14	Reappointment	Outside	Independent
12	Tetsuro Higashi	Outside Director	14/14	Reappointment	Outside	Independent
13	Kazuko Rudy (Real name: Kazuko Kiriyaama)	Outside Director	14/14	Reappointment	Outside	Independent

(Notes)

- Attendance at meetings of the Board of Directors held in the 16th fiscal year is presented as attendance at Board of Directors meetings.
- Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Items No. 2 and No. 3 will be approved as originally proposed, are as shown on page 21.

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
1	<p>Ryuichi Isaka (October 4, 1957) * 15,412 shares <u>Reappointment</u> Term of office: 12 years and 0 months</p>	<p>Mar. 1980: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. (incumbent) May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. May 2006: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Representative Director and President of Seven-Eleven Japan Co., Ltd. Chief Operating Officer (COO) of Seven-Eleven Japan Co., Ltd. Director of the Company Apr. 2016: Member of the Nomination and Compensation Committee of the Company May 2016: Representative Director and President of the Company (incumbent) Executive Officer and President of the Company (incumbent) May 2020: Member of the Nomination Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) * Director of Seven-Eleven Japan Co., Ltd. * Director of 7-Eleven, Inc.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has overseas business experience and broad knowledge of the retailing industry cultivated as a president of a Group company and a director of the Company as well as broad knowledge and experience in company management including the franchise business, marketing, and management administration, as well as sustainability (addressing environmental and social issues and so forth). Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to maximize the Group's corporate value through the generation of new business and through activation of our existing business by means of using the collective capabilities of the retail group, which has various business categories, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
2	<p>Katsuhiro Goto (December 20, 1953) * 14,940 shares <u>Reappointment</u> Term of office: 15 years and 8 months</p>	<p>July 1989: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Ito-Yokado Co., Ltd. May 2003: Executive Officer of Ito-Yokado Co., Ltd. May 2004: Managing Director of Ito-Yokado Co., Ltd. Managing Executive Officer of Ito-Yokado Co., Ltd. Sept. 2005: Director of the Company Chief Administrative Officer (CAO) of the Company Mar. 2006: Managing Director of Ito-Yokado Co., Ltd. (newly incorporated company) Managing Executive Officer of Ito-Yokado Co., Ltd. May 2006: Director of Ito-Yokado Co., Ltd. Managing Executive Officer of the Company Director of Millennium Retailing, Inc. Aug. 2009: Director of Sogo & Seibu Co., Ltd. Apr. 2011: Senior Officer of the System Planning Department of the Company Nov. 2014: Head of the Information Management & Security Office of the Company Apr. 2016: Member of the Nomination and Compensation Committee of the Company May 2016: Representative Director and Vice President of the Company (incumbent) Executive Officer and Vice President of the Company (incumbent) In charge of Administrative Divisions and Omni-Channel of the Company June 2017: Director of Seven Bank, Ltd. (incumbent) Mar. 2018: General Manager of the Corporate Digital Strategy & Planning Division of the Company May 2020: Member of the Nomination Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) * Director of Seven Bank, Ltd.</p> <p>[Reasons, etc. for Nomination as Candidate for Director] He has broad knowledge of the retailing and financial industries cultivated as a director of the Company and its Group companies including a finance related subsidiary as well as broad knowledge and experience in areas including advertising and branding, management administration, risk management, and so forth. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to advance Group function (strengthening the provision of high value added services and the function of administrative divisions), we would like to request his election as a Director.</p>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
3	<p>Junro Ito (June 14, 1958) * 3,173,003 shares <u>Reappointment</u> Term of office: 12 years and 0 months</p>	<p>Aug. 1990: Joined Seven-Eleven Japan Co., Ltd. May 2002: Director of Seven-Eleven Japan Co., Ltd. May 2003: Executive Officer of Seven-Eleven Japan Co., Ltd. Jan. 2007: Managing Executive Officer of Seven-Eleven Japan Co., Ltd. May 2009: Director of the Company (incumbent) Executive Officer of the Company Senior Officer of the Corporate Development Department of the Company Apr. 2011: Senior Officer of the CSR Management Department of the Company May 2015: Audit & Supervisory Board Member of York-Benimaru Co., Ltd. May 2016: In charge of Group Corporate Support of the Company July 2016: Senior Officer of the Corporate Support Department of the Company Dec. 2016: Managing Executive Officer of the Company (incumbent) Head of the Corporate Development Office of the Company Mar. 2017: Director of Ito-Yokado Co., Ltd. Mar. 2018: General Manager of the Corporate Development Division of the Company (incumbent) July 2019: Outside Director of AIN HOLDINGS INC. (incumbent) May 2020: Member of the Compensation Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) * Outside Director of AIN HOLDINGS INC.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has overseas business experience and broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience in ESG (Environment, Social, Governance), risk management, accounting and finance, social marketing, and so forth. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to enhance its corporate value including non-financial aspects, and to smoothly execute group management, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
4	<p>Kimiyoshi Yamaguchi (November 8, 1957) * 1,000 shares <u>Reappointment</u> Term of office: 4 years and 0 months</p>	<p>Apr. 1981: Joined THE SEIBU DEPARTMENT STORES, LTD. (currently Sogo & Seibu Co., Ltd.)</p> <p>May 2011: Executive Officer of the Company (incumbent) Senior Officer of the Public Relations Center of the Company</p> <p>Dec. 2016: In charge of Corporate Communication of the Company</p> <p>May 2017: Director of the Company (incumbent) Head of the President Office of the Company</p> <p>Mar. 2018: Director of Sogo & Seibu Co., Ltd. (incumbent)</p> <p>Mar. 2019: General Manager of the Corporate Communication Division of the Company (incumbent)</p> <p>Oct. 2019: Head of the Security Management Office of the Company</p> <p>May 2020: Member of the Compensation Committee of the Company (incumbent)</p> <p>(Important Concurrent Positions) * Director of Sogo & Seibu Co., Ltd.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience relating to marketing including advertising, branding, management information analysis and sustainability (addressing environmental and social issues and so forth). Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to activate the Group companies' corporate communication, etc., we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
5	<p>Yoshimichi Maruyama (November 2, 1959) * 1,800 shares <u>Reappointment</u> Term of office: 1 year and 0 months</p>	<p>Apr. 1982: Joined The Long-Term Credit Bank of Japan, Limited July 2008: Joined the Company May 2012: Senior Officer of the Risk Management Department of the Company Nov. 2014: Senior Officer of the Information Management & Security Office of the Company July 2016: Senior Officer of the Corporate Planning Department of the Company Dec. 2016: Senior Officer of the Corporate Development Department of the Company May 2017: Executive Officer of the Company (incumbent) Senior Officer of the Finance Planning Department of the Company Representative Director and President of SEVEN & i Financial Center Co., Ltd. (incumbent) Oct. 2017: Representative Director and President of Seven & i Asset Management Co., Ltd. (incumbent) Mar. 2018: General Manager of the Corporate Finance & Accounting Division of the Company (incumbent) May 2021: Director of the Company (incumbent) (Important Concurrent Positions) * Representative Director and President of SEVEN & i Financial Center Co., Ltd. * Representative Director and President of Seven & i Asset Management Co., Ltd. * Director of 7-Eleven, Inc.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has business experience in a financial institution and broad knowledge relating to the Group's overall operations cultivated as a senior officer in the risk management division of the Company and the finance division of the Company as well as broad knowledge and experience relating to risk management, finance and accounting, and so forth. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to stabilize the Group's financial base, and to strengthen financial discipline, we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
6	<p>Fumihiko Nagamatsu (January 3, 1957) * 14,500 shares <u>Reappointment</u> Term of office: 3 years and 0 months</p>	<p>Mar. 1980: Joined Seven-Eleven Japan Co., Ltd. May 2004: Executive Officer of Seven-Eleven Japan Co., Ltd. Mar. 2014: Representative Director and Vice President of Nissen Holdings Co., Ltd. Mar. 2015: Executive Officer of the Company May 2017: Senior Officer of the Personnel Planning Department of the Company Dec. 2017: Executive Officer of Seven-Eleven Japan Co., Ltd. Mar. 2018: General Manager of the Corporate Personnel Planning Division of the Company Director of Seven-Eleven Japan Co., Ltd. Director of Seven & i Food Systems Co., Ltd. May 2018: Director of the Company (incumbent) Mar. 2019: Director and Vice President of Seven-Eleven Japan Co., Ltd. Apr. 2019: Representative Director and President of Seven-Eleven Japan Co., Ltd. (incumbent)</p> <p>(Important Concurrent Positions) * Representative Director and President of Seven-Eleven Japan Co., Ltd. * Director of 7-Eleven, Inc.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has broad knowledge of the retailing industry cultivated as a president of a Group company and a director of the Company as well as broad knowledge and experience relating to company management including the franchise business, management administration, personnel management, etc. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to advance Group functions, and to pursue Group synergies, we would like to request his election as a Director.</p>		
7	<p>Shigeki Kimura (March 16, 1962) * 5,100 shares <u>Reappointment</u> Term of office: 2 years and 0 months</p>	<p>Mar. 1986: Joined Seven-Eleven Japan Co., Ltd. Mar. 2014: Executive Officer of Seven-Eleven Japan Co., Ltd. May 2016: Senior Officer of the Secretary Office of the Company Dec. 2016: Executive Officer of the Company Senior Officer of the Corporate Development Department of the Company July 2017: Outside Director of AIN HOLDINGS INC. Mar. 2019: General Manager of the Corporate Personnel Planning Division of the Company Director of Seven-Eleven Japan Co., Ltd. (incumbent) May 2019: Director of the Company (incumbent) Mar. 2020: In charge of Group Company Governance of the Company Senior Managing Executive Officer of Seven-Eleven Japan Co., Ltd. (incumbent) Apr. 2020: In charge of the President Office of the Company (incumbent) In charge of Group Cooperation of the Company (incumbent)</p> <p>(Important Concurrent Positions) * Director of Seven-Eleven Japan Co., Ltd.</p>
<p>[Reasons, etc. for Nomination as Candidate for Director] He has broad knowledge of the retailing industry cultivated as a director of the Company and its Group companies as well as broad knowledge and experience in areas including management administration and risk management. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to coordinate with Group companies, etc., we would like to request his election as a Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
8	<p>Joseph M. DePinto (November 3, 1962) * 6,000 shares <u>Reappointment</u> Term of office: 6 years and 0 months</p>	<p>Sept. 1995: Joined Thornton Oil Corporation June 1999: Senior Vice President and Chief Operating Officer (COO) of Thornton Oil Corporation Mar. 2002: Joined 7-Eleven, Inc. Manager of 7-Eleven, Inc. Apr. 2003: Vice President and General Manager of Operations of 7-Eleven, Inc. Dec. 2005: Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. (incumbent) Aug. 2010: Independent Director of Brinker International, Inc. Nov. 2013: Chairman of the Board (Independent Director) of Brinker International, Inc. (incumbent) May 2015: Director of the Company (incumbent) Mar. 2021: Independent Director of DHC Acquisition Corp. (incumbent)</p> <p>(Important Concurrent Positions) * Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. * Chairman of the Board (Independent Director) of Brinker International, Inc. * Independent Director of DHC Acquisition Corp.</p> <p>[Reasons, etc. for Nomination as Candidate for Director] He has broad knowledge of the international retailing business cultivated as a president of our American Group company and as a director of the Company as well as broad knowledge and experience relating to company management, the franchise business, management administration, marketing and so forth. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, to provide advice to the Company’s Board of Directors from an international perspective, and to promote global management of the Company, we would like to request his election as a Director.</p>
9	<p>Yoshio Tsukio (April 26, 1942) * 0 shares <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 7 years and 0 months</p>	<p>Aug. 1988: Professor, Department of Architecture, School of Engineering, Nagoya University Apr. 1989: Visiting Professor, Unit 5, Institute of Industrial Science, University of Tokyo Apr. 1991: Professor, Department of Industry Mechanical Engineering, Faculty of Engineering, University of Tokyo Apr. 1999: Professor, Graduate School of Frontier Science, University of Tokyo Dec. 2002: Vice-Minister for Policy Coordination, Ministry of Internal Affairs and Communications Apr. 2003: President and Representative, Tsukio Research Institute (incumbent) June 2003: Professor Emeritus, University of Tokyo May 2014: Outside Director of the Company (incumbent) May 2020: Member of the Nomination Committee of the Company (incumbent)</p> <p>(Important Concurrent Position) * President and Representative, Tsukio Research Institute</p> <p>[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.] He has broad high level knowledge and experience including his experience being responsible for IT policy for the government as Vice-Minister for Policy Coordination at the Ministry of Internal Affairs and Communications, participation in city planning for various areas around the world as a university professor and involvement in constructing a sustainable society, and monitoring current natural environmental issues by visiting various places around the world, and he has insights regarding measures for such issues, etc. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company’s management and the Board of Directors, we would like to request his election as an Outside Director.</p>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
10	<p>Kunio Ito (December 13, 1951) * 0 shares <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 7 years and 0 months</p>	<p>Apr. 1992: Professor, Faculty of Commerce and Management, Hitotsubashi University Aug. 2002: Dean, Graduate School of Commerce and Management, Faculty of Commerce and Management, Hitotsubashi University Feb. 2004: Associate Chancellor & Director, Hitotsubashi University June 2005: Outside Director of Akebono Brake Industry Co., Ltd. Dec. 2006: Professor, Graduate School of Commerce and Management, Hitotsubashi University Apr. 2008: MBA Course Director, Graduate School of Commerce and Management, Hitotsubashi University Senior Executive Program Director, Graduate School of Commerce and Management, Hitotsubashi University June 2012: Outside Director of Sumitomo Chemical Company, Limited June 2013: Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. (incumbent) May 2014: Outside Director of the Company (incumbent) June 2014: Outside Director of Toray Industries, Inc. (incumbent) Jan. 2015: Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University (incumbent) Apr. 2015: Adjunct Professor, Graduate School of Commerce and Management, Hitotsubashi University Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University (incumbent) Mar. 2016: Chair of the Nomination and Compensation Committee of the Company Apr. 2018: Adjunct Professor, Graduate School of Business Administration, Hitotsubashi University May 2020: Chair of the Nomination Committee of the Company (incumbent) Chair of the Compensation Committee of the Company (incumbent)</p> <p>(Important Concurrent Position) * Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University * Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University * Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. * Outside Director of Toray Industries, Inc.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.] He has broad high level knowledge and experience regarding finance and accounting, economics including marketing and branding, ESG (Environment, Society, Governance), risk management, etc. cultivated through his long term work experience as a university professor and his abundant experience as an outside executive of other companies. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
11	<p>Toshiro Yonemura (April 26, 1951) * 0 shares Reappointment Outside Director Independent Director Term of office: 7 years and 0 months</p>	<p>Apr. 1974: Joined the National Police Agency Aug. 2005: Vice Superintendent General, Tokyo Metropolitan Police Department Aug. 2008: Superintendent General, Tokyo Metropolitan Police Department June 2011: Outside Audit & Supervisory Board Member, Jowa Holdings Company, Limited Dec. 2011: Deputy Chief Cabinet Secretary for Crisis Management Feb. 2014: Special Advisor to the Cabinet May 2014: Outside Director of the Company (incumbent) June 2014: Outside Director, Jowa Holdings Company, Limited (currently UNIZO Holdings Company, Limited) Mar. 2016: Member of the Nomination and Compensation Committee of the Company May 2020: Member of the Nomination Committee of the Company (incumbent) (Important Concurrent Position) Not applicable.</p>
		<p>[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.] He has held such important positions as Superintendent General of the Tokyo Metropolitan Police Department and Deputy Chief Cabinet Secretary for Crisis Management, has held positions such as Chief Security Officer (CSO) of the Tokyo Organising Committee of the Olympic and Paralympic Games, and has broad high level knowledge and experience regarding organizational management, risk management, etc. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve risk management and the effectiveness of the Company's management and the Board of Directors, we would like to request his election as an Outside Director.</p>

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
12	<p>Tetsuro Higashi (August 28, 1949) * 0 shares Reappointment Outside Director Independent Director Term of office: 3 years and 0 months</p>	<p>Apr. 1977: Joined Tokyo Electron Limited Dec. 1990: Corporate Director of Tokyo Electron Limited Apr. 1994: Managing Corporate Director of Tokyo Electron Limited June 1996: Representative Director, President of Tokyo Electron Limited June 2003: Representative Director, Chairman of the Board of Tokyo Electron Limited Apr. 2013: Representative Director, Chairman and President of Tokyo Electron Limited June 2015: Representative Director, President of Tokyo Electron Limited Jan. 2016: Corporate Director, Corporate Advisor of Tokyo Electron Limited May 2018: Outside Director of the Company (incumbent) June 2019: Outside Director of Ube Industries, Ltd. (incumbent) External Director of Nomura Real Estate Holdings, Inc. (incumbent) May 2020: Member of the Compensation Committee of the Company (incumbent) (Important Concurrent Position) * Outside Director of Ube Industries, Ltd. * External Director of Nomura Real Estate Holdings, Inc.</p>
<p>[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.] He has business experience overseas, has held such important positions as Representative Director, Chairman and President, etc. of Tokyo Electron Limited, and has broad high level knowledge and experience regarding international corporate management, management administration, finance, accounting, etc. Because we would like him to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors, we would like to request his election as an Outside Director.</p>		

Candidate No.	Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, area of responsibility, and important concurrent positions
13	Kazuko Rudy (Real name: Kazuko Kiriyama) (October 10, 1948) * 0 shares <u>Reappointment</u> <u>Outside Director</u> <u>Independent Director</u> Term of office: 2 years and 0 months	Sept. 1972: Joined the Accounting Audit Office, University of Chicago Aug. 1976: PR Manager, Estee Lauder Co., Ltd. Nov. 1978: Marketing Manager, Estee Lauder Co., Ltd. Mar. 1980: General Manager, Direct Marketing Department, Time Life Books Division, Time Inc. Dec. 1983: Representative Director of WITAN ACTEN LLC (currently WITAN ACTEN Co., Ltd.) (incumbent) June 2011: Vice President of the Japan Academic Society of Direct Marketing Apr. 2013: MBA course Professor, Graduate School of Management, Ritsumeikan University May 2014: Outside Audit & Supervisory Board Member of the Company June 2015: Outside Director of TOPPAN FORMS CO., LTD. (incumbent) Apr. 2016: MBA course Visiting Professor, Graduate School of Management, Ritsumeikan University May 2019: Outside Director of the Company (incumbent) May 2020: Member of the Compensation Committee of the Company (incumbent) (Important Concurrent Positions) * Representative Director of WITAN ACTEN Co., Ltd. * Outside Director of TOPPAN FORMS CO., LTD.
<p>[Reasons for Nomination as Candidate for Outside Director and outline of expected roles, etc.] She has business experience overseas and broad high level knowledge and experience in the retail industry and marketing gained through her career, such as working at a cosmetics company and a mail-order firm and later serving as a consultant and as a graduate school professor specializing in branding and direct marketing. Because we would like her to utilize this knowledge and experience to realize the management plans aimed for by the Company, and to further improve the effectiveness of the Company's management and the Board of Directors, we would like to request her election as an Outside Director.</p>		

(Notes)

1. The Company established the "Nomination Committee" as an advisory committee to the Board of Directors, consisting of five Directors (including three Independent Outside Directors), with an Independent Outside Director as the Chair. The Committee deliberates on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, "officers, etc."), and utilizes the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members for ensuring objectivity and transparency in the procedures for deciding the nomination of officers, etc., thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the "Nomination Committee" since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the committee as an advisory committee to the Board of Directors.
2. "Reappointment" indicates reappointed candidates for Director.
3. "Outside Director" indicates candidates for Outside Director, and "Independent Director" indicates those candidates for Director who are independent officers as stipulated by the Tokyo Stock Exchange.
4. "Term of office" refers to the term of office as of the conclusion of this Annual Shareholders' Meeting.
5. There is no special relationship of interest between each of the above candidates and the Company.
6. Messrs. Yoshio Tsukio, Kunio Ito, Toshiro Yonemura, Tetsuro Higashi, and Ms. Kazuko Rudy satisfy the requirements for nomination for the office of Outside Director. In addition, Messrs. Yoshio Tsukio, Kunio Ito, Toshiro Yonemura, Tetsuro Higashi, and Ms. Kazuko Rudy are neither a spouse nor relative within the third degree of relationship, etc., of the business administrators or officer of the Company or the specified relation business associates of the Company.
7. The Company has concluded an agreement with each of the Outside Directors as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum

legally stipulated amounts. If the reappointments of the candidates for Outside Director are approved, the Company intends to continue such liability limitation agreement with each of them.

