



November 11, 2022

To whom it may concern:

Company Name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka
President & Representative Director
(Code No. 3382/Prime Market of the Tokyo Stock Exchange)

Notice Regarding Transfer of Subsidiary Shares and Resulting Change of Subsidiaries

Seven & i Holdings Co., Ltd. (“the Company”) hereby announces that it has resolved to enter into an agreement (the “Agreement”) to transfer all of the issued shares (the “Shares”) of Sogo & Seibu Co., Ltd. (“Sogo & Seibu”) held by the Company to a special purpose company which is a related entity of Fortress Investment Group LLC (together with its related entities, collectively, “Fortress”) Sugi Godo Kaisha (the “Transferee Company”) (the “Transfer”) at a meeting of its Board of Directors held today, and that the Company entered into the Agreement today.

1. Purpose of the Transfer

The Company made Millennium Retailing, Inc. (currently, Sogo & Seibu) its wholly-owned subsidiary in June 2006, and has since continued various efforts to develop Sogo & Seibu’s department store business and to enhance the Company’s corporate value through group synergies generated between the Company Group companies’ businesses and Sogo & Seibu’s department store operations.

However, the environment surrounding the retail industry in Japan has undergone significant changes which have accelerated with the expansion of COVID-19, resulting in changes in activities and lifestyle values of customers. Combined with impact from the upward trend of stay-at-home consumption and the increase in direct online purchases relative to in-store expenditure, the business environment of department stores has become more difficult year after year.

Under these circumstances, the Company has reviewed its business portfolio and accelerated actions towards optimal management, as expressed in the “Medium-Term Management Plan 2021-2025” announced in July 2021 and the Management Message “To Become a World-Class Global Retailer Group” announced in April 2022. Through this process, the Company has determined that it is difficult to maximize the value provided by Sogo & Seibu’s department store operations to customers and business value through structural business reform using the Company Group’s management resources. The Company has thus been searching for the best owner that can promote the growth and efficiency of Sogo & Seibu.

The Company engaged in discussions with Fortress as part of examining every option in its strategic

review of Sogo & Seibu, and has determined that Fortress, one of the world's largest real estate investment fund operators with real estate business expertise, turnaround experience, and financial power, will contribute towards a more profitable operation of Sogo & Seibu's department stores as well as the promotion of growth and efficiency of Sogo & Seibu by maximizing the value of its real estate assets. Additionally, for the Company, the retention of Sogo & Seibu's employees is an important factor in its consideration of the best owner for Sogo & Seibu, and after our decision that Fortress meets this consideration factor, the Company has decided to conduct the Transfer. Fortress, together with Yodobashi Holdings Co., Ltd. as its business partner, will strive to maximize Sogo & Seibu's corporate value. In particular, Fortress supports Sogo & Seibu's business strategy of optimizing the tenant and product mix, enhancing operational efficiency and cost reduction to improve the profitability of its department store business. Fortress, to further expand the business base of Sogo & Seibu, intends to discuss from now with Sogo & Seibu on the specific department store business operation policy after the Transfer and to realize the potential value of Sogo & Seibu to its maximum through optimization of its profit structure and effective utilization of its real estate.

