

Questions and Answers for the 18th Annual Shareholders' Meeting (Summary)

We appreciate the attendance of many of our shareholders at the 18th Annual Shareholders' Meeting. During the time allocated for questions and answers, we received the opinions and questions below from our shareholders. For ease of comprehension, we have summarized the important points.

Questioner 1

Q)

- Is there a possibility that the transfer of shares of Sogo & Seibu will be canceled?

A)

- We have continued various efforts for the regrowth of Sogo & Seibu since 2006. However, we have not been able to achieve a result. After discussions among the Group companies and the Board of Directors of the Company, we concluded that Sogo & Seibu would be in a better position to grow by taking new initiatives with a partner other than the Company. We decided to search for a partner that would continue the department store business of Sogo & Seibu and maintain the Sogo & Seibu brand, protect the employment of current employees of Sogo & Seibu to the extent possible and make steady reinvestments in the department store business, and that has the know-how to redevelop department stores that contribute to the redevelopment of the entire local communities, as the best owner. Thereafter, the Company entered into a share transfer agreement with Fortress. Currently, we are trying our best to form a consensus with landlords and local governments, etc., and at this moment, we have no plans to cancel the project.

Questioner 2

Q)

- Regarding the synergy effect between Seven-Eleven Japan and Ito-Yokado, I believe that initiatives need to be taken so that the synergies can be seen by consumers. Please provide us with information on these initiatives.

A)

- Seven-Eleven Japan has sales of more than 5 trillion yen, 67% of which is from the sale of food, and 24 % of such sale of food is from the sale of Seven Premium products. There are 1330 Seven Premium items, and Seven-Eleven Japan's ability to offer a larger number of items than its competitors is due to its strength of developing products by gathering together the know-how of persons in charge of merchandise development of each Group company, such as Seven-Eleven Japan, Ito-Yokado, and York-Benimaru. As a result, sales of Seven Premium items have increased significantly, an increase we believe could not have been achieved by Seven-Eleven Japan alone. In light of the changes in society in the future such as the aging population and an increase in single-person households, it would be important for consumers to be able to purchase "three fresh food categories" (*Seisen-Sanpin*) at Seven-Eleven stores near their homes, and we believe that synergies between supermarkets and convenience stores will become ever-more important.

Questioner 3

Q)

- I have been working as a franchise store owner of Seven-Eleven Japan for about 40 years, and in that time my gratitude for my customers and employees has grown even more, and I would like to express

my gratitude over the many years. You mentioned that the Company aims to be a sincere company, and I would like you to continue to make efforts each day.

A)

- Thank you for your heartwarming words. This year marks the 50th anniversary of Seven-Eleven Japan's foundation, and we attribute this to the assistance of its franchise store owners, business partners, customers, employees, and its other stakeholders. We will make efforts in the next 50 years, aiming to resolve social issues and to create economic value at the same time, and we ask for your continued support.

Questioner 4

Q)

- I believe that Ito-Yokado's prepared meals and online supermarket service can be further improved.
- Please provide us with the late Honorary Chairman Masatoshi Ito's teachings, and how you will lead the Group companies in the future.

A)

- Ito-Yokado did not have the infrastructure, such as central kitchens and process centers, that are necessary for the supply of original merchandise and high-added value products that would satisfy customers. Ito-Yokado has been working on fundamental reforms by sharing the knowledge and know-how of the Group companies. In regard to its online supermarket service, Ito-Yokado will promote the development of distribution centers in order to provide products and services that meet the needs of more customers who use its online supermarket service.
- Since I joined the Company, I learned a lot under the tutelage of the late Honorable Chairman while he was alive, and I take the late Honorable Chairman's words, "trust and sincerity", to heart. I believe that the most important thing is for all officers and employees to perform their day-to-day work while keeping in mind that we must be a trusted company, based on his conservative saying that "customers are not willing to visit our stores, business partners are not willing to sell us their products, and banks are not willing to lend us money" if we are not sincere enough.

Questioner 5

Q)

- On a recruiting poster at a nearby supermarket of the Group, the amount of the hourly wage stated on the poster appears to be the minimum hourly wage. Please provide us with your thoughts on this.