8. The Company has entered into a directors' and officers' liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company; the contract is scheduled to be renewed in September 2021. Each of the candidates who are incumbent Directors is currently insured under the contract, and if their reappointment as Director is approved, they will continue to be insured under the contract. The brief overview of the said insurance contract is as follows:
 - (1) Scope of the insured individuals
Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)
 - (2) The ratio of premiums to be actually borne by the insured individuals
The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.
 - (3) Outline of insured events covered by the said insurance
The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.
9. Messrs. Yoshio Tsukio, Kunio Ito, Toshiro Yonemura, Tetsuro Higashi and Ms. Kazuko Rudy are Independent Directors in accordance with the rules of the Tokyo Stock Exchange, and satisfy the independence standards for outside officers established by the Company.
10. The brief personal history, etc. of each of the above candidates is as of April 20, 2021.

Item No. 3: Election of one (1) Audit & Supervisory Board Member.

The term of office of a current Audit & Supervisory Board Member Noriyuki Habano expires upon the conclusion of this Annual Shareholders' Meeting.

Shareholders are therefore requested to elect one (1) Audit & Supervisory Board Member.

This proposal was approved at the Board of Directors meeting after its details were supported by the "Nomination Committee," an advisory committee to the Board of Directors chaired by an Independent Outside Director. The Audit & Supervisory Board's prior consent was obtained for the submission of this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name	Current position in the Company	Attendance at Board of Directors meetings	Attendance at Audit & Supervisory Board meetings	
Noriyuki Habano	Standing Audit & Supervisory Board Member	14/14	26/26	Reappointment

(Notes)

- Attendance at meetings of the Board of Directors and Audit & Supervisory Board held in the 16th fiscal year is presented as attendance at Board of Directors meetings and attendance at Audit & Supervisory Board meetings, respectively.
- Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Items No. 2 and No. 3 will be approved as originally proposed, are as shown on page 21.

Name (Date of birth) * Number of shares of the Company owned Term of office	Brief personal history, position, and important concurrent positions
Noriyuki Habano (February 10, 1958) * 5,500 shares Reappointment Term of office: 4 years and 0 months	Mar. 1980: Joined Ito-Yokado Co., Ltd. Jan. 2006: Senior Officer of the Group Communication, the Public Relations Center of the Company May 2008: Executive Officer of the Company Senior Officer of the Society and Culture Development Department of the Company Sept. 2008: Executive Officer of Ito-Yokado Co., Ltd. Sept. 2014: Senior Officer of the Auditing Office of the Company Oct. 2014: Audit & Supervisory Board Member of York Mart Co., Ltd. (currently York Co., Ltd.) May 2017: Standing Audit & Supervisory Board Member of the Company (incumbent) Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd. (incumbent) May 2019: Audit & Supervisory Board Member of Ito-Yokado Co., Ltd. (incumbent) (Important Concurrent Positions) * Audit & Supervisory Board Member of Ito-Yokado Co., Ltd. * Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd.
[Reasons, etc. for Nomination as Candidate for Audit & Supervisory Board Member] He has broad knowledge related to the overall operations of the Group cultivated as a Senior Officer of the Auditing Office of the Company, as well as broad knowledge and experience in marketing, branding, risk management, etc. Because we would like him to contribute this knowledge and experience to the establishment of a good corporate governance structure that can realize robust and sustainable growth of the Company, create medium- to long- term corporate value, and respond to social trust, we would like to request his election as an Audit & Supervisory Board Member.	

(Notes)

- The Company established the "Nomination Committee" as an advisory committee to the Board of Directors, consisting of five Directors (including three Independent Outside Directors), with an Independent Outside Director as the Chair. The Committee deliberates on the nomination of Representative Directors, Directors, Audit & Supervisory Board Members, and Executive Officers (hereinafter collectively, "officers, etc."), and utilizes the

knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members for ensuring objectivity and transparency in the procedures for deciding the nomination of officers, etc., thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member act as observers at the “Nomination Committee” since its deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the committee as an advisory committee to the Board of Directors.

2. “Reappointment” indicates reappointed candidates for Audit & Supervisory Board Member.
3. “Term of office” refers to the term of office as of the conclusion of this Annual Shareholders’ Meeting.
4. There is no special relationship of interest between the above candidate and the Company.
5. The Company has entered into a directors’ and officers’ liability insurance contract, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, with an insurance company; the contract is scheduled to be renewed in September 2021. The above candidate, who is an incumbent Audit & Supervisory Board Member, is currently insured under the contract, and if the above candidate’s reappointment as Audit & Supervisory Board Member is approved, he will continue to be insured under the contract. The brief overview of the said insurance contract is as follows:
 - (1) Scope of the insured individuals
Directors, Audit & Supervisory Board Members, and Executive Officers of the Company and its subsidiaries (excluding certain subsidiaries)
 - (2) The ratio of premiums to be actually borne by the insured individuals
The Company will bear the full amount of insurance premiums, and thus, the insured individuals need not to bear any premiums.
 - (3) Outline of insured events covered by the said insurance
The contract covers damage (including the legal compensation for damages and legal fees) that may be incurred by the insured individuals due to claims filed against them in relation to the execution of their duties as officers of the Company (including omissions) during the insurance term. However, the coverage is subject to certain exclusions, such as in cases where violations of laws and regulations were knowingly committed.
6. The brief personal history, etc. of the above candidate is as of April 20, 2021.

[Reference] Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Members after this Annual Shareholders' Meeting

Major management and industry experience, management skills, knowledge, etc. of Directors and Audit & Supervisory Board Members after this Annual Shareholders' Meeting, assuming that Items No. 2 and No. 3 will be approved as originally proposed, are as follows:

Name	Title	Management and Industry Experience				Management Skills, Knowledge, etc.					
		CEO Experience	Retail Experience	International Business Experience	Financial Business Experience	Organizational Management	Marketing/Branding	DX/IT/Security	Finance and Accounting	Risk Management/Crisis Response/Legal	Sustainability
Ryuichi Isaka	Representative Director and President	●	●	●		●	●				●
Katsuhiro Goto	Representative Director and Vice President		●		●	●	●	●			
Junro Ito	Director		●			●				●	●
Kimiyoshi Yamaguchi	Director		●				●				●
Yoshimichi Maruyama	Director				●				●	●	
Fumihiko Nagamatsu	Director	●	●			●	●				
Shigeki Kimura	Director		●			●			●	●	
Joseph M. DePinto	Director	●	●	●		●	●	●			
Yoshio Tsukio	Independent Outside Director						●	●			●
Kunio Ito	Independent Outside Director					●	●	●	●	●	●
Toshiro Yonemura	Independent Outside Director					●		●		●	
Tetsuro Higashi	Independent Outside Director	●		●		●			●		
Kazuko Rudy (Real name: Kazuko Kiriya)	Independent Outside Director		●			●	●				
Noriyuki Habano	Standing Audit & Supervisory Board Member		●				●			●	
Yoshitake Taniguchi	Standing Audit & Supervisory Board Member				●				●		
Kazuhiro Hara	Independent Outside Audit & Supervisory Board Member								●	●	
Mitsuko Inamasu	Independent Outside Audit & Supervisory Board Member							●		●	
Kaori Matsuhashi (Real name: Kaori Hosoya)	Independent Outside Audit & Supervisory Board Member					●			●	●	

(Note) The above table is not an exhaustive list of the knowledge and experience each person can offer.

Attached Documents

Business Report (March 1, 2020 to February 28, 2021)

1. Items Regarding Current Status of Corporate Group

(1) Business progress and results

During the 16th fiscal year, the economy, both at home and abroad, remained stagnant due to the effect of the COVID-19 pandemic. Although the consumer spending in Japan showed signs of recovery, its outlook is still uncertain given no visibility as to when the effects of the pandemic will end.

Under these circumstances, the Group has been striving to embody its basic policy “Trust and Sincerity” and “Responding to Change While Strengthening Fundamentals,” while placing utmost emphasis on securing the safety of its customers and employees, with a view to its sustainable growth and corporate value improvement over the medium to long term.

Consequently, our consolidated results in the 16th fiscal year were as follows.

Revenues from operations were ¥5,766.7 billion (down 13.2% YOY), operating income came to ¥366.3 billion (down 13.7% YOY), ordinary income was ¥357.3 billion (down 14.5% YOY), and net income attributable to owners of parent was ¥179.2 billion (down 17.8% YOY).

Group sales, which include the total store sales of Seven-Eleven Japan Co., Ltd., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc., were ¥11,044.8 billion (down 7.9% YOY). In addition, due to foreign exchange rate fluctuations during the 16th fiscal year, revenues from operations and operating income decreased by ¥49.4 billion and ¥2.1 billion, respectively.

Overview of business by segment

(i) Domestic convenience store operations

Seven-Eleven Japan Co., Ltd. has been executing the action plan announced in April 2019, besides other ongoing efforts. The action plan is aimed at achieving sustainable growth for franchised stores, while the other ongoing efforts include the development and sales of new products that accommodate changes in customer needs caused by a transition in the social structure, and the improvement in quality of existing products.

Although, the request for self-restraint from going out and the expansion of working from home due to the expansion of the COVID-19 pandemic have had a material impact on the number of its customers, the Group has focused on measures to support the operation of franchised stores, including the provision of infection prevention supplies and economic supports, in addition to developing new products and enhancing the product lineup to adapt to changes in customer behavior.

During the 16th fiscal year, the operating performance of the Group tended to recover from the severe situation due to the expansion of the COVID-19 pandemic. Nonetheless, sales at existing stores for the 16th fiscal year were lower than those in the previous fiscal year, recording operating income of ¥233.3 billion (down 8.1% YOY), and total store sales, comprising both corporate and franchised store sales, were ¥4,870.6 billion (down 2.8% YOY).

To achieve sustainable growth of both Seven-Eleven Japan Co., Ltd. and its franchised stores, we will review our management commitments reflecting recent social and other trends, and will implement measures to address issues identified in the process of voluntary inspection concerning the way of transactions between the head office and franchised stores. In addition, we will observe corporate compliance requirements, including related laws and regulations and social ethics and moral, to build a sustainable governance system.

(ii) Overseas convenience store operations

In North America, 7-Eleven, Inc. continued to focus on the development and sales of fast food and private-brand products. In the United States where a national emergency was declared in March 2020 due to the expansion of the COVID-19 pandemic, the Company has continued its operations to supply daily necessities, responding to the request from the U.S. government.

Merchandise sales at existing stores in the United States on a local currency basis in the 16th fiscal year were higher than those in the previous fiscal year. Operating income increased year on year on a U.S. dollar basis, because although expenses were incurred due to, among others things, providing economic support to the franchised stores that were ailing amid the expansion of the pandemic and due to recognition of expenses associated with M&A transactions, they were more than offset by an improved margin in the gasoline business and so on. However, with fluctuations in exchange rates, operating income came in at ¥119.2 billion (down 2.0% YOY). Also, total store sales, comprising both corporate and franchised store sales, were ¥3,407.1 billion (down 13.4% YOY).

(iii) Superstore operations

Superstore Ito-Yokado Co., Ltd. has continued to promote the structural reform of its operations and stores. During the 16th fiscal year, sales of food products picked up, driven by stay-at-home demand. However, total sales of existing stores, including tenants, decreased year on year, due to a number of factors, including shortened operating hours and temporary closure of tenant shops at Ario shopping malls implemented as countermeasures against the expansion the COVID-19 pandemic. Operating income, however, came in at ¥7.7 billion (up 19.3% YOY), backed by, among other things, improved margins of the stores that underwent structural reforms.

During the fiscal year, sales from the existing stores of food supermarket operator York-Benimaru Co., Ltd. increased year on year, with operating income of ¥16.5 billion (up 26.3% YOY), supported by, among other things, its efforts to increase the lineup of products that better

reflect the needs of customers who have chosen to stay home at the government's request to voluntarily refrain from going out.

In this business segment, food supermarket operator York Mart Co., Ltd. changed its trade name to York Co., Ltd. on June 1, 2020. The Group reorganized its food supermarket business in the Tokyo metropolitan area in a bid to strengthen its competitiveness in the food supermarkets in the area, by such means as having transferred 15 "Shokuhinkan (food specialty stores)" and five "THE PRICE" stores from Ito-Yokado Co., Ltd. to York Co., Ltd.

(iv) Department store operations

Like Ito-Yokado Co., Ltd., Sogo & Seibu Co., Ltd. has continued to promote the structural reform of its operations and stores. Specifically, during the 16th fiscal year, the Company closed five poor-performing stores to concentrate its management resources on the metropolitan area. However, the expansion of the COVID-19 pandemic had a material impact on its customer footfall. As a result, during the 16th fiscal year, sales from existing stores decreased year on year. Operating income also deteriorated, falling ¥6.8 billion year on year to record a loss of ¥6.6 billion, as a consequence of, among other things, countermeasures implemented against expansion of the COVID-19 pandemic, including shortened operating hours and temporary closure of stores.

(v) Financial services operations

As of the end of the 16th fiscal year, the number of ATMs of Seven Bank, Ltd. installed in Japan had increased to 25,686 units (up 492 ATMs YOY). Meanwhile, the average daily transactions per ATM was 89.7 transactions (down 2.3 YOY), due to factors such as the effect of the self-restraint from going-out due to the expansion of the COVID-19 pandemic and some affiliated financial institutions implementing changes to transaction fee structures. Consequently, the total number of ATM transactions during the 16th fiscal year decreased from the previous fiscal year. Cash and bank deposits of Seven Bank, Ltd. were ¥925.4 billion, which includes cash to be held in ATMs.

(vi) Specialty store operations

Although merchandise strategies to address customer needs continued to be implemented, measures aimed at preventing the expansion of the COVID-19 pandemic, including shortened operating hours and temporary closure of stores, had a material impact on both customer footfall, sales and other operating performance. Especially, the voluntary restraint from going out has had a significant impact on footfall to restaurants; some restaurants have even limited the number of customers to ensure social distancing. Consequently, restaurants generally have continued to struggle to manage their operations. In response, we took measures to cut costs and improve profitability, such as closing poor-performing stores.

Despite these efforts, operating income for the specialty store operations declined by ¥18.2 billion year on year, turning to operating loss of ¥13.5 billion.

(vii) Eliminations and corporate

Expenses and costs associated primarily with the construction of a group-wide shared platform were recorded. As a result, operating loss was ¥25.9 billion, an increase of ¥9.6 billion in comparison to the previous fiscal year.

Revenues from operations and operating income by segment

Business segment	Revenues from operations (Millions of yen)	YOY change	Operating income (Millions of yen)	YOY change
Domestic convenience stores	920,832	-5.2%	234,258	-8.7%
Overseas convenience stores	2,191,383	-20.0%	98,097	-3.8%
Superstores	1,810,884	-2.1%	29,683	39.3%
Department stores	425,153	-26.4%	(6,248)	–
Financial services	198,927	-8.5%	48,077	-10.3%
Specialty stores	263,803	-22.3%	(13,572)	–
Others	22,011	-12.7%	1,944	25.1%
Eliminations and corporate	(66,277)	–	(25,911)	–
Total	5,766,718	-13.2%	366,329	-13.7%

(Notes)

1. Group sales, which include the franchised store sales of Seven-Eleven Japan Co., Ltd., SEVEN-ELEVEN OKINAWA Co., Ltd. and 7-Eleven, Inc., were ¥11,044.8 billion.
2. Eliminations and corporate is a total of eliminated inter-segment transactions and corporate revenues from operations and operating income.

(2) Capital expenditures

Total capital expenditures in the 16th fiscal year were ¥377.2 billion.

Business segment	Capital expenditures (Millions of yen)
Domestic convenience stores	129,028
Overseas convenience stores	145,170
Superstores	48,411
Department stores	16,332
Financial services	39,328
Specialty stores	9,038
Others	1,760
Eliminations and corporate	(11,771)
Total	377,299

(Notes)

1. The amounts above include guaranty deposits and advances for store construction.
2. The amount for eliminations and corporate is an aggregate of eliminated intersegment transactions and the Company's capital expenditures.

(3) Fundraising

The funds required for capital expenditures carried out during the 16th fiscal year were appropriated from loans from the financial institutions and from funds on hand. Furthermore, the Company procured ¥832.0 billion as a portion of funds for the acquisition of Speedway by 7-Eleven, Inc. through borrowings from bridge loans and issuance of bonds.

