

[Translation]

June 5, 2024

Questions and Answers for the 19th Annual Shareholders' Meeting (Summary)

We appreciate the attendance of many of our shareholders at the 19th Annual Shareholders' Meeting. During the Q&A session, we received opinions and questions below from our shareholders. For the sake of easy understanding, we have summarized the important points.

Questioner 1

Q)

- I would like to ask about 7-Eleven's new concept store, the "SIP store." I have been informed that the concept is something similar to a combination of a supermarket and a convenience store. When I went to the store, I had the impression that the prices were relatively high. I would like to know the price strategy behind this.

A)

- 50 years have passed since the first 7-Eleven store commenced its operations, and the 7-Eleven store business has grown to its current size by offering convenience of location which saves time, as well as offering delicious and high-quality product. However in recent years, the low birthrate, aging and declining population has led to an diverse needs in areas closer to where consumers live. In order to respond to these needs, the "SIP store" carries an increased diversity in product, numbering 5,200 items by utilizing our group's synergy, while existing 7-Eleven stores carry approximately 3,000 items, and thereby achieving higher than expected sales. Although there were concerns that the gross profit would be less than that of existing stores due to the increased number of items, we have been able to operate the store without a decrease in gross profit by increasing our offering of fast food and freshly prepared products. We aim to develop stores that satisfy the needs of our local customers while distinguishing such stores from mini-supermarkets.

Questioner 2

Q)

- The Company has adopted the policy of splitting roles among Board Chair and CEO. What is your thought behind this resolution?

A)

- Our understanding is that splitting roles among Board Chair and CEO has been commonly observed not just overseas, but also in Japan. Having an outside director serve as the Chairperson of the Board of Directors would increase transparency and objectivity in terms of decision-making and management decisions, and enhance corporate governance. On the other hand, on the executive side, the CEO can concentrate on business execution.

Questioner 3

Q)

- There are issues of aging 7-Eleven franchisees and lack of successors, and also a lack of new younger potential franchisees. What measures is the headquarters considering?

A)

- 95% of the agreements with 7-Eleven franchisees have been renewed, and the renewal rate is gradually increasing. This is because the majority of franchisees are happy to have joined the 7-Eleven franchise group. We are considering having nearby franchisees take over stores with no successors. Currently, a number of existing franchisees wish to manage several stores, and we firmly believe that we will not experience a situation where there will be a shortage of franchisees.

Questioner 4

Q)

- Securing performance assistants ("*Rikou-hojosya*") who assist 7-Eleven franchisees is becoming an issue. There are people who wish to become franchisees, but unable to do so because they are unable to secure performance assistants for family or other reasons. What is the Company's view on this issue?

A)

- Because 7-Eleven stores' operating hours are basically 24 hours, 365 days, which makes it difficult for a franchisee to secure stable operation alone, in principle, we ask our franchisees to operate their stores through the efforts of two people, the franchisee and a performance assistant. However, there are franchisees who have difficulty doing so for family or other reasons, and we are currently internally deliberating the measures to be taken. We hope to reach a conclusion as soon as possible, and to propose a management method suitable for this generation.

Questioner 5

Q)

- I believe that the corporate governance structure of the Board of Directors has improved in the past few years. However, I would like the Company to consider appointing investment expertise as directors from the next fiscal year onward.

A)

- We believe that the composition of directors is well-balanced, with the current directors, particularly outside directors, having extremely diverse experience and expertise. We make efforts to actively listen to investors voice and reflect to our group management as appropriate in a timely and appropriate manner, and hold approximately 600 meetings annually with investors. In addition, by taking into consideration investors' requests or other opinions, we ask outside directors to participate in discussions with investors. We also make efforts to pass investors' opinions to the Board of Directors to improve management. We will also continue considering our best board composition to adapt to the rapidly changing business environment

Questioner 6

Q)

- Domestic convenience store sales, which is one of the Company's core sources of profit, have been increasing by more than approximately 2% annually. When the minimum wage increased by 3% and 4% last year and the year before, respectively, it still is extremely difficult for franchisees to respond to the increasing wages of their employees even if profit of franchise has increased by 2%. I would like the Company to explain the measures the Company will take to enable franchisees to respond to the increasing wages of their employees in such circumstances, such as by reducing the amount that franchisees are required to pay to the headquarters as an appropriate distribution of their profits.

A)

- Although reducing the amount that franchisees are required to pay to the headquarters would temporarily increase franchisees' profits, we believe that the headquarters is responsible for

increasing future sales and profits of franchisees in the mid to long-term, by continuing to make investments for franchisees. Naturally, this includes investments related to new stores, and also continued investments that aim to increase the sales and productivity of existing stores, such as through changing their layouts, facilities, or systems. As a result of such investments, the productivity of existing stores has improved, and the profit per store is continuing to increase. Further, we have reduced the amount that franchisees are required to pay to the headquarters twice in the past ten years. We believe our biggest responsibility is to design measures that will lead to sustainable growth and increased profit for franchisees.