A)

- The hourly wage for part-timers working at stores is determined by each store and is based on the circumstances in the area and the management conditions. To enable employees to focus their energy on work that can be performed only by human, we would like to create a system in which work can be dealt with more efficiently by a smaller number of employees by utilizing new systems such as self-checkouts, smartphone registration, and AI orders, to increase their wages accordingly.

Questioner 6

Q)

- As a franchise store owner, I believe that Seven-Eleven Japan's introduction of AI orders is important to save employees' time, and I have been thus proactively using it at my store. Please provide us with details of how it has been effective.
- Please provide us with the Company's future DX/IT policies.

A)

- In Seven-Eleven Japan's AI orders, the learning process is ongoing, and we found them effective. AI orders were deployed across stores in Japan in March of this year, and despite a short learning period,

there has been a decrease in the number of out-of-stock items, an increase in sales, and a reduction in order times. Seven-Eleven Japan is now using AI orders for daily products only in limited areas, and we believe that if AI orders prove to be even more effective in the future, the amount of time saved thereby can be used for other work.

- Seven-Eleven Japan has been seeking new business and improved work efficiency by unifying the information of stores, customers thereto, and 7iD members and sharing such information among stores, headquarters, and its business partners. In addition, Seven-Eleven Japan has been investigating to create something effective by utilizing generative AI and data at its headquarters, giving due attention to security issues relating to utilizing generative AI.

Questioner 7

Q)

- Please tell us how Seven-Eleven Japan intends to deal with loss from disposal and food loss.

A)

- Together with the Japan Franchise Association and relevant agencies and ministries, we have been rolling out activities such as “*Temaedori* activities” on an industry-wide basis. In addition, we are changing manufacturing processes at factories to eliminate human touch of products to extend the freshness of products, and increasing the number and types of chilled products. We also expect that we will be able to reduce loss from lost opportunities and loss from disposal simultaneously if the introduction of AI orders is effective, and we would like to contribute to issues concerning food loss through such methods.

Questioner 8

Q)

- There is something like server racks under the passages at the head office; if they are indeed server racks, this could pose an information security risk. I believe that placing servers underground is also a risk. Could you tell us whether an internal audit is being conducted on information security?

A)

- The servers are never left unlocked or in a form in which they can be removed by unauthorized persons. If a risk is detected through an inspection, we immediately take action to resolve the issue. With respect to the security management system, the Company, as well as each of the operating companies, comprehensively confirms, on an annual basis, whether the prescribed system and operations are in compliance. If any issues are detected, the issues are resolved in collaboration with the Company’s security-related department. Our security management system is constructed and operated based on rules that meet global standards; however, if any issues are detected as mentioned, we undertake an investigation to resolve it.

Questioner 9

Q)

- I think that the taste of Seven-Eleven Japan’s rice balls has not been good recently. There seem to be fewer rice ball products wrapped in seaweed in comparison with those of your competitors; please provide us with an explanation.

A)

- Seven-Eleven Japan performs taste tests of its own products, as well as those of its competitors, and evaluates them, including their prices, on a regular basis. People’s sense of taste varies; many people evaluate our products highly, while others say that our competitors’ products taste better. We adopt a product strategy of aiming to satisfy most of our customers; at the same time we strive, on a daily basis, to satisfy more customers by preparing products for which the balance between the price and

the taste/amount are different. We will sincerely listen to your opinion above, consider it as an opportunity for improvement, and continue to make further efforts.

- We believe that we need to improve the taste of our products; we would greatly appreciate it if you could let us know your view later in more detail so that we can make future improvements.

Questioner 10

Q)

- I have read shareholder proposal Item No. 5 in detail, and I think that the proposing shareholder's assertions are reasonable. On page 44 of the Convocation Notice, it states that the shareholder proposal includes various misrepresentations; please explain the details of such "misrepresentations".

A)

- The shareholder proposal's points such as "the Board of Directors requested that the status quo be maintained" or "the Board of Directors take the conglomerate structure as given" are, we believe, based on a misunderstanding of the facts.

Questioner 11

Q)

- I am satisfied with your presentation today and the guidelines regarding future growth. I would like the Company to continue to act dynamically and to become a company with an "invigorating" image.

A)

- We believe that it was only possible for Seven-Eleven Japan to celebrate its 50th anniversary this year with your cooperation. We ask you, our shareholders, franchisees, and business partners to provide us with your continued cooperation for the next 50 years.

End.