(4) Trends in assets and profit/loss in the 16th fiscal year and the most recent three fiscal years

Trends in the corporate group's assets and profit/loss

Item	13th fiscal year (March 1, 2017 to February 28, 2018)	14th fiscal year (March 1, 2018 to February 28, 2019)	15th fiscal year (March 1, 2019 to February 29, 2020)	16th fiscal year (March 1, 2020 to February 28, 2021)
Revenues from operations	Millions of yen 6,037,815	Millions of yen 6,791,215	Millions of yen 6,644,359	Millions of yen 5,766,718
Net income attributable to owners of parent	Millions of yen 181,150	Millions of yen 203,004	Millions of yen 218,185	Millions of yen 179,262
Net income per share	Yen 204.80	Yen 229.50	Yen 246.95	Yen 203.03
Total assets	Millions of yen 5,494,950	Millions of yen 5,795,065	Millions of yen 5,996,887	Millions of yen 6,946,832
Net assets	Millions of yen 2,575,342	Millions of yen 2,672,486	Millions of yen 2,757,222	Millions of yen 2,831,335
Net assets per share	Yen 2,744.08	Yen 2,850.42	Yen 2,946.83	Yen 3,022.68

(Notes)

1. Net income per share is calculated on the basis of the average number of shares issued during the fiscal year, excluding the number of treasury stock. Net assets per share is calculated on the basis of the total number of shares issued at the end of the fiscal year (the number of shares excluding the number of treasury stock).
2. The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidance effective from the beginning of the 15th fiscal year. The results for the 14th fiscal year are those after retrospective application.

(5) Corporate reorganization measures, etc.

- (i) Acquisition of shares of Brown-Thomson General Partnership and 7-Eleven, L.L.C. by 7-Eleven, Inc.

7-Eleven, Inc. signed a share purchase agreement to acquire all of the issued shares of Brown-Thomson General Partnership and 7-Eleven, L.L.C. on January 3, 2020 for the purpose of expanding revenues and profits by increasing its merchandise capabilities and expanding its store network, and completed the acquisition in March 2020. As a result of this acquisition, Brown-Thomson General Partnership and 7-Eleven, L.L.C. became consolidated subsidiaries of the Company.

- (ii) Absorption-type company split of the Company and Ito-Yokado Co., Ltd.

In order to accelerate decision making for promoting the shift of Ito-Yokado Co., Ltd. to shopping centers by strengthening the partnership between Ito-Yokado Co., Ltd. and Seven & i Create Link Co., Ltd., the Company implemented an absorption-type company split whereby a portion of the rights and obligations held by the Company concerning the management business of Seven & i Create Link Co., Ltd. were transferred to Ito-Yokado Co., Ltd. with an effective date of March 1, 2020. Accordingly, Ito-Yokado Co., Ltd. now holds 51% of the shares of Seven & i Create Link Co., Ltd. where 100% were formerly held by the Company.

- (iii) Reorganization of food supermarkets in the Tokyo metropolitan area

York Mart Co., Ltd. changed its trade name to York Co., Ltd. on June 1, 2020. Effective on the same day, in order to step up the Group's response to the food market in the Tokyo metropolitan area, York also conducted an absorption-type company split thereby taking over the rights and obligations concerning businesses belonging to Shokuhinkan and THE PRICE of the Sales Division from Ito-Yokado Co., Ltd., and also an absorption-type merger with Forecast Co., Ltd. as the absorbed company with York Co., Ltd. as the surviving company.

- (iv) Acquisition of shares and other interests related to the convenience store business and other business of U.S. Company Marathon Petroleum Corporation by 7-Eleven, Inc.

7-Eleven, Inc. executed an agreement with Marathon Petroleum Corporation on August 3, 2020 to acquire the shares and other interests of the companies that constitute the convenience store and fuel retail businesses (excluding businesses with direct dealers) held by Marathon Petroleum Corporation in the U.S. mainly under the Speedway brand for purposes including the strategic expansion of its store network. Please note that the acquisition of the shares and other interests is subject to the satisfaction of conditions precedent to implement the transaction, including the completion of procedures under U.S. antitrust laws.

(6) Status of major subsidiaries (as of February 28, 2021)**(i) Status of major subsidiaries**

Business segment	Company name	Paid-in capital	Capital contribution ratio (%)
Domestic convenience stores	Seven-Eleven Japan Co., Ltd.	¥17,200 million	100.0
Overseas convenience stores	7-Eleven, Inc.	US\$17 thousand	100.0
Superstores	Ito-Yokado Co., Ltd.	¥40,000 million	100.0
	York-Benimaru Co., Ltd.	¥9,927 million	100.0
Department stores	Sogo & Seibu Co., Ltd.	¥20,500 million	100.0
Financial services	Seven Bank, Ltd.	¥30,724 million	46.4
Specialty stores	Seven & i Food Systems Co., Ltd.	¥3,000 million	100.0
	Nissen Holdings Co., Ltd.	¥11,873 million	100.0

(Notes)

1. The capital contribution ratio in 7-Eleven, Inc., Seven Bank, Ltd., and Nissen Holdings Co., Ltd. is indirect holdings.
2. The status of specified wholly owned subsidiaries as of the last day of the 16th fiscal year is as follows.

Name of specified wholly owned subsidiaries	Address of specified wholly owned subsidiaries	Book value of shares of specified wholly owned subsidiaries held by the Company and its wholly owned subsidiaries	Total assets of the Company
Seven-Eleven Japan Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	¥680,212 million	¥2,529,336 million
Ito-Yokado Co., Ltd.	8-8, Nibancho, Chiyoda-ku, Tokyo	¥568,831 million	

(ii) Status of other major business combinations

None.

(iii) Consolidated subsidiaries and equity-method affiliates

The Company has 148 consolidated subsidiaries and 25 equity-method affiliates.

(7) Issues to be resolved

The new coronavirus infectious pandemic (COVID-19), traveled across the globe, enormously affecting consumer markets and prompting us to review the purpose of the Group's business from a grassroots perspective. Customers' purchasing behavior has changed significantly, for example, by a sudden uptick in one-stop shopping, whereby customers purchase all they need in one outing, as well as greater interest in "last mile" services, particularly delivery of products to homes, and with more opportunities to eat at home, it reminded people of the importance that food has in daily life, and people have paid more attention to health, food safety and security, but also have prioritized easy meal preparation and a rich variety of meal ideas. Furthermore, the COVID-19 pandemic highlighted a direct link between global issues and people's familiar daily routines, and customers showed greater interest in social and environmental issues of global scale, such as climate change.

For the Group, these changes in new daily routines are not viewed as temporary trends but as a shift in consumption patterns that will shape the future. We are carefully analyzing changes and initiating measures to expedite responses Group-wide. We believe that to respond swiftly and surely to emerging customer needs is an ability central to retail services, and we will address the following challenges to enhance the presence of the Group as a whole:

(i) Overseas/domestic convenience store business strategies

7-Eleven, Inc., which handles the 7-Eleven operations in North America, will portray the convenience stores' image in a new light in North America, through product development designed to enhance product appeal and the application of DX (digital transformation) to last mile services, successfully expanding its client base. Also, as of August 3, 2020, 7-Eleven, Inc. entered into an agreement with U.S. company Marathon Petroleum Corporation to acquire the shares and other interests in the convenience store business and other businesses of Marathon Petroleum Corporation mainly under the Speedway brand in the U.S. 7-Eleven, Inc. seeks to maximize and accelerate synergies, by adding its fast food and private-brand products from 7-Eleven Inc. to the stores operated under Speedway and making use of the ability to attract customers through the brand loyalty of Speedway and its locational advantages.

Seven-Eleven Japan Co., Ltd. will further enhance communication with franchisees and continue to review how the franchise business is being run, in accordance with the action plan developed for moving toward the sustainable growth of franchisees, announced in April 2019. To respond to differences in customer needs from store to store that have become more apparent due to a change in consumer behavior since the outbreak of COVID-19, Seven-Eleven Japan Co., Ltd. will step up its approach with new layouts more reflective of a change in customer needs, and work with franchisees to create stores that offer products and services fine-tuned to each location. Furthermore, Seven-Eleven Japan Co., Ltd. will emphasize support for enhanced product development and improved store productivity as well as the creation of new customer experiences using DX, while speeding up efforts to put business on a new growth trajectory.

In addition to these initiatives, 7-Eleven Inc., as a licensor of 7-Eleven, and Seven-Eleven Japan Co., Ltd. will collaborate in strengthening their support to licensees around the world and establish a presence in new areas, fueling progress in the global growth strategy.

(ii) Group food-merchandise strategies

To grow more competitive in the food market where business opportunities related to providing daily food items are expanding, the Group will enhance product proposals driven by Group synergies, with initiatives including the development and provision of products with clear differentiation, such as Meal Kits, through the sharing of the food-processing and logistics infrastructure of operating companies.

Moreover, York Co., Ltd., established in June 2020, will select from four store formats the one that matches the characteristics of the neighborhoods where they operate. By building a system to supply prepared dishes and semi-prepared foods in shared Group manufacturing and distribution

facilities, York Co., Ltd. will enable food supermarkets—even smaller stores—to offer customers high-quality products.

(iii) Strategies for large commercial bases

Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd., which operate the Group’s large stores, have been reviewing their existing store network and restructuring stores, following growth assessments for each store. These large store reforms aptly address the emerging need for one-stop shopping amid the continued COVID-19 pandemic, as well as the need for an enjoyable, close-to-home activity that a family can do together. Ito-Yokado Co., Ltd. and Sogo & Seibu Co., Ltd. will not be bogged down by past business models but focus on attracting customers by maximizing the value of commercial facilities from a location perspective, raising the sophistication of products and services, and using enhanced property management to deliver higher profits.

(iv) Leveraging DX (digital transformation)

We will leverage DX to create new experience value, to enhance customer contact points, which forms a Group-wide value base. We will also raise job productivity by using digital technologies, concentrate human efforts into highly creative operations, such as customer service, sales floor presentation, and other activities that must be done by humans, and offer new experience value, such as a level of convenience not previously available to customers. We are building stronger ties with individual customers by applying data provided by customers through apps or other access channels to customer relationship management (CRM). Efforts are also being directed toward enhancing our last mile and payment services.

We will also continue to build and strengthen our Group-wide security system to ensure safety and security of information asset across the Group.

(v) Toward a sustainable society

The Group has been striving to address challenges it has faced through the operation of its core business and create a new business model based on the Five Material Issues (Materiality) * identified in 2014, while pursuing the fundamental elements of its business to achieve solutions to social issues with efforts to improve its corporate value.

In May 2019, we drafted an environmental declaration “GREEN CHALLENGE 2050” and embarked on specific programs under four themes highlighting aspects of the Group’s businesses that cause society to affect the environment significantly. In the declaration, we set quantitative targets for each theme to be achieved by 2030 and 2050, and have described the Group’s mission and responsibilities in pursuing a better society for the next generation. In fact, we set up four project teams—one for each of the four themes—which focus on effective approaches to achieve those targets.

The Group, together with the stores under the Group umbrella, franchisees, and business partners, will work on collaborative initiatives with local governments and local communities, so that each of the Group’s stores become regional hubs as well as a “platform” that helps optimize the whole society.

* Five Material Issues (Materiality)

- Providing social infrastructure in this era with an aging society and declining population
- Providing safety and reliability through products and stores
- Non-wasteful usage of products, ingredients and energy
- Supporting the active role of women, youth and seniors across the Group and in society
- Building an ethical society and improving resource sustainability together with customers and business partners

(vi) Human resources development perspective and diversity awareness

The Group believes that human resources are the sources of its growth potential and its management strategies are indivisible from human resources strategies. We therefore implement human resources strategies in line with our management strategies, and will search not only outside the Company for human resources with specialized insights and capabilities but also vigorously develop human resources within the Group. In cultivating human resources, we are guided by the concept that “a company grows as its people grow.” More specifically, we actively provide employees with growth opportunities and encourage them to continue learning on their own, thereby developing human resources who always strive to improve their abilities. This will generate reciprocal growth—for employees and for the Company.

We also push forward with establishing a structure that helps create an environment that acknowledges diversity and differences among employees, while supporting flexible workstyles. We will continuously make efforts toward developing an organizational and corporate culture that enables women and all members of our diverse human resources to play active roles, given that women represent a significant proportion of our customers at core Group businesses.

The Group finds itself in an environment characterized by rapid change, and the society’s perception of value has also evolved. The Group believes that by utilizing Group synergies, we will meet arising challenges with boldness and innovation that individual operating companies cannot achieve on their own, and together we will carve out a path to growth. Based on our Corporate Creed—to be a sincere company that our customers, business partners, shareholders, local communities, and employees trust—as the cornerstone of our corporate activities, we will continuously achieve both solving social issues and the improvement of corporate value as a corporate group indispensable to customers’ lives, through sincere engagement with all stakeholders, while deeply pursuing our purpose.

(8) Scope of principal businesses (as of February 28, 2021)

The Group is centered on the retail industry and comprises 174 companies (including the Company itself), with the Company as a pure holding company. The Group's principal business activities are domestic convenience store operations, overseas convenience store operations, superstore operations, department store operations, financial services operations, and specialty store operations.

Business segments, names of major Group companies, and numbers of companies are as follows. This segmentation is the same as that used in the segment information section.

Business segments	Names of major Group companies
Domestic convenience stores (15 companies)	Seven-Eleven Japan Co., Ltd. SEVEN-ELEVEN OKINAWA Co., Ltd. 7dream.com Co., Ltd. Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) Co., Ltd. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) Co., Ltd. SEVEN-ELEVEN (TIANJIN) CO., LTD. TOWER BAKERY CO., LTD.* SHAN DONG ZHONG DI CONVENIENCE CO., LTD.*
Overseas convenience stores (82 companies)	7-Eleven, Inc. SEJ Asset Management & Investment Company
Superstores (19 companies)	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. 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. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd.* DAIICHI CO., LTD.*
Department stores (7 companies)	Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD.
Financial services (15 companies)	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. Seven Pay Co., Ltd. FCTI, Inc. TORANOTEC Ltd.*

Business segments	Names of major Group companies
Specialty stores (22 companies)	AKACHAN HONPO CO., LTD. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd. 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* Tower Records Japan Inc.* Nissen Credit Service Co., Ltd.*
Others (12 companies)	Seven & i Create Link Co., Ltd. Seven & i Asset Management Co., Ltd. Seven & i Net Media Co., Ltd. Seven Culture Network Co., Ltd. Yatsugatake Kogen Lodge Co., Ltd. Terube Ltd. I ing Co., Ltd.* PIA Corporation*
Corporate (1 company)	SEVEN & i Financial Center Co., Ltd.

(Note)

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

(9) Principal business locations (as of February 28, 2021)

(i) The Company

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo

(ii) Principal subsidiaries

(Domestic convenience stores)

Seven-Eleven Japan Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 453 stores

(Overseas convenience stores)

7-Eleven, Inc.

- Head office: Texas, U.S.A.
- Corporate stores: 2,399 stores

(Note)

The number of corporate stores for 7-Eleven, Inc., is the number of stores as of the end of December 2020.

(Superstores)

Ito-Yokado Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 132 stores

York-Benimaru Co., Ltd.

- Head office: 5-42, Yashimamachi, Koriyama, Fukushima
- Corporate stores: 235 stores

(Department stores)

Sogo & Seibu Co., Ltd.

- Head office: 5-25, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 10 stores

(Financial services)

Seven Bank, Ltd.

- Head office: 6-1, 1-chome, Marunouchi, Chiyoda-ku, Tokyo

(Specialty stores)

Seven & i Food Systems Co., Ltd.

- Head office: 8-8, Nibancho, Chiyoda-ku, Tokyo
- Main office: 4-5, Nibancho, Chiyoda-ku, Tokyo
- Corporate stores: 596 stores

Nissen Holdings Co., Ltd.

- Head office: 26 Nishikujoimachi, Minami-ku, Kyoto

(10) Status of employees (as of February 28, 2021)**(i) Status of employees of the corporate group**

Business segment	Number of employees	Change from the previous fiscal year-end
Domestic convenience stores	10,654 employees	239 employees (decrease)
Overseas convenience stores	22,291 employees	2,713 employees (increase)
Superstores	14,745 employees	685 employees (decrease)
Department stores	2,465 employees	267 employees (decrease)
Financial services	1,704 employees	11 employees (increase)
Specialty stores	5,673 employees	43 employees (increase)
Others	644 employees	82 employees (decrease)
Corporate (shared)	799 employees	211 employees (increase)
Total	58,975 employees	1,705 employees (increase)

(Notes)

1. The number of employees is the number of workers (excluding people dispatched from the Group to outside the Group, but including people dispatched from outside the Group to the Group).
2. In addition to the number of employees listed above, the Company and its Group companies employ 76,357 part-time employees (monthly average based on a 163-hour working month).
3. The number of employees for corporate (shared) is the number of employees of the Company.
4. The increase in the number of employees in Overseas convenience stores is due to business acquisitions by 7-Eleven, Inc. The decrease in the number of employees in Others is due to organizational restructuring in line with the Group.

(ii) Status of employees of the Company

	Number of employees	Change from the previous fiscal year-end	Average age	Average number of years of continuous service
Males	603 employees	163 employees (increase)	44 years 9 months	17 years 4 months
Females	196 employees	48 employees (increase)	41 years 4 months	16 years 4 months
Total or average	799 employees	211 employees (increase)	43 years 11 months	17 years 1 month

(Notes)

1. Most of the Company's employees have been transferred from Seven-Eleven Japan Co., Ltd., Ito-Yokado Co., Ltd. or Denny's Japan Co., Ltd. (merged into Seven & i Food Systems Co., Ltd. on September 1, 2007). The average number of years of continuous service is the total of the number of years of continuous service at each company.
2. In addition to the number of employees listed above, the Company employs 16 part-time employees (monthly average based on a 163-hour working month).
3. The increase in the number of the Company's employees is due to the promotion of digital transformation (DX) strategies.

(11) Status of major lenders (as of February 28, 2021)

Lender	Amount borrowed (Millions of yen)
Sumitomo Mitsui Banking Corporation	674,629
MUFG Bank, Ltd.	173,215
Mizuho Bank, Ltd.	97,193

(12) Other important items regarding the current state of the corporate group

None.

2. Items Regarding Shares (as of February 28, 2021)

(1) Number of shares authorized to be issued: 4,500,000,000 shares

(2) Number of shares issued: 886,441,983 shares

(Note)

The number of shares issued includes 1,828,873 shares of treasury stock.