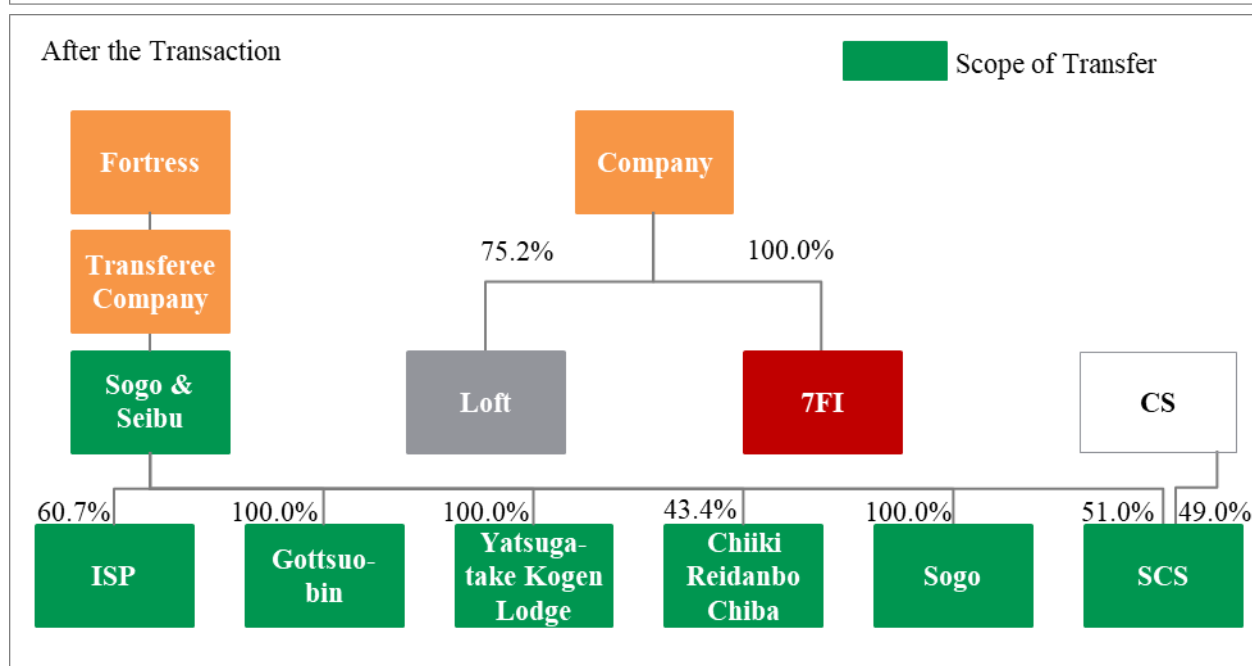
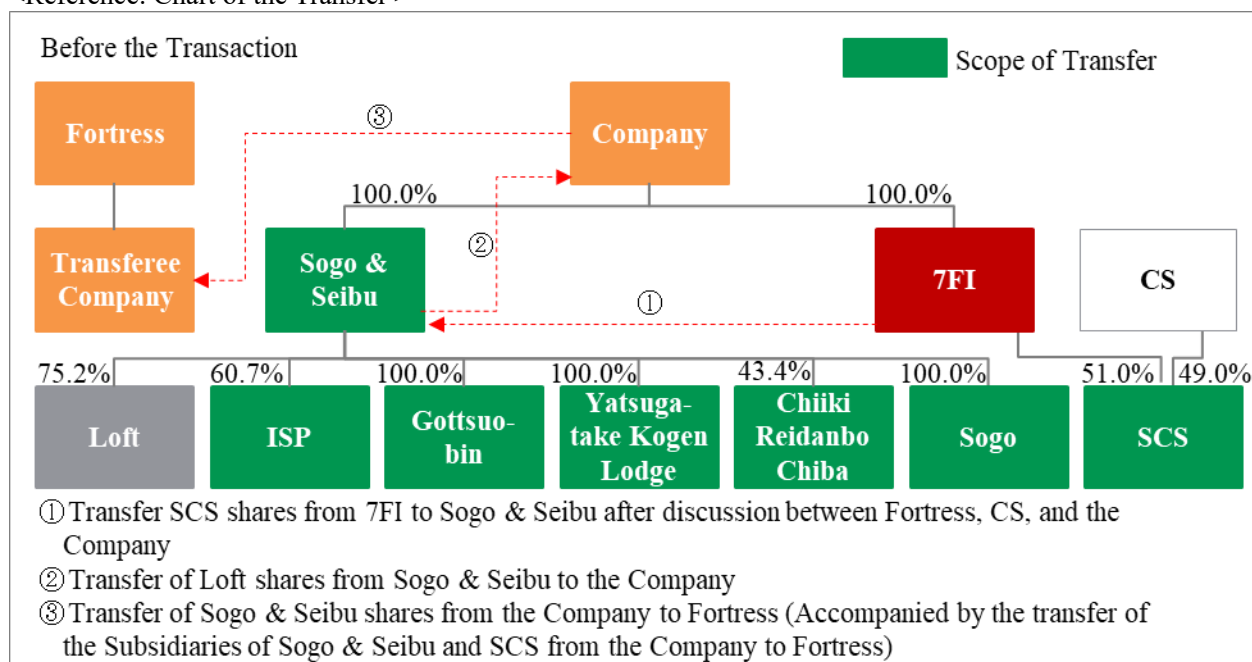
The Company, by conducting the Transfer, will re-invest the Company Group's management resources in further growth areas and enhance shareholder returns, furthering its advance in its global growth strategies with Seven-Eleven at its core.