Questioner 7

Q)

- All Ito-Yokado stores have withdrawn from Fukushima. Overall, many locals said that it was “disappointing” and “sad.” Personally, I calmly accepted the situation, and believe that it was inevitable. I feel that even the existence of Ito-Yokado is being questioned. I would like to hear the Company’s thoughts on the future outlook of Ito-Yokado.

A)

- Despite our efforts to improve Ito-Yokado under concept of offering all the necessity of life as a general merchandising store, its performance has been declining over the past 30 years. We reflect the management during these years as financial distribution was broad and shallow, resulting in a high-cost structure. For this, we have made the decision to focus on “food” and concentrate the stores in the Tokyo metropolitan area in order to make drastic changes with unwavering determination. This resulted in withdraw in Fukushima, and we deeply regret that this caused inconvenience to our customers. Although we announced in March last year, that we intend to close 33 stores, operation of some stores will be taken over by other companies to minimize the impact on the local economy. With respect to Ito-Yokado, we believe that it is our greatest mission to achieve management goals by concentrating management resources in “food,” investing in infrastructure, and improving collaboration among the group.

Questioner 8

Q)

- You are making various efforts with respect to Denny’s. However, if the Company put more consideration into diversity of the additional services in morning meal, customers would be willing to order them even at slightly higher prices. I believe there is room to increase per-customer spending by taking such measures and would like the Company to take it into consideration.

A)

- We are grateful to you for pointing out issues that could be improved by your day-to-day use of Denny’s. Denny’s performance was hugely impacted by the COVID19 pandemic. In order to have regular customers return and to secure new Denny’s fans, we collaborated with chefs from popular restaurants and implemented promotional events targeting children, which were well-received by many customers. We see signs of a recovery in terms of performance. As regards morning menus, we take pride in the fact that it was Denny’s that pioneered the introduction of morning hours in the food service market in Japan and will positively consider your proposal.

Questioner 9

Q)

- The recent shortage of manpower and depletion of labor resources is too much to bear, and I have a feeling of fear, rather than a sense of crisis. I doubt whether the Company can really move ahead to a path of development and growth if this shortage of workforce continues. I

would like the Company to air TV commercials that contribute to promoting the image of 7-Eleven and securing necessary human resources.

A)

- We have two perspectives, macroscopic and microscopic, when approaching to workforce shortage issue. From a macroscopic perspective, we have saved labor and also the amount of work in various equipment over the last five years. We are promoting the introduction of self-checkout machines, taking into consideration the actual circumstances of each store. On the other hand, from a microscopic (i.e. individual stores) perspective, the most important issue is how we can prevent the resignations of franchisee employees. In order to resolve this issue, improvement of work environment is extremely important. At the headquarters, we have implemented educational and training programs for franchisee employees, and the retirement rate of franchisee employees who participated in these programs has significantly declined. Therefore, we will continue to focus on the implementation of educational and training programs for franchisee employees. In addition, we hold contests for customer service skills of franchisee employees nationwide. Those who ranked high in last year's contest had wonderful customer service skills; and a considerable number of people watched their skills on display. The retirement rate is low at franchisees where franchisee employees who ranked high in the contest are working. As such, taking into consideration the current labor force environment and the fact that the retail business is labor intensive, we cannot overcome this difficult situation without approaching this issue from both macroscopic and microscopic perspectives. We will make our best efforts to respond to these difficulties, together with our franchisees. In addition, we will consider your valuable opinion that we should air TV commercials that will contribute to securing necessary human resources.

Questioner 10

Q)

- You have stated that the Company will continue to respect human rights. I, as a shareholder, am not satisfied with this statement, which merely is an abstract expression.

A)

- We have taken note and appreciate your valuable opinion.

Questioner 11

Q)

- What kind of customer needs have been identified since starting operation of the "SIP store"? When does the Company intend to share this takeaway with franchisees.

A)

- Existing 7-Eleven stores carry an assortment of approximately 3,000 items; on the other hand, in the "SIP store," 5,200 items, which is more than 1.5 times the number of items displayed in existing stores. What we found from taking note of the best-selling items is that existing 7-Eleven stores are not meeting all of the daily shopping needs of target customers; we would like to promptly share what we have learned from the operation of the "SIP stores" with existing stores. In addition, there is high demand for eating hot and freshly cooked products. The most popular products sold through the "7NOW" delivery service also are hot and freshly cooked products for immediate consumption. We are currently developing these products exclusively for immediate consumption as we noticed that there also was a high volume of orders through the "7NOW" delivery service. In terms of "hot and freshly cooked," we are also conducting "mobile order" tests in addition to current "7NOW" delivery service and direct visit to the stores. If you order a product through the mobile order service shortly before you arrive at the store, your smartphone will receive a message stating that the ordered product will be ready in few

minutes, and when you get to the store at the notified time, your order will be ready. We are considering providing more convenient experiences such as those mentioned above. We will focus on considering and investing in such issues, including how to reflect what we learn through our efforts in the “SIP stores” in existing stores, the expansion of the “7NOW” delivery or mobile order service, and renovations necessary for these purposes. Further, we will invest in energy-saving measures as environment-related issues are crucial.

End.