(3) Number of shareholders: 83,671

(4) Major shareholders (Top 10)

Name of shareholders	Number of shares (Thousand shares)	Percentage of shares held (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	84,837	9.6
Ito-Kogyo Co., Ltd.	70,701	8.0
Custody Bank of Japan, Ltd. (Trust account)	48,466	5.5
SMBC Nikko Securities Inc.	23,519	2.7
Nippon Life Insurance Company	17,672	2.0
Masatoshi Ito	16,799	1.9
MITSUI & CO., LTD.	16,222	1.8
JAPAN SECURITIES FINANCE CO., LTD.	15,749	1.8
Custody Bank of Japan, Ltd. (Trust account 4)	15,657	1.8
State Street Bank West Client - Treaty 505234	12,528	1.4

(Note)

The calculation of the percentage of shares held does not include shares of treasury stock. The shares of treasury stock do not include 1,624 thousand shares held by the “Board Incentive Plan (BIP) Trust” (the “BIP Trust”) and the “ESOP Trust for Granting Stock” (the “ESOP Trust”).

(5) Other important matters relating to shares

With regard to compensation, etc., to further clarify the link with business performance and stock price, and to enhance motivation to contribute to the improvement of medium- and long-term corporate value and sharing interests with shareholders, the Company has introduced the “BIP Trust” for Directors (excluding Outside Directors) of the Company and the certain consolidated subsidiaries (hereinafter the “Subject Subsidiaries”) and the “ESOP Trust” for Executive Officers of the Company and the Subject Subsidiaries.

As of February 28, 2021, the number of the Company’s shares held by “BIP Trust” and “ESOP Trust” was 930 thousand shares and 694 thousand shares, respectively.

3. Items Regarding Share Subscription Rights

(1) Overview, etc. of the share subscription rights held by Directors or Audit & Supervisory Board Members of the Company as compensation for the performance of their duties (as of February 28, 2021)

Name of share subscription rights issue		15th share subscription rights issue	17th share subscription rights issue
Date of resolution for issue		July 7, 2015	July 7, 2016
Number of share subscription rights		281* ¹	165* ¹
Class and number of shares to be acquired upon exercise of the share subscription rights		28,100* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	16,500* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥533,000 per subscription right	¥361,300 per subscription right
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 29, 2016 to August 5, 2035	From February 28, 2017 to August 3, 2036
Exercise conditions		*2	*2
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1

Name of share subscription rights issue		19th share subscription rights issue	21st share subscription rights issue
Date of resolution for issue		July 6, 2017	July 5, 2018
Number of share subscription rights		161* ¹	182* ¹
Class and number of shares to be acquired upon exercise of the share subscription rights		16,100* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)	18,200* ¹ common stock of the Company (with one share subscription right corresponding to 100 shares)
Amount to be paid for the share subscription rights		¥369,800 per subscription right	¥380,600 per subscription right
Amount of property contributed upon exercise of the share subscription rights		¥100 per subscription right (¥1 per share)	¥100 per subscription right (¥1 per share)
Exercise period		From February 28, 2018 to August 4, 2037	From February 28, 2019 to August 3, 2038
Exercise conditions		*2	*2
Directors' or Audit & Supervisory Board Members' ownership status	Directors (excluding Outside Directors)	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1	Number of share subscription rights: 30 Class and number of corresponding shares: 3,000 common stock Number of Directors holding the share subscription rights: 1

(Notes)

*1. The total number of share subscription rights at the time of granting them to Directors of the Company is shown.

*2. Exercise conditions are as follows:

- (i) A share subscription right holder may exercise the share subscription rights only within ten (10) days from the day following the day he/she loses his/her position as a Director or executive officer of the Company, or as a Director or executive officer of a subsidiary of the Company.
- (ii) Regardless of the condition set forth in (i) above, in the event that a Shareholders' Meeting of the Company (if a resolution of the Shareholders' Meeting is not required, then in the event that the Company's Board of Directors) approves a resolution for approval of a merger agreement in which the Company is the dissolved company or a resolution for approval of a share exchange agreement or a share transfer plan resulting in the Company becoming a wholly owned subsidiary of another company, then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the resolution was approved.
- (iii) If the share subscription right holder is a Director or executive officer of a subsidiary of the Company, then regardless of the condition set forth in (i) above, in the event that the company in question ceases to be a subsidiary of the Company (including but not limited to circumstances resulted from internal reorganization or the transfer of stock), then the share subscription right holder may exercise the share subscription rights only within thirty (30) days from the day following the day on which the company in question ceases to be a subsidiary of the Company.
- (iv) The share subscription right holder is to exercise at one time all of the share subscription rights allotted.
- (v) If a share subscription right holder passes away, his/her heir may exercise such rights. The conditions for exercising the share subscription rights by the heir shall be as set forth in the agreement referred to in (vi) below.
- (vi) Other conditions shall be as set forth in the "Share Subscription Rights Allotment Agreement" entered into between the Company and the share subscription right holders based on a resolution of the Board of Directors.

(2) Overview, etc. of the share subscription rights granted to employees, etc. during the 16th fiscal year as compensation for the performance of their duties

None.

4. Items Regarding the Company's Directors and Audit & Supervisory Board Members

(1) Directors and Audit & Supervisory Board Members (as of February 28, 2021)

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Representative Director and President	Ryuichi Isaka	Member of the Nomination Committee of the Company Director of Seven-Eleven Japan Co., Ltd. Director of 7-Eleven, Inc.
Representative Director and Vice President	Katsuhiko Goto	Member of the Nomination Committee of the Company Director of Seven Bank, Ltd.
Director	Junro Ito	Member of the Compensation Committee of the Company General Manager of the Corporate Development Division of the Company Outside Director of AIN HOLDINGS INC.
Director	Kimiyoshi Yamaguchi	Member of the Compensation Committee of the Company General Manager of the Corporate Communication Division of the Company Director of Sogo & Seibu Co., Ltd.
Director	Yoshimichi Maruyama	General Manager of the Corporate Finance & Accounting Division of the Company Director of 7-Eleven, Inc. Representative Director and President of SEVEN & i Financial Center Co., Ltd. Representative Director and President of Seven & i Asset Management Co., Ltd.
Director	Fumihiko Nagamatsu	Representative Director and President of Seven-Eleven Japan Co., Ltd. Director of 7-Eleven, Inc.
Director	Shigeki Kimura	In charge of the President Office of the Company In charge of Group Cooperation of the Company Director of Seven-Eleven Japan Co., Ltd.
Director	Joseph M. DePinto	Director and President and Chief Executive Officer (CEO) of 7-Eleven, Inc. Chairman of the Board (Independent Director) of Brinker International, Inc.
Director	Yoshio Tsukio	Member of the Nomination Committee of the Company President and Representative, Tsukio Research Institute
Director	Kunio Ito	Chair of the Nomination Committee of the Company Chair of the Compensation Committee of the Company Chief Financial Officer (CFO) and Head of Education Research Center of Hitotsubashi University Specially Appointed Professor, Chuo Graduate School of Strategic Management, Chuo University Outside Director of KOBAYASHI PHARMACEUTICAL CO., LTD. Outside Director of Toray Industries, Inc.
Director	Toshiro Yonemura	Member of the Nomination Committee of the Company
Director	Tetsuro Higashi	Member of the Compensation Committee of the Company Outside Director of Ube Industries, Ltd. External Director of Nomura Real Estate Holdings, Inc.
Director	Kazuko Rudy (Real name: Kazuko Kiriya)	Member of the Compensation Committee of the Company Representative Director of WITAN ACTEN Co., Ltd. Outside Director of TOPPAN FORMS CO., LTD.

Position in the Company	Name	Area of responsibility in the Company and important concurrent positions
Standing Audit & Supervisory Board Member	Noriyuki Habano	Audit & Supervisory Board Member of Ito-Yokado Co., Ltd. Audit & Supervisory Board Member of Sogo & Seibu Co., Ltd.
Standing Audit & Supervisory Board Member	Yoshitake Taniguchi	Audit & Supervisory Board Member of Seven-Eleven Japan Co., Ltd. Audit & Supervisory Board Member of York Co., Ltd.
Audit & Supervisory Board Member	Kazuhiro Hara	Certified Public Accountant Certified Tax Accountant
Audit & Supervisory Board Member	Mitsuko Inamasu	Attorney at Law
Audit & Supervisory Board Member	Kaori Matsuhashi (Real name: Kaori Hosoya)	Certified Public Accountant Representative Director of Luminous Consulting Co., Ltd. Outside Audit & Supervisory Board Member of Kakaku.com, Inc.

(Notes)

1. Since establishing the “Nomination and Compensation Committee” with an Independent Outside Director as the Chair to be an advisory committee to the Board of Directors in 2016, the Company has been utilizing the knowledge and advice of Outside Directors and Outside Audit & Supervisory Board Members to ensure objectivity and transparency in the procedures for deciding the nomination and compensation of Representative Directors, Directors, Audit & Supervisory Board Members, and executive officers, thereby enhancing the supervisory functions of the Board of Directors and further substantiating corporate governance functions. Subsequently, responding to feedback from shareholders and investors, and as a result of deliberations through effectiveness evaluations of the Company’s Board of Directors, the Company has decided to make the following improvements, effective since the 15th Annual Shareholders’ Meeting held on May 28, 2020, to utilize a more diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in committee deliberations and further improve their objectivity and transparency: (1) the Nomination Committee and the Compensation Committee are separated; (2) each committee is composed of three Independent Outside Directors and two Directors who are not Outside Directors (the majority of committee members are Independent Outside Directors); and (3) internal committee members of the Compensation Committee are selected from among Directors other than Representative Directors. One internal Audit & Supervisory Board Member and one Outside Audit & Supervisory Board Member respectively act as observers at the “Nomination Committee” and the “Compensation Committee” (hereinafter referred to as the “Committees”) since their deliberations include nomination of Audit & Supervisory Board Members, whose duty is to audit the performance of duties by the Directors, and since it is important to ensure due process at the Committees as advisory committees to the Board of Directors.

In the 16th fiscal year, the “Nomination and Compensation Committee” held two meetings before the separation, and the “Nomination Committee” and the “Compensation Committee” held three meetings and two meetings, respectively, after the separation. Each of the meetings was attended by all members who should be present.

2. Director Toshiro Yonemura retired from his position as an Outside Director of UNIZO Holdings Company, Limited on June 23, 2020.

3. Standing Audit & Supervisory Board Member Noriyuki Habano resigned from his position as an Audit & Supervisory Board Member of York Mart Co., Ltd (currently York Co., Ltd.) on May 20, 2020.

4. Directors Yoshio Tsukio, Kunio Ito, Toshiro Yonemura, Tetsuro Higashi, and Kazuko Rudy are Outside Directors.

5. Audit & Supervisory Board Members Kazuhiro Hara, Mitsuko Inamasu, and Kaori Matsuhashi are Outside Audit & Supervisory Board Members.

6. Standing Audit & Supervisory Board Member Yoshitake Taniguchi and Audit & Supervisory Board Members Kazuhiro Hara and Kaori Matsuhashi have the following expertise with regard to finance and accounting:

- Standing Audit & Supervisory Board Member Yoshitake Taniguchi was engaged in operations relating to finance and accounting in the finance and accounting division in the Company and its Group companies for a total period of eight (8) years or more.
- Audit & Supervisory Board Member Kazuhiro Hara is a certified public accountant and certified tax accountant.
- Audit & Supervisory Board Member Kaori Matsuhashi is a certified public accountant.

7. All Outside Directors and Outside Audit & Supervisory Board Members are Independent Directors or Audit & Supervisory Board Members in accordance with the rules of the Tokyo Stock Exchange.

8. The Company has concluded an agreement with each of the Outside Directors and Outside Audit & Supervisory Board Members as per Article 427, Paragraph 1 of the Companies Act, limiting their liability for compensation for

damage under Article 423, Paragraph 1 of the Companies Act. These agreements limit the amount of their liability for compensation for damage to the minimum legally stipulated amounts.

9. In the 16th fiscal year, Director Yoshimichi Maruyama attended 11 out of 11 meetings of the Board of Directors after assuming office as Director on May 28, 2020, and the other Directors attended 14 out of 14 meetings of the Board of Directors. Each Audit & Supervisory Board Member attended 14 out of 14 meetings of the Board of Directors and 26 out of 26 meetings of the Audit & Supervisory Board during the 16th fiscal year.

10. Executive officers of the Company as of February 28, 2021 were as follows:

Position	Name
Executive Officer and President	Ryuichi Isaka
Executive Officer and Vice President	Katsuhiko Goto
Managing Executive Officer	Junro Ito
Executive Officer	Kimiyoshi Yamaguchi
Executive Officer	Yoshimichi Maruyama
Managing Executive Officer	Tomihiko Saegusa
Managing Executive Officer	Takuji Hayashi
Managing Executive Officer	Yukio Mafune
Managing Executive Officer	Seiichiro Ishibashi
Executive Officer	Hisataka Noguchi
Executive Officer	Osamu Yonetani
Executive Officer	Nobuyuki Miyaji
Executive Officer	Nobutomo Teshima
Executive Officer	Shinya Ishii
Executive Officer	Hidekazu Nakamura
Executive Officer	Minoru Matsumoto
Executive Officer	Mayumi Tsuruyu
Executive Officer	Yuji Kaneko

(2) Compensation, etc. of Directors and Audit & Supervisory Board Members

(i) Policies and procedures in determining the compensation of Directors and Audit & Supervisory Board Members

Purpose of the establishment of policy on compensation of Directors and Audit & Supervisory Board Members

(1) Development of compensation of Directors and Audit & Supervisory Board Members based on the “Basic Views on Corporate Governance”

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group’s corporate value over the medium and long term in order to ensure the trust of various stakeholders, based on the Corporate Creed of the Company. Based on this basic views on corporate governance, the Company considers a compensation system for Directors and Audit & Supervisory Board Members to be one of the important mechanisms to further increase the motivation and morale of Directors and Audit & Supervisory Board Members, and to appropriately take risks for the sake of the continued growth of medium- and long-term corporate value and the sustainable growth of the Group, and constructs and operates this system.

(2) History of compensation system of the Company and introduction of a new stock-based compensation system

The Company has already abolished the severance payment system for Directors and Audit & Supervisory Board Members, and granted bonuses and stock options for stock-linked compensation to Directors as performance-based compensation.

However, the Board of Directors and the Nomination and Compensation Committee have

continuously reviewed the effective compensation system in line with the Company's business status from the viewpoint of (1) above.

Through these examinations, for the purposes of further clarifying the link between the compensation of Directors and Audit & Supervisory Board Members and business performance and stock price, enhancing the motivation to contribute to the improvement of medium- and long-term corporate value, and sharing interests with shareholders, the Company decided to establish a new "Policy on Compensation of Directors and Audit & Supervisory Board Members" in April 2019, including the transition from the existing stock options for stock-linked compensation to a new stock-based compensation system more closely linked to medium- and long-term business performance, and made partial revisions in February 2021. In order to utilize a more diverse range of knowledge of Outside Directors and Outside Audit & Supervisory Board Members in committee deliberations and further improve their objectivity and transparency, the Company has separated the former Nomination and Compensation Committee into the Nomination Committee and the Compensation Committee effective since the Annual Shareholders' Meeting held on May 28 2020, and decided that each committee chair and the majority of committee members shall be Independent Outside Directors, and decided that committee members of the Compensation Committee shall be selected from among Directors other than Representative Directors.

《Policy on Compensation of Directors and Audit & Supervisory Board Members》

1. Basic views on compensation for Directors and Audit & Supervisory Board Members

The Company considers the compensation system for Directors and Audit & Supervisory Board Members of the Company (in this Policy, "officers") to be "an important mechanism to appropriately take risks for the sake of the continued growth of the medium- and long-term corporate value and sustainable growth of the Group, based on our basic views on corporate governance," and builds and operates the system based on the points set forth below.

- ◇ Emphasis is placed on the link between the financial results and corporate value of the Group, and establishing a system that further increases the motivation and morale to contribute to improved financial results and increased corporate value continuously over the medium to long term.
- ◇ To secure highly capable human resources who will support enhanced corporate governance through appropriate oversight and auditing of operational execution, provide compensation levels and systems commensurate with responsibilities.
- ◇ Ensure the objectivity and transparency of the compensation decision process, and establish a compensation system trusted by all stakeholders.
- ◇ With regard to the design of a specific compensation system for officers, continue to consider tailoring it more appropriately in light of future trends in legal systems and society.

2. Compensation levels

The levels of compensation for officers will be determined, taking into consideration various fundamentals in the business content and the business environment of the Company, with reference to the compensation levels of officers in major companies of the same size as the Company based on market capitalization and operating income levels, etc.

3. Compensation composition

(1) Operating Directors

(a) Compensation composition ratios

The compensation composition ratios for operating Directors (*) are as follows:

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
60%	20%	20%

← Money compensation → ← Stock-based compensation →

* Calculated under the assumption that bonuses and stock-based compensation are based on a standard compensation amount.

(b) Composition

(i) Fixed Compensation

- A fixed monetary compensation commensurate with the responsibilities of each position will be paid.
- Compensation will be paid monthly during the term of office.

(ii) Performance-based compensation (bonuses)

- Short-term incentive compensation will be a performance-based compensation that varies based on the Company's business performance and individual evaluations, etc., for the relevant fiscal year.
- Compensation will be paid annually after the Company's business performance and individual evaluations, etc., for the relevant fiscal year have been confirmed.
- The Key Performance Indicators (KPIs) for performance-based compensation (bonuses) are per the table below. While evaluating the degree of improvement of profit-making capability in the main business, for incorporating the shareholders' viewpoint, consolidated ROE and consolidated net income are also used together as KPIs.

Key Performance Indicators for performance-based compensation (bonuses)

KPIs	Ratio	Purpose of evaluation
(a) Consolidated Operating Income	60%	Evaluation of the degree of improvement of the capability of making profit
(b) Consolidated ROE	20%	Evaluation of profitability against equity
(c) Consolidated Net Income	20%	Evaluation of the degree of achievement of budgeted net income

(iii) Stock-based compensation

- Medium- and long-term incentive compensation will be a performance-based and stock-based compensation that varies based on the Company's business performance, management indicators, non-financial indicators, etc. (introduction of the BIP Trust system as a stock-based compensation system was resolved at the Annual Shareholders' Meeting held in May 2019).
- Performance-based and stock-based compensation will enhance sharing profits and risks

with our shareholders who have medium- and long-term perspectives by providing points during the term of office based on which shares will be delivered.