2. Outline of the Transfer

The Company will transfer the Shares to the Transferee Company after the conditions set are met. Additionally, prior to the Transfer, the Company is planning the following relevant transactions, and as a result of the Transfer, Ikebukuro Shopping Park Co., Ltd. ("ISP"), Gottsuobin Co., Ltd. ("Gottsuobin"), Yatsugatake Kogen Lodge Co., Ltd. ("Yatsugatake Kogen Lodge"), District Heating and Cooling Chiba Co., Ltd. ("District Heating and Cooling Chiba"), and Sogo Co., Ltd. ("Sogo") (collectively, "Subsidiaries of Sogo & Seibu"), as well as Seven CS Card Service Co., Ltd. ("SCS") if the action outlined as (i) below is conducted, will also cease to be the Company's subsidiaries.

- (i) Subject to certain conditions, all shares held in SCS, a consolidated subsidiary of the Company, 51.0% of whose issued shares are held by Seven Financial Service Co., Ltd. ("7FI"), a wholly-owned subsidiary of the Company, will be transferred to Sogo & Seibu either before the Transfer or during a period of four months after the Transfer upon discussions between three companies; i.e., Fortress, Credit Saison Co., Ltd. (holding 49.0% of the issued shares of SCS; "CS"), and the Company.
- (ii) All shares held in THE LOFT CO., LTD. ("Loft"), 75.2% of whose issued shares are held by Sogo & Seibu, will be transferred to the Company before the Transfer.

<Reference: Chart of the Transfer >



(Note) The voting right percentage ratio shown in the chart of the Transfer above is calculated based on the number of issued shares for each company minus the number of treasury shares.

3. Outline of the companies

Outline of the subsidiary to be changed (Sogo & Seibu) (as of February 28, 2022):

(i) Company name	Sogo & Seibu Co., Ltd.
(ii) Location of the office	1-18-21 Minami-Ikebukuro, Toshima-ku, Tokyo (as of May 30, 2022)
(iii) Title and name of representative	Takuji Hayashi, President and Representative Director
(iv) Date of incorporation	May 21, 1969

(v) Details of business	Department store business, and operation of shopping centers, large-scale commercial facilities, etc.			
(vi) Fiscal year end	February			
(vii) Number of employees	4,549 (including 2,414 part-time workers)			
(viii) Number of stores	10 stores			
(ix) Stated capital	20.5 billion yen			
(x) Total number of shares issued	110,414,242 shares			
(xi) Net sales	446.9 billion yen (FY2022)			
(xii) Shareholders and their percentage holdings	Seven & i Holdings Co., Ltd. 100%			
(xiii) Relationship between the Company and Sogo & Seibu	Capital relationship	Sogo & Seibu is a wholly owned subsidiary of the Company		
	Personnel relationship	A total of three officer(s) and employee(s) of the Company concurrently serve as Sogo & Seibu officers. Additionally, a total of three officer(s) and employee(s) of Sogo & Seibu concurrently serve as the Company Group officers. (Note)		
	Business relationship	There is a business relationship between the Group and Sogo & Seibu, such as management guidance agreement and borrowing of funds.		
	Status as related party	Sogo & Seibu is a consolidated subsidiary of the Company and constitutes a related party.		
(xiv) Financial status and business performance from the last three fiscal years				
	Fiscal year	FY2019	FY2020	FY2021
	Net assets	61,233 million yen (136,776 million yen)	44,781 million yen (122,489 million yen)	64,165 million yen (115,427 million yen)
	Total assets	337,000 million yen (627,673 million yen)	344,154 million yen (613,129 million yen)	434,045 million yen (583,315 million yen)
	Net assets per share	559.39 yen	405.57 yen	581.13 yen
	Operating revenue	600,148 million yen (638,859 million yen)	440,484 million yen (473,666 million yen)	456,842 million yen (488,106 million yen)
	Operating income	172 million yen (5,761 million yen)	(6,691) million yen ((1,179) million yen)	(3,527) million yen (1,051 million yen)
	Ordinary income	(858) million yen (3,368 million yen)	(8,148) million yen ((3,375) million yen)	(5,530) million yen ((1,188) million yen)
	Net income	(7,526) million yen ((4,868) million yen)	(17,239) million yen ((14,478) million yen)	(8,826) million yen ((6,302) million yen)