- The covered period will be four fiscal years starting from the fiscal year ended February 29, 2020.
- Shares will be delivered to Directors upon their retirement.
- Points to be granted for each fiscal year will be calculated by multiplying the standard points based on their position by a performance-based coefficient and will vary between 0% and 200% depending on the achievement level of targets, etc.
- The KPIs for stock-based compensation are per the table below. In order to incorporate medium- and long-term shareholder perspectives, consolidated ROE and consolidated EPS are used as indicators, and in order to evaluate that these can be achieved by strengthening the capability for making profit by the main business, consolidated operating income is also used together as a KPI.
- The Company, aiming for the balance of corporate value and social value, added a target to reduce the amount of CO₂ emissions under the environmental declaration called “GREEN CHALLENGE 2050” made in May 2019, as an indicator of the KPIs for stock-based compensation from the fiscal year ended February 28, 2021.

Key Performance Indicators for stock-based compensation

KPIs	Ratio	Purpose of evaluation
(a) Consolidated Operating Income	40%	Evaluation of the degree of improvement of the capability for making profit
(b) Consolidated ROE	40%	Evaluation of profitability against equity
(c) Consolidated EPS	20%	Evaluation of net income from shareholders' viewpoint
(d) CO ₂ Emissions	*See the formula below	Evaluation of the degree of promotion of reducing the environmental burden

*Formula of the performance-based coefficient:

$$\text{Performance-based coefficient} = \{(a) + (b) + (c)\} \times (d)$$

(a) “Consolidated operating income” related coefficient × 40%

(b) “Consolidated ROE” related coefficient × 40%

(c) “Consolidated EPS” related coefficient × 20%

(d) “CO₂ emissions” related coefficient

- When evaluating KPIs, the range of compensation of Representative Directors is set wider by using different performance-based coefficients from other Directors, so that the compensation of Representative Directors will be more affected by the link to performance.
- If an eligible Director commits a material illegal or unlawful act, no shares under this system will be delivered to such Director (malus) or the Company may request that such Director refund money corresponding to the shares delivered to him (clawback).

(2) Outside Directors and Audit & Supervisory Board Members

(a) Compensation composition ratios

The compensation composition ratios for Outside Directors and Audit & Supervisory Board Members are as follows:

Fixed compensation	Performance-based compensation	
	Bonuses	Stock-based compensation
100%		

← Money compensation →

(b) Composition

Fixed Compensation

- With an emphasis on further strengthening the independence of Outside Directors and Audit & Supervisory Board Members from management, the compensation of Outside Directors and Audit & Supervisory Board Members consists only of fixed compensation. Performance-based compensation (bonuses and stock-based compensation) will not be paid to Outside Directors and Audit & Supervisory Board Members.
- Compensation will be paid monthly during the term of office.

4. Compensation Governance

(1) Compensation Committee

The Company has established a compensation committee (in this Policy, the “Compensation Committee”) to ensure objectivity and transparency in the procedures for deciding the compensation of officers, etc. (referring in this Policy to Directors, Audit & Supervisory Board Members, and executive officers). The committee’s chair and the majority of its members are Independent Outside Directors, and all of its members are Directors other than Representative Directors.

(2) Method of determining compensation

This Policy, a basic policy on compensation of officers, has been determined by the Board of Directors through deliberations by the Compensation Committee. Based on this Policy, the amount of compensation of each Director is deliberated by the Compensation Committee in accordance with the evaluation of each Director’s function, degree of contribution, and the Group’s results, as well as the degree of achievement of KPIs, and then determined by the Representative Director and President, who is entrusted with such responsibility by the Board of Directors to whom the Compensation Committee reports, and who makes determinations based on the reports of the Compensation Committee.

The compensation of each Audit & Supervisory Board Member is determined through discussions by the Audit & Supervisory Board Members.

5. Compensation limit for Directors and Audit & Supervisory Board Members

The amount of compensation of officers is decided within the following compensation limits, determined at the Shareholders’ Meeting.

The Company has already abolished the severance payment system for Directors and Audit &

Supervisory Board Members, and no severance payments will be paid.

(1) Directors

- Monetary compensation

Not more than ¥1 billion per year (not including employee salaries paid to Directors who serve concurrently as employees)

(Resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006)

- Stock-based compensation

3 fiscal years/not more than ¥600 million (not more than ¥200 million per fiscal year)

Limit on the points granted per fiscal year: 40,000 points (1 point = 1 share of common stock)

(Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)

(2) Audit & Supervisory Board Members

- Monetary compensation

Not more than ¥200 million per year

(Resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019)

(ii) Aggregate amount of compensation, etc. regarding the 16th fiscal year

Classification of Directors/Audit & Supervisory Board Members	Number of eligible Directors/Audit & Supervisory Board Members	Total amount of compensation, etc. (Millions of yen)	Total amount of compensation, etc., by type (Millions of yen)		
			Fixed compensation	Performance-based compensation	
				Bonus	Stock-based compensation (BIP Trust)
Directors (excluding Outside Directors)	8	326	194	56	75
Outside Directors	5	84	84	–	–
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	2	65	65	–	–
Outside Audit & Supervisory Board Members	3	42	42	–	–

(Notes)

1. The aggregate amounts of compensation, etc. of Directors shown above do not include amounts paid as salaries for employees to Directors who serve concurrently as employees.
2. It was resolved at the 1st Annual Shareholders' Meeting held on May 25, 2006 that the annual amount of compensation paid to Directors shall not exceed ¥1 billion (not including amounts paid as salaries for employees).
3. The 14th Annual Shareholders' Meeting held on May 23, 2019 resolved as follows regarding compensation amounts for Directors' stock-based compensation (BIP Trust)
3 fiscal years/not more than ¥600 million (not more than ¥200 million per fiscal year)
Limit on the points granted per fiscal year: 40,000 points (1 point = 1 share of common stock)
4. It was resolved at the 14th Annual Shareholders' Meeting held on May 23, 2019 that the annual amount of compensation paid to Audit & Supervisory Board Members shall not exceed ¥200 million.
5. Stock-based compensation (BIP Trust) was granted to five (5) Directors (excluding Outside Directors).

(iii) Aggregate amount of compensation, etc. of Outside Directors and Outside Audit & Supervisory Board Members from subsidiaries

None.

(3) Items related to Outside Directors and Outside Audit & Supervisory Board Members

(i) Standards for the independence of Outside Directors and Outside Audit & Supervisory Board Members, etc.

The Company emphasizes diversity in its Directors and Audit & Supervisory Board Members, including in Outside Directors and Outside Audit & Supervisory Board Members, and strives to secure highly capable external human resources who will support enhanced corporate governance. Accordingly, the Company has adopted the following standards for independence of Outside Directors and Outside Audit & Supervisory Board Members, considering that it is better to judge each candidate from the essential perspective of whether they have any potential conflict of interest with general shareholders.

The opinions of the Outside Directors and Outside Audit & Supervisory Board Members were also considered in the adoption of the following standards; the Company will continue to discuss the standards going forward, noting that other companies and so forth have examined their independence standards from various perspectives.

1. Independence standards for Outside Directors and Outside Audit & Supervisory Board Members

(1) Fundamental approach

Independent Directors and Independent Audit & Supervisory Board Members are defined as Outside Directors and Outside Audit & Supervisory Board Members who have no potential conflicts of interest with general shareholders of the Company.

In the event that an Outside Director or an Outside Audit & Supervisory Board Member is likely to be significantly controlled by the management of the Company or is likely to significantly control the management of the Company, that Outside Director or Outside Audit & Supervisory Board Member is considered to have a potential conflict of interest with general shareholders of the Company and is considered to lack independence.

(2) Independence standards

In accordance with this fundamental approach, the Company uses the independence standards established by the financial instruments exchange as the independence standards for the Company's Outside Directors and Outside Audit & Supervisory Board Members.

2. De minimis thresholds for information disclosure regarding the attributes of Independent Directors and Independent Audit & Supervisory Board Members as negligible (in the most-recent business year of the Company)

- With regard to transactions, “less than 1% of the non-consolidated revenues from operations of the Company in the most recent accounting period”
- With regard to donations, “less than ¥10 million”

(ii) Relationship between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions

There are no special relationships between the Company and other companies at which Outside Directors and Outside Audit & Supervisory Board Members hold important concurrent positions.

(iii) Main activities during the 16th fiscal year

• Attendance and remarks at meetings of the Board of Directors and the Audit & Supervisory Board

(Outside Directors)

Name	Attendance at the meetings of the Board of Directors	Attendance rate at the meetings of the Board of Directors
Yoshio Tsukio	14/14	100.0%
Kunio Ito	14/14	100.0%
Toshiro Yonemura	14/14	100.0%
Tetsuro Higashi	14/14	100.0%
Kazuko Rudy	14/14	100.0%

Mr. Yoshio Tsukio gave advice and made proposals to ensure the validity and appropriateness of the Board's decision making, primarily by expressing his opinions based on his broad high level knowledge and experience including his experience being responsible for IT policy for the government, experience participating in city planning to be involved in constructing a sustainable society, and insights regarding measures to address natural environmental issues, etc.

Mr. Kunio Ito gave advice and made proposals to ensure the validity and appropriateness of the Board's decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding finance, accounting, economics, ESG (Environment, Society, Governance), risk management, etc.

Mr. Toshiro Yonemura gave advice and made proposals to ensure the validity and appropriateness of the Board's decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding organizational management, risk management, etc.

Mr. Tetsuro Higashi gave advice and made proposals to ensure the validity and appropriateness of the Board's decision making, primarily by expressing his opinions based on his broad high level knowledge and experience regarding international corporate management, management administration, finance, accounting, etc.

Ms. Kazuko Rudy gave advice and made proposals to ensure the validity and appropriateness of the Board's decision making, primarily by expressing her opinions based on her broad high level knowledge and experience regarding the retail industry, marketing, etc.

(Outside Audit & Supervisory Board Members)

Name	Attendance at the meetings of the Board of Directors	Attendance rate at the meetings of the Board of Directors	Attendance at the meetings of the Audit & Supervisory Board	Attendance rate at the meetings of the Audit & Supervisory Board
Kazuhiro Hara	14/14	100.0%	26/26	100.0%
Mitsuko Inamasu	14/14	100.0%	26/26	100.0%
Kaori Matsuhashi	14/14	100.0%	26/26	100.0%

Mr. Kazuhiro Hara asked questions and expressed his opinions as he deemed appropriate, with his abundant experience and technical knowledge related to finance, accounting, tax and risk management.

Ms. Mitsuko Inamasu asked questions and expressed her opinions as she deemed appropriate, with her abundant experience and technical knowledge related to overall corporate legal affairs and risk management.

Ms. Kaori Matsuhashi asked questions and expressed her opinions as she deemed appropriate, with her abundant experience and technical knowledge related to finance, accounting, management administration and risk management.

- Exchanges of opinions with Directors, etc.

In addition to meetings of the Board of Directors, Outside Directors and Outside Audit & Supervisory Board Members met with the Representative Directors, Directors, Standing Audit & Supervisory Board Members, and others. These meetings including Management Opinion Exchange Meetings were held on a regular and as-needed basis. The themes were set for each of the meetings, centered on various management issues and matters of high social concern. Reports were provided by Directors, the internal control divisions, and so forth, regarding the status of business execution and internal control at the Company and its Group companies, and explanations were given in response to questions from the Outside Directors and Outside Audit & Supervisory Board Members, who also expressed their opinions regarding the Company's management, corporate governance, and other topics based on their respective expert knowledge and wide-ranging, high-level experience and insight into management. In these and other ways, the Outside Directors and Outside Audit & Supervisory Board Members coordinated with each other while exchanging frank and lively opinions.

The Outside Directors and Outside Audit & Supervisory Board Members also exchanged opinions with the Directors and Audit & Supervisory Board Members, etc. of operating companies.

Through these activities, Outside Directors supervised operational execution, and Outside Audit & Supervisory Board Members performed audits of operational execution and accounting practices.

5. Items Related to the Accounting Auditor

(1) Name: KPMG AZSA LLC

(2) Amount of compensation, etc.

	Amount paid (Millions of yen)
Amount of compensation, etc. for services as accounting auditor for the 16th fiscal year	788
Total amount of monies and other financial benefits to be paid to the accounting auditor by the Company and its subsidiaries	1,042

(Notes)

1. Under the audit contract concluded between the Company and the accounting auditor, the amounts of compensation, etc. for audits as per the Companies Act and the amounts of compensation, etc. for audits as per the Financial Instruments and Exchange Act are not clearly separated, and those amounts cannot practically be separated; therefore, the aggregate of those amounts is shown as the amount of compensation, etc. for services as an accounting auditor for the 16th fiscal year.
2. The Audit & Supervisory Board performed necessary verification to see whether the audit plan prepared by the accounting auditor, the status of the performance of their duties during the accounting audit, and the basis for calculating the estimated amount of compensation and the like were appropriate; thereafter, it decided to consent to the amount of compensation, etc. for services as an accounting auditor, as stipulated in Article 399, Paragraph 1 of the Companies Act.
3. Among the major subsidiaries of the Company, 7-Eleven, Inc. is audited by an audit corporation other than the Company's accounting auditor.

(3) Non-audit operations

The Company made payment of consideration to the Accounting Auditor for its work of which service is not included in the scope of services prescribed in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-auditing services), such as its work in supporting the application of the accounting standard related to revenue recognition as well as its work in supporting investigations into the level of impact concerning IFRS.

(4) Policy for determining the dismissal or non-reappointment of the accounting auditor

In the event any of the reasons stipulated in the items of Article 340, Paragraph 1 of the Companies Act becomes applicable to the accounting auditor, the Company's Audit & Supervisory Board will consider the dismissal of that accounting auditor, and if dismissal is deemed appropriate, the accounting auditor will be dismissed based on the unanimous agreement of the Audit & Supervisory Board Members. In the event the Company's Audit & Supervisory Board determines that circumstances related to the accounting auditor's performance of its duties and the Company's audit system necessitate a change in the accounting auditor, the Company's Audit & Supervisory Board will make a decision to propose a resolution for the non-reappointment of the accounting auditor to a Shareholders' Meeting.

(5) Summary of the liability limitation agreement

None.

6. Systems for Ensuring Appropriate Operations

1. Corporate Philosophy

The Company formulated its Corporate Creed as below. The Corporate Creed is unchanging and comprehensively symbolizes the Group's corporate philosophy, thus, the Company values it most as the fundamental basis of the Group's management.

“Corporate Creed”

We aim to be a sincere company that our customers trust.

We aim to be a sincere company that our business partners, shareholders and local communities trust.

We aim to be a sincere company that our employees trust.

2. Basic views on corporate governance

The Company considers corporate governance to be a system for sustainable growth by establishing and maintaining a sincere management structure and continuously increasing the Group's corporate value over the medium- and long-term in both financial and non-financial (ESG) aspects to ensure the trust and longstanding patronage of all stakeholders, including customers, business partners and franchisees, shareholders and investors, local communities, and employees, based on the Corporate Creed.

The Company's mission as a holding company is to strengthen corporate governance and maximize the Group's corporate value, and the Company will strive to achieve this mission through the provision of support, oversight, and optimal resource allocation to its operating companies.

3. The resolution of the Board of Directors

The Company has adopted the following resolutions regarding “the development of systems for ensuring that the execution of duties by the Directors complies with laws, regulations, and the Articles of Incorporation and other systems required by the Ministry of Justice Ordinance for ensuring the compliance of operations performed by a corporation and by the corporate group comprised of the corporation and its subsidiaries,” as stipulated by the Companies Act.

(1) Systems for ensuring that the execution of duties by the Company's and its subsidiaries' Directors and employees is compliant with laws, regulations, and the Articles of Incorporation

- (i) The Company and its Group companies shall comply with the “Corporate Creed” and the “Corporate Action Guidelines,” etc. In order to continue to be trusted and known for integrity, the Company and its Group companies shall implement ethical corporate activities; strictly observe laws, regulations, and social norms; and announce their fulfillment of corporate social responsibilities. On that basis, the Company shall establish, maintain, and utilize compliance systems, centered on the Company's CSR Management Committee; operate internal whistleblowing systems; promote fair trade; and disseminate the Corporate Action Guidelines and the guidelines of each company. In these ways, compliance shall be further enhanced.
- (ii) The Company and its Group companies will announce their commitment to not having any contact with antisocial groups and will clearly refuse unreasonable requests. Through cooperation with outside specialists, such as the police and lawyers, we will rapidly implement legal countermeasures, both civil and criminal.
- (iii) The Company's internal auditing division, which is independent from operating divisions, will internally audit and confirm the status of the maintenance and operation of the compliance systems of all Group companies.
- (iv) The Company's and its Group companies' Audit & Supervisory Board Members will ensure that the execution of duties by their respective companies' Directors is compliant with laws,

regulations, and the Articles of Incorporation and work to raise the effectiveness of the supervisory function.

(2) Systems for the storage and control of information related to the execution of duties by the Company's Directors and systems for reporting to the Company related to the matters concerning the execution of duties by the subsidiaries' Directors

- (i) In accordance with laws, regulations, and the Information Control Regulations, the Company and its Group companies shall properly produce, store, and manage documents for which production and storage are legally required, such as minutes of Shareholders' Meetings, minutes of Board of Directors' meetings (including electromagnetic records; hereafter the same), circular decision-making documents (*ringisho*), and other documents and information necessary to secure appropriate operational execution.
- (ii) The Company and its Group companies shall appoint an information management supervisor at each company to be responsible for supervising management of business information and also controlling planning, development and facilitation of initiatives related to the information management. The information management supervisor of the Company shall be then responsible for business information management of the overall Group by setting the Company's Information Management Committee as the core function for the purpose, ensuring enhanced effectiveness of timely and accurate information disclosure by the function responsible for comprehensively collecting and disclosing important information, and integrated information management in view of the safe management of such important information as trade secrets and personal information. In addition, reports on such matters as the status of information management shall be made periodically to the Board of Directors and the Audit & Supervisory Board Members.
- (iii) Directors and employees of the Company and its Group companies shall report to the information management supervisor of the Company where any important matter relating to each Group company arises.

(3) The Company's and its subsidiaries' regulations and systems for loss risk management

- (i) In accordance with the "basic rules for risk management," the Company and its Group companies shall establish, maintain, and utilize comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors relevant to the Company and its Group companies.
- (ii) In regard to risk management, a system for periodic reporting to the Board of Directors and Audit & Supervisory Board Members shall be established, maintained, and utilized. The Board of Directors, Directors, and people responsible for operating divisions shall conduct sufficient analysis and evaluation of risks associated with operational execution, and improvement measures shall be implemented rapidly.
- (iii) In the case where a business experiences a major disruption, a serious incident or accident, or a large-scale disaster, etc. to minimize damage to the Company and all Group companies when risk events occur, a Crisis Management Headquarters shall be established, and measures to facilitate the continuation of operations shall be implemented immediately.

(4) The Company's and its subsidiaries' systems for ensuring the efficiency of the execution of duties by Directors

- (i) The details of the decision-making authority of the Directors and executive officers and the divisions with responsibility for each administrative area shall be clearly and appropriately defined in the Decision Authority Regulations, etc. In this way, the Company and its Group companies shall avoid administrative duplication and conduct flexible decision-making and administrative execution.
- (ii) To secure the sustained growth of the Company, the Company's Board of Directors shall make decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as periodic reports from the Company's Directors and people responsible for operating divisions, the efficiency and soundness of administrative execution shall be investigated and appropriate reevaluations shall be conducted.
- (iii) The Company's Board of Directors, as a general rule, shall meet once each month. In addition, when necessary, extraordinary meetings of the Company's Board of Directors shall be held or resolutions of the Company's Board of Directors shall be adopted through documents. Rapid decision making will be implemented and efficient administrative execution will be promoted. The Company shall comply with the Articles of Incorporation, Rules of the Board of Directors, etc. of the Company concerning specific operations of the Board of Directors.

(5) The Company's systems for ensuring the appropriateness of financial reporting

- (i) In order to ensure the Company and its Group companies are able to provide shareholders, investors, creditors, and other stakeholders with highly reliable, timely financial reports in compliance with laws and regulations, the Company and its Group companies shall build, develop, and appropriately operate internal control systems that ensure appropriate accounting procedures and financial reporting, in accordance with the relevant rules, such as rules on establishing internal controls for financial reporting.
- (ii) The Company's internal auditing division, which is independent from operating divisions, shall check and assess the effectiveness of the development and operational status of internal controls for the financial reporting of the Company and its Group companies.
- (iii) Directors, Audit & Supervisory Board Members, and the accounting auditor shall appropriately exchange information about matters recognized as highly likely to have a significant effect on financial standing.

(6) Matters related to the provision of support staff for the Company's Audit & Supervisory Board Members when so requested

The Company shall provide full-time staff to support Audit & Supervisory Board Members.

(7) Matters related to the independence from the Company's Directors of the support staff for the Company's Audit & Supervisory Board Members and securing effectiveness of instructions

The selection (including subsequent replacements) of support staff to work exclusively for the Audit & Supervisory Board Members shall be subject to the approval of the Audit & Supervisory Board Members. In addition, the support staff shall comply with the Employment Rules of the Company. However, the Audit & Supervisory Board Members shall have the authority to provide directions and orders to the support staff and personnel matters such as working conditions and disciplinary actions shall be implemented upon prior consultation with the Audit & Supervisory Board Members.

(8) Systems for reporting to the Company's Audit & Supervisory Board Members

(i) Systems for Directors and employees of the Company to report to the Audit & Supervisory Board Members of the Company

When matters that could cause significant damage to the Company, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. committed by a Director or an employee are found, Directors and employees of the Company shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

(ii) Systems for Directors, Audit & Supervisory Board Members, and employees of the Company's subsidiaries, or persons who have received reporting from these people to report to the Audit & Supervisory Board Members of the Company

When matters that could cause significant damage to the Group companies, as well as malfeasances or violations of laws, regulations, or the Articles of Incorporation, etc. in the Group companies are found, Directors, Audit & Supervisory Board Members and employees of the Group companies shall report them to the Audit & Supervisory Board Members of the Company pursuant to the predetermined procedures.

(iii) Systems for reporting to the Audit & Supervisory Board Members of the Company through an internal whistleblowing system

Directors and employees of the Company as well as Directors, Audit & Supervisory Board Members and employees of the Group companies may use an internal whistleblowing system established by the Company at any time when acts constituting a violation of laws and regulations, social norms, internal rules or the like are found in the operations of the Company and the Group companies, and the secretariat operating the internal whistleblowing system shall provide reports to the Audit & Supervisory Board Members of the Company concerning the content of the reports and the operation of the internal whistleblowing system, pursuant to the internal rules.

(9) Systems for ensuring that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made

The Company and the Group companies shall take appropriate measures such as establishing provisions in their internal rules to ensure that no one providing such reports defined in the preceding item shall suffer any disadvantageous treatment due to such reporting made.

(10) Matters concerning policies for processing prepayment or repayment of costs incurred in relation to execution of duties of the Audit & Supervisory Board Members of the Company and other processing of costs or liabilities incurred in relation to execution of duties thereof

The Company shall bear the costs incurred in relation to the execution of duties by the Audit & Supervisory Board Members.

(11) Other systems for ensuring that the Company's Audit & Supervisory Board Members can conduct their activities effectively

(i) The Company's Audit & Supervisory Board Members shall meet regularly with the Representative Director, and exchange opinions concerning important audit matters.

- (ii) The Company's Audit & Supervisory Board Members shall maintain close contact with the Company's internal auditing division, and may request the division to conduct inspections when necessary.
- (iii) The Company's Audit & Supervisory Board Members shall meet regularly with the Audit & Supervisory Board Members of all Group companies and work together from time to time in order to conduct appropriate audits of all Group companies.
- (iv) The Company's Audit & Supervisory Board Members may consult with the accounting auditor and lawyers as needed, and the Company shall bear all of the costs of such consultation.

4. Summary of operational status of systems for ensuring appropriate operations

(1) Status of the Company's corporate governance

The Company's Board of Directors comprises 13 members (including 5 Independent Outside Directors / 12 men and 1 woman) and meets once a month in principle. To facilitate prompt decision making and business execution even amid a dramatically changing operating environment, the Company has introduced the executive officer system and separated the Board of Directors' supervisory function from the executive officers' business execution function. This developed an environment where the Board of Directors is able to focus on the "formulation of management strategies" and the "oversight of business execution," while the executive officers can focus on "business execution." The executive officers comprise 18 members (17 men and 1 woman). The term of office of the Directors is set to one year in order to reflect the intentions of shareholders regarding the appointment of the management team in a timely manner.

Matters to be decided by the Board of Directors at the Company are stipulated in the Board of Directors Regulations, the Decision Authority Regulations, and so forth, and matters stipulated by the Companies Act and the Company's internal regulations are decided by the Board of Directors. The Decision Authority Regulations clearly set forth the scope of matters to be decided by the President and Representative Director. This clarifies the decision-making process for management and the structure of responsibility, while also expediting decision-making by rational delegation of authority.

The Company's Board of Directors held 14 meetings during the 16th fiscal year, and made decisions on such matters as important management objectives and budget allocations for the Company and its Group companies. Through such means as reports from the Company's Directors and people responsible for operating divisions, the Company addressed important management issues, including investigating and re-evaluating the efficiency and soundness of administrative execution.

The Audit & Supervisory Board is composed of 5 members (including 3 Independent Outside Audit & Supervisory Board Members / 3 men and 2 women), and monitors management based on the Audit & Supervisory Board Member system. In addition to attending Board of Directors' meetings and other important meetings, the Audit & Supervisory Board Members exchange opinions with the Representative Directors and periodically interview Directors regarding the status of business execution, and they investigate the status of business operations and assets of the Company and its operating companies based on the audit plan. In addition, they share information with operating companies' Directors and Audit & Supervisory Board Members and audit the Directors' performance of duties. Further, the Audit & Supervisory Board Members exchange information with the accounting auditor to maintain close ties with them with respect to accounting audits.

The Outside Directors and Outside Audit & Supervisory Board Members provide advice and suggestions to ensure the validity and appropriateness of decision-making and business execution by the Board of Directors. They also supervise and audit the execution of business by exchanging opinions regarding company management, corporate governance, and other matters at meetings with Directors and others.

(2) Initiatives at internal auditing divisions

In order to enhance and reinforce its internal auditing function, the Company has appointed, within the Auditing Office, the “operational auditing staff” and the “internal control evaluation staff,” which are independent internal auditing divisions. The “operational auditing staff” has an oversight function to verify and provide guidance on internal auditing, including the status of the maintenance and management of compliance systems, by core operating companies or to directly audit them, and an internal auditing function for auditing the Company, the holding company, and performs these operations. The “internal control evaluation staff” evaluates internal controls regarding the financial reporting of the whole Group.

(3) Coordination between Audit & Supervisory Board Member audits, internal audits and accounting audits

In order to improve the overall quality of audits, the Company ensures that the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm proactively exchange information and endeavor to maintain close ties with each other, by such means as periodically holding tri-partite meetings. In the meeting, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members) receive reports from the auditing firm on, among other matters, the performance of accounting audits, and reports from the Auditing Office on, among other matters, the performance of internal audits, respectively, and request explanations as necessary.

Furthermore, the Company periodically holds reporting sessions for accounting audits, which are attended by the Representative Directors and other officers, as well as the Standing Audit & Supervisory Board Members and the Auditing Office, etc. In the sessions, they receive reports from the auditing firm on the accounting audits, and confirm, among other matters, the results of the accounting audits.

Furthermore, the Standing Audit & Supervisory Board Members and the Auditing Office hold meetings, basically once a month. In the meetings, the Auditing Office reports on the results of operational audits and the progress of internal control evaluations, etc., and also actively exchanges opinions with the Standing Audit & Supervisory Board Members regarding, among other matters, priority matters that should be examined in order to improve the quality of audits. With these efforts, the two parties aim to ensure comprehensive sharing of audit information between each other.

In the Audit & Supervisory Board meetings and other meetings, the Standing Audit & Supervisory Board Members report to the Outside Audit & Supervisory Board Members on, *inter alia*, the status of the reporting session for accounting audits and the contents of the meeting with the Auditing Office, respectively described above, and thereby share and discuss issues to be addressed and the like. Furthermore, by providing the Auditing Office and the auditing firm with feedback on the matters thus discussed, the Standing Audit & Supervisory Board Members aim to ensure that (i) audits by the Audit & Supervisory Board Members, including the Outside Audit & Supervisory Board Members; (ii) internal audits; and (iii) accounting audits are linked with each other in a timely manner.

Further, the Auditing Office reports on the performance and the results of internal audits in the Audit & Supervisory Board meetings and other meetings from time to time, and provides explanations in response to questions and so on from the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members).

At each audit, the Audit & Supervisory Board Members (including the Outside Audit & Supervisory Board Members), the Auditing Office, and the auditing firm receive reports and materials, etc. from the internal control divisions, and request explanations as deemed necessary, and the internal control divisions cooperate in the appropriate performance of these audits.

(4) Efforts of each committee

The Company has established the “CSR Management Committee,” “Risk Management Committee,” and “Information Management Committee,” which report to the Representative

Directors. Each committee determines Group policies in cooperation with the operating companies, and strengthens corporate governance by managing and supervising their dissemination and execution.

●CSR Management Committee

The Company has established the CSR Management Committee based on CSR Basic Rules for the purpose of promoting, administrating and supervising the CSR activities of the entire Group through operating activities in order to contribute to solving social issues and aim for sustainable growth for both society and the Group. The Company has also established five subcommittees under the CSR Management Committee tasked with the examination and promotion of concrete measures to promote operating activities that will contribute to solving the “Five Material Issues” identified to address the expectations and demands of stakeholders and realizing a more thorough compliance practice. Through these subcommittees, the Company has carried out initiatives to find solutions to issues and implemented preventive measures.

In March 2020, the Company newly established the “Compliance Subcommittee” for the purpose of promoting ESG and strengthening compliance and internal controls. This subcommittee operates an internal whistleblowing system available to the Group’s Directors and Audit & Supervisory Board Members, employees and business partners as part of the internal controls of the whole Group. The executive officer in charge of the CSR Management Committee is tasked with strengthening the compliance structure, which involves regularly reporting and confirming the operational status of the internal whistleblowing system at the Board of Directors’ meetings, along with other activities.

Furthermore, to address the relevant issues of the “Five Material Issues,” the Company tasks the “Environment Subcommittee” with helping mitigate climate change, depletion of resources, and other environmental burdens, the “Supply Chain Subcommittee” with building a sound supply chain that takes human rights and the environment into consideration and with improving quality and ensuring safety for products and services, the “Corporate Ethics and Culture Subcommittee” with ensuring thorough awareness and adoption of the Corporate Creed and the Corporate Action Guidelines, building worker-friendly workplaces, promoting advancement of diverse human resources and improving the labor environments, and the “Social Value Creation Subcommittee” with the planning, proposal and operation of new businesses originating from addressing social issues through the main business, by utilizing business characteristics and management resources. These subcommittees have formulated and carried out measures to address such individual issues on a Group-wide basis.

●Risk Management Committee

In accordance with the basic rules for risk management, the Company and its Group companies establish, streamline, and manage comprehensive risk management systems, centered on the Risk Management Committee, in order to properly analyze, evaluate, and appropriately respond to risks associated with each business, with consideration for changes in the management environment and risk factors.

The Risk Management Committee receives reports from the departments in charge of risk management regarding the risk management status of the Company. The committee comprehensively determine, assess, and analyze risks and discuss measures, and determine the future direction going forward.

Meanwhile, the Company has carried out efforts to further strengthen risk management of the entire Group through assisting with risk evaluation and analysis and execution of mitigation measures at each Group company, and sharing risk-related information from inside and outside the Company, using group-wide cross-organizational meeting bodies led by each of the Company’s various departments in charge of risk management.

● Information Management Committee

In accordance with the Information Control Regulations, which were redesigned in the previous fiscal year, the Company has carried out risk analysis, evaluation and measures regarding the information management of all operations-related information that is learned, created or retained by officers and employees of the Group under the Information Management Committee, chaired by the information management supervisor.

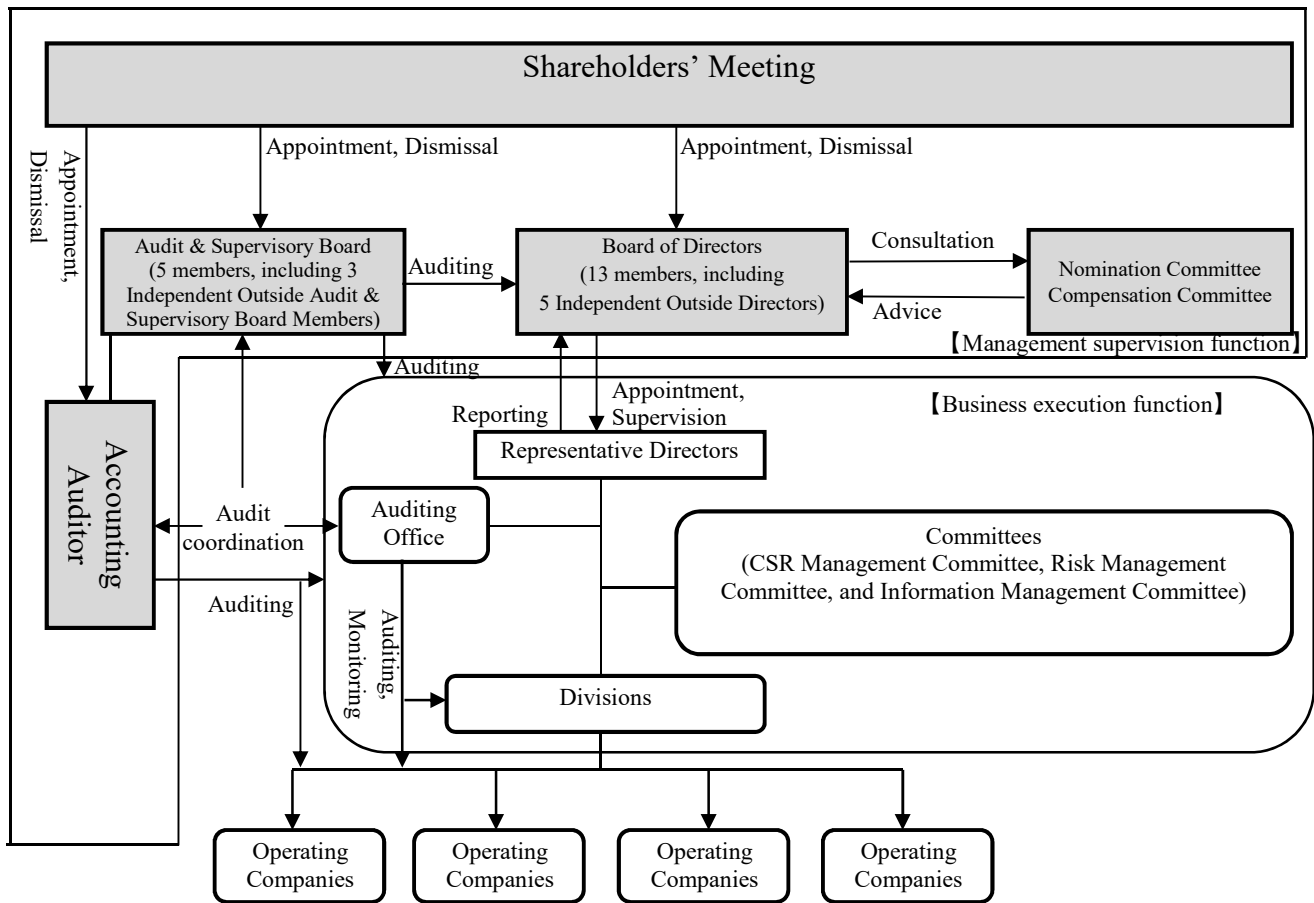
During the 16th fiscal year, the committee continued initiatives carried on from the previous fiscal year and worked at strengthening information collection and management systems. While gathering important information from each company in an appropriate and timely manner, and revamping the system for the cooperative framework for dealing with this, the committee centrally managed this information and strengthens the system for reporting that information without omission or delay to management and relevant divisions.

Regarding information security, the Company has taken steps to build and strengthen a group-wide security system. Specifically, the Company has established the security management division with independence from business execution as an organization directly under the control of the Representative Director of the Company and redeveloped information security policies, guidelines, etc., the Group's common basis. For operating companies, the Company assists in building security environments, strengthens monitoring, upgrades trainings, and evaluates internal controls, among other measures. In addition, guided by the Information Management Committee mentioned above, the Company is raising awareness of security throughout the Group, further enforcing rigorous security measures through a specialized subcommittee, and ensuring Group-wide safety and security.

Through these measures, the Company has worked to strengthen the Group's information management and information security.

Corporate Governance System

The Company's corporate governance system is as follows:



(Notes)

1. In this Business Report, the final numbers that are described have been rounded down, and amounts less than the stated numbers have been omitted. Except that, unless otherwise noted, percentages have been rounded to one decimal place, and net income per share and net assets per share have been rounded to the nearest number as stated.
2. Consumption tax, etc., is accounted for using the tax-excluded method.