Net income per share	(68.75) yen	(156.35) yen	(79.94) yen
Dividends per share	-	-	-

(Note) The three officer(s) and employee(s) of the Company who concurrently serve as Sogo & Seibu officers will resign from their posts as officers of Sogo & Seibu by February 1, 2023, which is the scheduled date of the Transfer. Additionally, the three officer(s) and employee(s) of Sogo & Seibu who concurrently serve as the Company Group officers will resign from their posts as officers of the Company Group by February 1, 2023, which is the scheduled date of the Transfer.

(*) Sogo & Seibu, which is the subject of the Transfer, has ISP, Gottsuobin, Yatsugatake Kogen Lodge, District Heating and Cooling Chiba, and Sogo as its subsidiaries and will make SCS its subsidiary; however, it has not prepared consolidated management indicators. Therefore, the above table shows individual management indicators and simple total amounts with these subsidiaries (including SCS) in parentheses.

Outline of the Transferee Company:

(i)	Company name	Sugi Godo Kaisha	
(ii)	Location of the office	c/o EP Consulting Services Corp., 1-1-1, Nishishimbashi, Minato-ku, Tokyo	
(iii)	Title and name of representative	Masayuki Meguro, Executive Officer (<i>Shokumu Shikkou Sha</i>) of Sugi General Incorporated Association (<i>Ippan Shadan Hojin</i>)	
(iv)	Date of incorporation	May 18, 2022	
(v)	Details of business	Investment in, holding of, and management of securities, including shares	
(vi)	Stated capital	100,000 yen	
(vii)	Net assets	N/A	
(viii)	Total assets	N/A	
(ix)	Equity holders and their percentage holdings	Sugi Holdings I LLC 99.99% Sugi General Incorporated Association 0.01%	
(x)	Relationship between the Company and the Transferee Company	Capital relationship	There is no capital relationship of note between the Company and the Transferee Company. There is also no capital relationship between the related parties and affiliates of the Company and the related parties and affiliates of the Transferee Company.
		Personnel relationship	There is no personal relationship of note between the Company and the Transferee Company. There is also no personal relationship between the related parties and affiliates of the Company and the related parties and affiliates of the Transferee Company.
		Business relationship	There is no business relationship of note between the Company and the Transferee Company. There is also no business relationship between the related parties and affiliates of the Company and the related parties and affiliates of the Transferee Company.

	Status as a related party	The Transferee Company is not a related party of the Company. The related parties and affiliates of the Transferee Company are also not related parties of the Company.
--	---------------------------	---

4. Number of shares to be transferred, transfer price, and status of shares held before and after the Transfer

(i)	Number of shares held before the Transfer	110,414,242 shares (voting right ownership ratio: 100%)
(ii)	Number of shares to be transferred	110,414,242 shares (voting right ownership ratio: 100%)
(iii)	Transfer price	The transfer price will be determined based on the enterprise value of 250 billion yen, and adjusted in relation to net debt and net working capital of Sogo & Seibu and Subsidiaries of Sogo & Seibu, as well as dividends paid by SCS.
(iv)	Number of shares held after the Transfer	0 shares (voting right ownership ratio: 0.0%)

5. Schedule

Execution date of the agreement	November 11, 2022
Execution date of the Transfer	February 1, 2023 (planned)

6. Future outlook

The Company is currently assessing the impact of the Transfer on the consolidated business forecast for FY2022. Any matter arising in the future that should be disclosed will be announced promptly by the Company.

End