CONSOLIDATED BALANCE SHEET (as of February 28, 2021)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	3,350,223	Current liabilities	2,782,433
Cash and bank deposits	2,189,152	Notes and accounts payable, trade	385,289
Notes and accounts receivable-trade	318,142	Short-term loans	619,953
Trade accounts receivable-financial services	95,010	Current portion of bonds	66,917
Merchandise and finished goods	158,867	Current portion of long-term loans	146,747
Work in process	80	Income taxes payable	21,283
Raw materials and supplies	2,378	Accrued expenses	124,070
Prepaid expenses	62,009	Deposits received	236,400
ATM-related temporary payments	216,471	ATM-related temporary advances	130,167
Other	315,465	Allowance for sales promotion expenses	19,859
Allowance for doubtful accounts	(7,353)	Allowance for bonuses to employees	14,853
Non-current assets	3,594,022	Allowance for bonuses to Directors and Audit & Supervisory Board Members	360
Property and equipment	2,206,023	Allowance for loss on future collection of gift certificates	933
Buildings and structures	994,096	Provision for sales returns	27
Furniture, fixtures and equipment	330,185	Deposits received in banking business	741,422
Vehicles	17,647	Other	274,145
Land	746,284	Non-current liabilities	1,333,063
Lease assets	7,789	Bonds	565,000
Construction in progress	110,019	Long-term loans	362,592
Intangible assets	645,873	Deferred income taxes	78,879
Goodwill	349,882	Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	774
Software	152,324	Allowance for stock payments	4,008
Other	143,666	Net defined benefit liability	9,309
Investments and other assets	742,125	Deposits received from tenants and franchised stores	50,783
Investments in securities	204,107	Asset retirement obligations	99,072
Long-term loans receivable	14,194	Other	162,644
Long-term leasehold deposits	339,405	TOTAL LIABILITIES	4,115,497
Advances for store construction	203	NET ASSETS	
Net defined benefit asset	79,888	Shareholders' equity	2,647,023
Deferred income taxes	44,352	Common stock	50,000
Other	63,338	Capital surplus	409,069
Allowance for doubtful accounts	(3,364)	Retained earnings	2,198,805
Deferred assets	2,586	Treasury stock, at cost	(10,851)
Business commencement expenses	1,934	Total accumulated other comprehensive income	21,902
Bond issuance cost	652	Unrealized gains on available-for-sale securities, net of taxes	35,729
		Unrealized gains on hedging derivatives, net of taxes	1,580
		Foreign currency translation adjustments	(30,835)
		Remeasurements of defined benefit plan	15,427
		Subscription rights to shares	56
		Non-controlling interests	162,352
		TOTAL NET ASSETS	2,831,335
TOTAL ASSETS	6,946,832	TOTAL LIABILITIES AND NET ASSETS	6,946,832

CONSOLIDATED STATEMENT OF INCOME (March 1, 2020 to February 28, 2021)

(Millions of yen)

Item	Amount	
Revenues from operations		5,766,718
Net sales		4,518,821
Cost of sales		3,480,025
Gross profit on sales		1,038,796
Operating revenues		1,247,896
Gross profit from operations		2,286,692
Selling, general and administrative expenses		1,920,363
Operating income		366,329
Non-operating income		
Interest and dividend income	4,004	
Income from electronic money breakage	1,179	
Other	4,954	10,138
Non-operating expenses		
Interest expenses	9,479	
Interest on bonds	1,105	
Equity in losses of affiliates	885	
Other	7,633	19,104
Ordinary income		357,364
Special gains		
Gain on sales of property and equipment	3,010	
Gain on sales of property and equipment related to restructuring	1,106	
Subsidies for employment adjustment	4,094	
Insurance income	956	
Other	1,265	10,433
Special losses		
Loss on disposals of property and equipment	12,180	
Impairment loss	31,604	
Loss related to COVID-19	40,534	
Restructuring expenses	10,213	
Other	14,489	109,022
Income before income taxes		258,776
Income taxes - current	46,369	
Income taxes - deferred	18,069	64,439
Net income		194,337
Net income attributable to non-controlling interests		15,074
Net income attributable to owners of parent		179,262

CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (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

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	TOTAL NET ASSETS
	Unrealized gains on available-for-sale securities, net of taxes	Unrealized gains on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plan	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

Notes to Consolidated Financial Statements

Notes relating to Significant Accounting Policies for the Preparation of Consolidated Financial Statements

1. Items relating to scope of consolidation

Status of consolidated subsidiaries

(1) Number of consolidated subsidiaries: 148

(2) Names of 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.

Seven Financial Service Co., Ltd.

During the 16th fiscal year, the number of consolidated subsidiaries increased by nine (9) in connection with the establishment of six (6) companies and the acquisition of shares of three (3) companies.

On the other hand, two (2) companies were excluded from the scope of consolidation due to dissolution by merger and completion of liquidation.

2. Items relating to application of the equity method

(1) Number of non-consolidated subsidiaries to which the equity method was applied: None

(2) Number of affiliates to which the equity method was applied: 25

Names of major affiliates:

PRIME DELICA CO., LTD.

PIA Corporation

(3) Items regarding procedure for applying the equity method

- (i) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.
- (ii) When an affiliate is in a net loss position, the Company's share of such loss is reduced from its loan receivable from the affiliate.

3. Items relating to accounting period of consolidated subsidiaries

The fiscal year-end of some consolidated subsidiaries is December 31. The financial statements of such subsidiaries as of such dates and for such period are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to February 28 or 29 are adjusted for in the consolidation process.

The closing date of Seven Bank, Ltd. etc. is March 31. Pro forma financial statements as of February 28 or 29 prepared in a manner that is substantially identical to the preparation of the official financial statements were prepared in order to facilitate its consolidation.

4. Items relating to accounting policies

(1) Valuation basis and method for major assets

(i) Valuation basis and method for securities

Held-to-maturity debt securities are carried at amortized cost (straight-line method).

Other available-for-sale securities are classified into two (2) categories, where: (a) the fair value is available; and (b) the fair value is not available.

(a) 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 sales is determined using the moving-average method.

(b) Securities whose fair value is not available are valued mainly at cost, determined using the moving-average method.

(ii) Valuation basis and method for derivatives

Derivative financial instruments are valued at fair value.

(iii) Valuation basis and method for inventories

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.

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 of significant assets

(i) Property and equipment (excluding lease assets)

Depreciation of property and equipment is computed using the straight-line method.

(ii) Intangible assets (excluding lease assets)

Intangible assets are amortized using the straight-line method. Software for internal use is amortized using the straight-line method over an estimated useful life of five (5) years in most cases.

(iii) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, a useful life is determined based on the duration of the lease period and straight-line depreciation is applied with an assumed residual value of zero.

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) Methods of accounting for significant allowance

(i) 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 with respect to general receivables.

(ii) 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 at the end of the 16th fiscal year in accordance with the sales promotion point card program.

(iii) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated on the estimation of payment.

(iv) 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.

(v) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain consolidated subsidiaries is provided for collection of gift certificates recognized as income after remaining uncollected for certain periods from their issuance. The amount is calculated using the historical results of collection.

(vi) Provision for sales returns

Provision for sales returns is provided at the amount estimated future loss due to sales returns at the end of the 16th fiscal year. The amount is calculated using the historical results of sales returns.

(vii) 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 at the end of the fiscal year calculated in accordance with internal rules.

The Company and some of its consolidated subsidiaries have abolished the retirement benefits system for Directors and Audit & Supervisory Board Members, among which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(viii) 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 some of its consolidated subsidiaries. The amount is based on the expected stock benefit payable at the end of the 16th fiscal year.

(4) Accounting method for retirement benefits

(i) Allocation method of estimated total retirement benefits:

In calculating retirement benefit obligations, the estimated total retirement benefits are allocated to the period up to the end of the 16th fiscal year on a benefit formula basis.

(ii) Amortization method of the actuarial differences and the prior service costs:

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the consolidated fiscal year following the consolidated fiscal year in which they arise, which is within the average remaining years of service of the eligible employees when the actuarial differences arise in a consolidated fiscal year.

Prior service costs are amortized on a straight-line basis over a certain period (five (5) years or ten (10) years), which is within the average remaining years of service of the eligible employees when the prior service costs arise.

(5) Significant hedge accounting methods

(i) Hedge accounting

In principle, hedging activities are accounted for by the deferred hedge method.

However, forward foreign exchange contracts are accounted for by the short-cut method (*furiate shori*), i.e., translated at the foreign exchange rate stipulated in the contracts, when they meet certain criteria for the method, and interest rate swap contracts are accounted for by specific hedging when they meet certain criteria for the method.

(ii) Hedge instruments and hedged items

Hedge instruments – Forward foreign exchange contracts

Hedged items – Foreign currency-denominated monetary asset and liability

Hedge instruments – Interest rate swaps

Hedged items – Loans payable

(iii) 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 exchange rates and interest rates, reducing financing costs, and optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for short-term trading or speculative purposes.

(iv) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts except for interest rate swap contracts that meet specific hedging criteria.

(6) Other significant matters that serve as the basis for preparation of the Consolidated Financial Statements

(i) Accounting for deferred assets

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

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

(ii) Goodwill and negative goodwill

Goodwill and negative goodwill which are generated before March 1, 2011 are amortized mainly over a period of twenty (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.

(iii) Foreign currency translation for major assets and liabilities denominated in foreign currency

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statement of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the relevant spot exchange rate in effect at the respective consolidated balance sheet dates except for shareholders' equity, which is translated at the historical rates. 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 "Foreign currency translation adjustments" and "Non-controlling interests."

(iv) Accounting for franchised stores in domestic and overseas convenience store operations

Seven-Eleven Japan Co., Ltd. and its U.S. consolidated subsidiary, 7-Eleven, Inc., recognize franchise commission from their franchised stores as revenues and include it in "Operating revenues."

(v) Accounting for consumption taxes and excise tax

Regarding the Company and its domestic consolidated subsidiaries, the Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statement of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(vi) Application of consolidated taxation system

The Company and some of its domestic consolidated subsidiaries have applied a consolidated taxation system.

(vii) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

With respect to the transition from the consolidated taxation system to the group tax sharing system and items subject to the review of the non-consolidated taxation system conducted to coincide with transition from the consolidated taxation system to the group tax sharing system, which was created under the Act on Partial Revision of the Income Tax

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

Changes in method of presentation

(Consolidated Statements of Income)

“Income from electronic money breakage,” which was previously included in “Other” of non-operating income up until the 15th fiscal year, is separately presented from the 16th fiscal year because the amount is more material.

Supplementary information

(Performance-Based Stock Compensation Plan for Directors)

The Company and some of its 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 BIP Trust, mainly aiming to raise willingness to contribute to the improvement of medium-and long-term corporate value and to share interests with shareholders.

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

(1) Outline of the transaction

The plan is a performance-based stock compensation plan whereby the Companies contribute an appropriate amount of money to the BIP Trust, which is used as funds to acquire the 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) The Company’s shares remaining in the BIP Trust

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

(Performance-Based Stock Compensation Plan for Executive Officers)

The Company and some of its 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 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 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) The Company's shares remaining in the ESOP Trust

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

(Accounting estimates associated with the spread of COVID-19)

On the Group's assumption that the spread of COVID-19 will have the business impact for a certain period after the 16th fiscal year, accounting estimates are reflected in accounting treatment including those used to determine impairment losses.

Notes to Consolidated Balance Sheet

1. Assets pledged as collateral and debts for which those assets are pledged as collateral

(1) Assets pledged as collateral

Buildings and structures:	¥489 million
Land:	¥1,258 million
Investments in securities:	¥68,087 million
Long-term leasehold deposits:	¥2,662 million
<u>Total</u>	<u>¥72,497 million</u>

(2) Debts for which above assets are pledged as collateral

Long-term loans:

(including current portion of long-term loans):

¥13,420 million

Investments in securities (¥2,529 million) and long-term leasehold deposits (¥800 million) are pledged as collateral for exchange settlement transactions. Long-term leasehold deposits (¥55 million) are deposited with an official depository under the Real Estate Brokerage Act.

In addition, in accordance with the Act on Financial Settlements, long-term leasehold deposits (¥304 million) have been pledged as collateral.

2. Accumulated depreciation of property and equipment: ¥2,024,326 million

3. Contingent liabilities

Guarantees of borrowings from financial institutions by employees are ¥57 million.

4. Loan commitment

Certain finance-related subsidiaries conduct a cash loan business. Unused credit balance related to loan commitment in the cash loan business is as follows.

Credit availability of loan commitment:	¥790,424 million
Outstanding balance:	¥44,002 million
<u>Unused credit balance</u>	<u>¥746,421 million</u>

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 records. Those subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other reasonable reasons.

5. Other

Government bonds and others held by Seven Bank, Ltd.

Seven Bank, Ltd., a consolidated subsidiary of the Company, holds government bonds and others to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These government bonds and others (including whose redemption at maturity is less than one (1) year) are recorded in “Investments in securities” in the Consolidated Balance Sheet due to the substantive nature of the restrictions.

Notes to Consolidated Statement of Changes in Net Assets

1. Items relating to total number of outstanding shares

(Thousands of shares)

Type	As of March 1, 2020	Number of shares increased	Number of shares decreased	As of February 28, 2021
Common stock	886,441	–	–	886,441

2. Items relating to total number of shares of treasury stock

(Thousands of shares)

Type	As of March 1, 2020	Number of shares increased	Number of shares decreased	As of February 28, 2021
Common stock	3,596	3	124	3,475

(Notes)

- The 3 thousand increase in the number of common stock in treasury stock was due to an increase of 3 thousand shares resulting from the purchase of odd-lot shares.
- The 124 thousand decrease in the number of common stock in treasury stock was due to a decrease of 123 thousand shares resulting from the delivery of the shares of the Company held by the BIP Trust and the ESOP Trust and a decrease of 0 thousand shares resulting from the sale of odd-lot shares.
- 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.

3. Items relating to cash dividends

(1) Dividend payments, etc.

Resolution	Type	Total amount of cash dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
May 28, 2020; Annual Shareholders' Meeting	Common stock	45,115	51.00	February 29, 2020	May 29, 2020
October 8, 2020; Board of Directors' meeting	Common stock	42,019	47.50	August 31, 2020	November 13, 2020
Total		87,134			

(Notes)

- The total amount of cash dividends determined by the resolution of the Annual Shareholders' Meeting held on May 28, 2020 includes ¥89 million 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 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 16th fiscal year but to be effective during the 17th fiscal year

At the Annual Shareholders' Meeting to be held on May 27, 2021, the following proposal for resolution will be presented for matters concerning common stock dividends.

- Total amount of cash dividends: ¥45,115 million
- Dividend per share: ¥51.00
- Record date: February 28, 2021

(iv) Effective date:

May 28, 2021

(Note)

The total amount of cash dividends includes ¥82 million of the dividends for the shares of the Company held by the BIP Trust and the ESOP Trust. Plans call for the dividends to be paid from retained earnings.

4. Items relating to share subscription rights at the end of the 16th fiscal year

Category	Breakdown of share subscription rights	Class of shares to be acquired upon exercise of the share subscription rights	Number of shares to be acquired upon exercise of the share subscription rights
The Company	15th share subscription rights issue	Common stock	3,000 shares
	17th share subscription rights issue	Common stock	3,000 shares
	19th share subscription rights issue	Common stock	3,000 shares
	20th share subscription rights issue	Common stock	1,000 shares
	21st share subscription rights issue	Common stock	3,000 shares
	22nd share subscription rights issue	Common stock	1,000 shares

Notes relating to financial instruments

1. Items relating to the status of financial instruments

For the management of surplus funds, the Group follows a basic policy of prioritizing safety, liquidity, and efficiency and limits the management of such funds to management through deposits with banks. The Group mainly raises funds through bank loans and bond issuance.

In addition, the Group uses derivative instruments to hedge the exposure to the risk of fluctuations in currency exchange rates regarding foreign currency-denominated asset and liability and hedge the exposure to the risk of fluctuations in interest rates regarding interest bearing debt as well as to optimize cash flows for future interest payments. The Group does not hold or issue derivative instruments for short-term trading or speculative purposes.

The Group's risk management is conducted pursuant to the "basic rules for risk management," stipulating which departments have overall control of each type of risk and which departments have overall control of general risk.

The Group reduces credit risk relating to notes and accounts receivable-trade, and leasehold deposits by continuously monitoring the credit ratings of business partners while undertaking due date control and balance control of notes and accounts receivable-trade for each business partner. Also, investments in securities are mainly shares and government bonds. In relation to these securities, the Group periodically checks market values and the financial standing of issuers while continuously reviewing the status of securities holdings in light of the Group's relationship with business partner companies. Foreign bonds are exposed to foreign currency exchange risk, which the Group hedges by utilizing currency swap contracts.

The Group uses forward exchange contracts to hedge the risk of currency exchange rate fluctuations in relation to certain notes and accounts payable-trade, that are denominated in foreign currencies. Further, among loans, short-term loans are mainly for fund raising related to sales transactions and M&As that use bridge loans, while long-term loans and bonds are mainly for fund raising related to capital investment and M&As. In relation to these loans, the Group undertakes comprehensive asset-liability management (ALM).

2. Items relating to the market values of financial instruments

The amounts recorded on the Consolidated Balance Sheet on February 28, 2021, the market values, and the difference between these amounts are as follows. Furthermore, notes have been omitted for minor items. Also, the following table does not include items for which market values are very difficult to determine. (Please see page 80 note 2.)

	Consolidated Balance Sheet (Millions of yen)	Market value (Millions of yen)	Difference (Millions of yen)
(1) Cash and bank deposits	2,189,152	2,189,152	–
(2) Notes and accounts receivable-trade	318,142		
Allowance for doubtful accounts*1	(3,458)		
	314,683	318,228	3,544
(3) Investments in securities	154,028	159,676	5,647
(4) Long-term leasehold deposits*2	258,381		
Allowance for doubtful accounts*3	(76)		
	258,305	266,268	7,963
Total assets	2,916,169	2,933,324	17,155
(1) Notes and accounts payable-trade	385,289	385,289	–
(2) Short-term loans	619,953	619,953	–
(3) Deposits received in banking business	741,422	741,503	80
(4) Bonds*4	631,917	634,060	2,143
(5) Long-term loans*5	509,339	521,734	12,394
(6) Deposits received from tenants and franchised stores*6	27,337	26,783	(553)
Total liabilities	2,915,260	2,929,324	14,063
Derivative instruments*7	2,192	2,192	–

(Notes)

*1. Net allowance (after deducting allowance for doubtful accounts for notes and accounts receivable-trade).

*2. Including current portion of long-term leasehold deposits.

*3. Net allowance (after deducting allowance for doubtful accounts for long-term leasehold deposits).

*4. Including current portion of bonds.

*5. Including current portion of long-term loans.

*6. Including current portion of deposits received from tenants and franchised stores.

*7. Net credit or liabilities arising from derivative instruments are shown.

Notes

1. Items relating to the method of calculation of the market value of financial instruments and derivative instruments

Assets

- (1) Cash and bank deposits

The relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

- (2) Notes and accounts receivable-trade

For notes and accounts receivable-trade with short settlement periods, the relevant book values are used because market values and book values are almost equivalent. The market value of items with long settlement periods is the present value, which is calculated by discounting the total of principal and interest by the corresponding yield on government bonds over the remaining period, making allowance for credit risk.

- (3) Investments in securities

For the market value of shares, exchange prices are used. For bonds, exchange prices or the prices shown by correspondent financial institutions are used.

- (4) Long-term leasehold deposits

The market value of long-term leasehold deposits is the present value, which is calculated by discounting future cash flows—reflecting collectability—by the corresponding yield on government bonds over the remaining period.

Liabilities

- (1) Notes and accounts payable-trade, (2) Short-term loans

The relevant book values are used because the short settlement periods of these items result in market values and book values being almost equivalent.

- (3) Deposits received in banking business

For demand deposits, the market value is regarded as the amount payable (book value) if demands were received on the consolidated balance sheet date. Time deposits are classified according to certain periods, and the market value of time deposits is the present value, which is calculated by discounting future cash flows. The discount rate used for this is the interest rate used when new deposits are received. For time deposits with short remaining periods (within one (1) year), the market value is the relevant book value because the market value approximates the book value.

- (4) Bonds

The market value of bonds that have market prices is based on these prices. The market value of bonds that do not have market prices is the present value, which is calculated by discounting the total of principal and interest to reflect the remaining period of the said bonds and an interest rate that allows for credit risk.

- (5) Long-term loans

The market value of long-term loans is the present value, which is calculated by discounting the total of principal and interest by the interest rate assumed to be applied if the same loan were to be newly taken.

- (6) Deposits received from tenants and franchised stores

The market value of deposits received from tenants and franchised stores is the present value,

which is calculated by discounting future cash flows by the corresponding yield on government bonds over the remaining period.

Derivative instruments

These are calculated based on the prices shown by correspondent financial institutions. Furthermore, because items such as forward foreign exchange contracts subject to the short-cut method are processed together with hedged accounts payable-trade and foreign currency-denominated bonds, the market values of such items are included in the market value of the corresponding notes and accounts payable-trade, or bonds.

2. Financial instruments for which market values are very difficult to determine

Classification	Consolidated Balance Sheet (Millions of yen)
Investments in securities* ¹	
Unlisted shares	12,617
Shares of subsidiaries and affiliates	31,197
Other	6,264
Long-term leasehold deposits* ²	88,240
Deposits received from tenants and franchised stores* ²	24,787

(Notes)

*1 These are not included in Assets “(3) Investments in securities” because they do not have market prices, and future cash flows with regard thereto cannot be estimated; therefore, it is very difficult to determine market values.

*2 These are not included in Assets “(4) Long-term leasehold deposits” and Liabilities “(6) Deposits received from tenants and franchised stores” because the timing of repayment cannot be reasonably estimated and it is very difficult to determine market values.

Notes concerning real estate for lease

Notes about real estate for lease have been omitted because the total amount thereof is considered immaterial.

Notes concerning per share information

1. Net assets per share: ¥3,022.68
2. Net income per share: ¥203.03

(Notes)

1. 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 issued at the end of the fiscal year, to calculate net assets per share. The total number of shares of treasury stock at the end of the fiscal year deducted for the computation is 1,624 thousand shares.

2. 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 fiscal year, to calculate net income per share. The average number of shares of treasury stock during the fiscal year deducted for the computation is 1,664 thousand shares.

Notes concerning significant subsequent event

Issuance of bonds

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

1. US Dollar-Denominated Senior Unsecured Notes Due 2022
 - (1) Amount: US\$ 1.5 billion
 - (2) Interest rate: 3-month U.S. dollar LIBOR, plus 0.45% per annum
 - (3) Issue price: 100.000% of the principal amount
 - (4) Maturity date: August 10, 2022
 - (5) Optional redemption date: August 10, 2021
2. US Dollar-Denominated Senior Unsecured Notes Due 2023
 - (1) Amount: US\$ 1.25 billion
 - (2) Interest rate: 0.625% per annum
 - (3) Issue price: 99.917% of the principal amount
 - (4) Maturity date: February 10, 2023
 - (5) Optional redemption date: February 10, 2022
3. US Dollar-Denominated Senior Unsecured Notes Due 2024
 - (1) Amount: US\$ 2.25 billion
 - (2) Interest rate: 0.800% per annum
 - (3) Issue price: 99.917% of the principal amount
 - (4) Maturity date: February 10, 2024
 - (5) Optional redemption date: February 10, 2022
4. US Dollar-Denominated Senior Unsecured Notes Due 2026
 - (1) Amount: US\$ 1.25 billion
 - (2) Interest rate: 0.950% per annum
 - (3) Issue price: 99.762% of the principal amount
 - (4) Maturity date: February 10, 2026
5. US Dollar-Denominated Senior Unsecured Notes Due 2028
 - (1) Amount: US\$ 1.0 billion
 - (2) Interest rate: 1.300% per annum
 - (3) Issue price: 99.687% of the principal amount
 - (4) Maturity date: February 10, 2028

6. US Dollar-Denominated Senior Unsecured Notes Due 2031

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

7. US Dollar-Denominated Senior Unsecured Notes Due 2041

- (1) Amount: US\$ 0.75 billion
- (2) Interest rate: 2.500% per annum
- (3) Issue price: 98.911% of the principal amount
- (4) Maturity date: February 10, 2041

8. US Dollar-Denominated Senior Unsecured Notes Due 2051

- (1) Amount: US\$ 1.25 billion
- (2) Interest rate: 2.800% per annum
- (3) Issue price: 99.617% of the principal amount
- (4) Maturity date: February 10, 2051

Other note

In the Consolidated Balance Sheet, Consolidated Statement of Income, Consolidated Statement of Changes in Net Assets, and Notes to Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

NON-CONSOLIDATED BALANCE SHEET (as of February 28, 2021)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	44,237	Current liabilities	605,194
Cash and bank deposits	625	Current portion of bonds	66,917
Prepaid expenses	1,017	Short-term loans	482,000
Accounts receivable, other	31,353	Short-term loans payable to subsidiaries and affiliates	32,006
Income taxes receivable	6,564	Lease obligations	3,732
Deposits held by subsidiaries and affiliates	3,504	Accounts payable, other	16,571
Other	1,172	Accrued expenses	712
Non-current assets	2,484,446	Income taxes payable	1,560
Property and equipment	7,278	Advance received	226
Buildings and structures	2,592	Allowance for bonuses to employees	555
Fixtures, equipment and vehicles	216	Allowance for bonuses to Directors and Audit & Supervisory Board Members	49
Land	2,712	Other	862
Lease assets	370	Non-current liabilities	511,114
Construction in progress	1,385	Bonds	460,000
Intangible assets	40,310	Long-term loans payable to subsidiaries and affiliates	9
Software	8,268	Lease obligations	7,840
Software in progress	21,859	Allowance for stock payments	2,414
Lease assets	10,180	Provision for loss on guarantees	32,476
Other	2	Deposits paid in subsidiaries	2,992
Investments and other assets	2,436,857	Deposits received from tenants	2,149
Investments in securities	36,326	Deferred income taxes	2,647
Stocks of subsidiaries and affiliates	2,382,108	Other	583
Prepaid pension cost	1,362	TOTAL LIABILITIES	1,116,309
Long-term leasehold deposits	3,868	NET ASSETS	
Deposits paid in subsidiaries and affiliates	10,000	Shareholders' equity	1,401,971
Other	3,190	Common stock	50,000
Deferred assets	652	Capital surplus	1,245,271
Bond issuance costs	652	Additional paid-in capital	875,496
		Other capital surplus	369,774
		Retained earnings	117,504
		Other retained earnings	117,504
		Retained earnings brought forward	117,504
		Treasury stock, at cost	(10,804)
		Accumulated gains from valuation and translation adjustments	10,999
		Unrealized gains on available-for-sale securities, net of taxes	10,999
		Subscription rights to shares	56
		TOTAL NET ASSETS	1,413,027
TOTAL ASSETS	2,529,336	TOTAL LIABILITIES AND NET ASSETS	2,529,336

NON-CONSOLIDATED STATEMENT OF INCOME (March 1, 2020 to February 28, 2021)

(Millions of yen)

Item	Amount	
Revenues from operations		
Dividend income	156,582	
Management consulting fee income	4,858	
Commission fee income	2,390	
Other	108	163,940
General and administrative expenses		35,699
Operating income		128,241
Non-operating income		
Interest income	509	
Dividend income	347	
Foreign exchange gains	523	
Other	87	1,467
Non-operating expenses		
Interest expenses	250	
Interest on bonds	1,105	
Other	318	1,674
Ordinary income		128,034
Special losses		
Loss on disposals of property and equipment	14	
Impairment loss	7	
Loss on valuation of stocks of subsidiaries and affiliates	65,456	
Provision for loss on guarantees	632	
Loss related to COVID-19	110	
Other	450	66,671
Profit before income taxes		61,362
Income taxes - current	(5,346)	
Income taxes - deferred	2,611	(2,734)
Net income		64,096

NON-CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS (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		
					Retained earnings brought forward			
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 absorption-type 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 absorption-type 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

Notes to Non-Consolidated Financial Statements

Notes concerning matters pertaining to significant accounting policies

1. Valuation basis and method for securities

(1) Stock of subsidiaries and affiliates:

Valued at cost by the moving-average method.

(2) Available-for-sale securities

Fair value is available:

Securities whose fair value is available are valued at the quoted market price prevailing at the end of the 16th 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 sales is determined using the moving-average method.

Fair value is not available:

Securities whose fair value is not available are valued at cost, determined using the moving-average method.

(3) Valuation basis and method for derivatives:

Valued at fair value.

2. Methods of depreciation for non-current assets

(1) Property and equipment (excluding lease assets):

Amortized using the straight-line method.

(2) Intangible assets (excluding lease assets):

Amortized using the straight-line method. Software for internal use is amortized using the straight-line method over a usable period of five (5) years.

(3) Lease assets

For depreciation of lease assets, a useful life is based on the duration of the lease period, and straight-line depreciation is applied with an assumed residual value of zero.

3. Methods of processing deferred assets

Bond issuance cost:

As a general rule, bond issuance costs are amortized using the straight-line method over the redemption period. However, if the amount is immaterial, such costs are expensed at their full cost as incurred.

4. Methods of accounting for allowances

(1) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated on the estimation of payment.

(2) 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 expected to be paid.

(3) Allowance for stock payments

Allowance for stock payments is provided to prepare for payments of stock benefits to directors and executive officers. The amount is based on the expected stock benefit payable at the end of the 16th fiscal year.

(4) Allowance for accrued pension and severance costs (Prepaid pension cost)

Allowance for accrued pension and severance costs is provided to prepare for payments of retirement benefits to employees. The amount is based on the estimated retirement benefit obligation and the estimated pension plan assets at the end of the 16th fiscal year. In calculating retirement benefit obligations, the estimated total retirement benefit obligation is allocated to the period up to the end of the 16th fiscal year on a benefit formula basis.

Actuarial differences are amortized on a straight-line basis over a certain period (ten (10) years) from the fiscal year following the fiscal year in which they arise, which is within the average remaining years of service of the eligible employees when the actuarial differences arise in a fiscal year.

(5) Provision for loss on guarantees

Provision for loss on guarantees is provided to cover losses related to guarantees offered to subsidiaries and affiliates. The estimated loss amount is recorded, taking into account the financial position and other factors of the guaranteed parties.

5. Significant hedge accounting methods

(1) Hedge accounting

In principle, hedging activities are accounted for by the deferred hedge method.

However, forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method.

(2) Hedge instruments and hedged items

Hedge instruments – Forward foreign exchange contracts

Hedged items – Bonds, Stocks of subsidiaries and affiliates

(3) Hedging policies

The Company has policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency exchange rates and interest rates, and optimizing future cash flow. The Company does not hold or issue derivative instruments for short-term trading or speculative purposes.

(4) Assessing hedge effectiveness

By comparing fluctuations in quotations of the hedge instruments and those of the hedged items, the hedge effectiveness is assessed quarterly based on their fluctuation amounts.

6. Other significant items that form the basis of the preparation of financial statements

(1) Accounting method related to retirement benefits

The method for accounting for unrecognized actuarial differences related to retirement benefits differs from that in the Consolidated Financial Statements.

(2) Accounting for consumption taxes, etc.

Consumption taxes, etc., are not included.

(3) Application of the consolidated taxation system

The Company has applied the consolidated taxation system.

(4) Adoption of tax effect accounting for the transition from the consolidated taxation system to the group tax sharing system

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

Supplementary information

(Performance-Based Stock Compensation Plan for Directors and Executive Officers)

The Company has introduced a performance-based and stock-based compensation plan for the Company's Directors (excluding non-executive Directors and Directors residing overseas) and executive officers (excluding executive officers residing overseas). An overview of the plan is described in "Supplementary Information" under "Notes to Consolidated Financial Statements."

Notes to Non-Consolidated Balance Sheet

- | | |
|--|-----------------|
| 1. Accumulated depreciation of property and equipment: | ¥4,713 million |
| 2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates
(excluding items listed elsewhere) | |
| (1) Short-term receivables: | ¥30,160 million |
| (2) Short-term payables: | ¥15,531 million |
| (3) Long-term payables: | ¥9,942 million |

Notes to Non-Consolidated Statement of Income

Items relating to transactions with subsidiaries and affiliates

(1) Operating transactions

Revenues from operations:	¥163,849 million
General and administrative expenses:	¥6,268 million

(2) Non-operating transactions:	¥3,166 million
---------------------------------	----------------

Notes to Non-Consolidated Statement of Changes in Net Assets

Shares of treasury stock at the end of the fiscal year Common stock 3,453,289 shares
(Note)

Shares of treasury stock at the end of the fiscal year include 1,624 thousand shares of the Company held by the BIP Trust and the ESOP Trust.

Notes regarding tax effect accounting

Deferred tax assets and deferred tax liabilities by cause of occurrence

Deferred tax assets

Allowance for bonuses to employees:	¥195 million
Accrued enterprise taxes and business office taxes:	¥26 million
Subscription rights to shares:	¥17 million
Tax loss carried forward:	¥5,144 million
Denial of impairment loss:	¥2,028 million
Valuation loss on subsidiaries' and affiliates' stock:	¥83,540 million
Allowance for stock payments	¥696 million
Provision for loss on guarantees:	¥9,945 million
Other:	¥297 million
<u>Sub-total:</u>	<u>¥101,893 million</u>
Less: Valuation allowance:	(¥99,267 million)
<u>Total:</u>	<u>¥2,625 million</u>

Deferred tax liabilities

Prepaid pension cost:	(¥417 million)
<u>Unrealized losses on available-for-sale securities, net of taxes:</u>	<u>(¥4,855 million)</u>
<u>Total:</u>	<u>(¥5,272 million)</u>
Deferred tax assets (liabilities), net:	(¥2,647 million)

Notes concerning non-current assets utilized through leases

Future lease payments for non-cancellable operating leases

Due within one year:	¥1,462 million
<u>Due after one year:</u>	<u>¥1,700 million</u>
<u>Total:</u>	<u>¥3,163 million</u>

Notes concerning transactions with related parties

Subsidiaries and affiliates, etc.

(Millions of yen)

Attribution	Name of company, etc.	Voting rights held by the Company (%)	Relationship with related party	Details of transaction	Amount of transaction (Note 5)	Account title	Year-end balance (Note 5)
Subsidiary	SEVEN & i Financial Center Co., Ltd.	Ownership Direct: 100	Deposit and borrowing of funds Concurrently serving corporate officers	Deposit of funds (Note 1)	1,490,501	Deposits held by subsidiaries and affiliates	3,504
				Interest on deposits (Note 1)	486	Deposits paid in subsidiaries and affiliates	10,000
				Borrowing of funds (Note 1)	368,500	Other current assets	21
				Interest on borrowed funds (Note 1)	102	Short-term loans payable to subsidiaries and affiliates	32,000
						Accrued expenses	0
Subsidiary	Seven-Eleven Japan Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Business management (Note 2)	3,136	Accounts receivable	26,000
				Operational consignment (Note 3)	835		
				Tax payment under consolidated taxation	48,676		
Subsidiary	Ito-Yokado Co., Ltd.	Ownership Direct: 100	Concurrently serving corporate officers	Operational consignment (Note 3)	1,176	Accounts receivable	292
Subsidiary	Seven & i Net Media Co., Ltd.	Ownership Direct: 100	—	Operational consignment	5,292	Accounts payable, other	962
Subsidiary	SEJ Asset Management & Investment Company	Ownership Direct: 25.4 Indirect: 74.6	Concurrently serving corporate officers	Underwriting of capital increase (Note 4)	832,925	—	—

(Notes)

1. Transactions are conducted based on interest rates for deposits to and loans from subsidiaries and affiliates that are determined reasonably by taking into account market interest rates.
2. Business management fees are determined proportionately according to the size of each subsidiary's business in line with the Group's rules.
3. Operational consignment fees are determined based on negotiations between the relevant parties.
4. With regard to underwriting of capital increase, the Company has fully underwritten the capital increase conducted by the subsidiary.
5. The amount of transaction does not include consumption taxes, etc. However, the year-end balance includes consumption taxes, etc.

Notes concerning per share information

1. Net assets per share:	¥1,600.21
2. Net income per share:	¥72.59

(Notes)

1. 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 issued at the end of the fiscal year, to calculate net assets per share. The total number of shares of treasury stock at the end of the fiscal year deducted for the computation is 1,624 thousand shares.
2. 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 fiscal year, to calculate net income per share. The average number of shares of treasury stock during the fiscal year deducted for the computation is 1,664 thousand shares.

Notes concerning significant subsequent event

None.

Other notes

In the Non-Consolidated Balance Sheet, Non-Consolidated Statement of Income, Non-Consolidated Statement of Changes in Net Assets, and Notes to Non-Consolidated Financial Statements, amounts or the like have been rounded down to the units indicated.

End

* This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the Japanese original shall prevail.