

7&i's History of Constructive Engagement with ACT

On July 25, 2024, 7&i received an unsolicited, non-binding proposal from ACT at a per share price of US\$14.86 per ordinary share, with no reference to antitrust challenges. Since then, 7&i has consistently engaged in a constructive manner with ACT, focused on exploring the possibility of reaching a viable deal. **ACT repeatedly refused to constructively address the real and relevant regulatory hurdles until February 2025.**



7&i's Good-Faith Engagement

August 8, 2024

- Immediately formed Special Committee (SC) to review offer
- **Creating the SC was not required by Japanese law but is in line with governance best practices**

September 6, 2024

- SC meticulously reviewed proposal over five meetings, and the Board announced its conclusions that it:
 - Grossly undervalued the company
 - Did not adequately acknowledge U.S. regulatory challenges
 - Did not address the crucial role that 7&i plays in everyday life in Japan
- **Expressed openness to consider further proposals**

October 4, 2024

- SC carefully reviewed ACT's second offer submitted on September 19 over two meetings
- **Asked ACT to discuss how the companies could address competition concerns**
- Requested that discussions be held prior to data sharing, given ACT is a significant competitor

October 16, 2024

- **Proactively shared draft non-disclosure agreement (NDA) and joint defense agreement (JDA) to advance discussions**
 - NDA would require suitable protections since the companies are competitors and were not aligned on a path toward a definitive agreement
 - JDA would enable the companies to exchange information specific to antitrust challenges and potential store divestitures

October 21, 2024

- Recognized that NDA discussions would slow down the process given ACT's resistance
- **To continue exploring deal, proposed that the companies start discussions with a JDA only**

November 30, 2024

- **During legal discussions, 7&i proposed three routes to regulatory approval:**
 - Clean sweep divestiture by ACT
 - ACT executing divestiture agreement with buyer of stores as a condition of 7&i signing acquisition agreement
 - ACT/7&i collaborating to map out viability of divestiture process by defining stores and identifying potential buyers
- **Requested that ACT provide concrete antitrust proposal**

January 11, 2025

- Held meeting with ACT to discuss transaction terms and operations policies after the transaction
- **Requested ACT to provide yen-based offer price and confirm the certainty of its financing**
- **Continued engaging to pursue potential solutions**

February 5, 2025

- **Remained interested in discussing a potential deal**
- Told ACT that it needed to discuss a divestiture agreement that could be executed concurrently with an acquisition agreement, to lower risk
- **Again, proposed signing NDA with suitable protections and jointly developing a divestiture plan**

February 18, 2025

- Agreed and exchanged relevant information
- **Remained focused on developing a potential divestiture package and coordinating outreach to potential buyers**

March 10, 2025

- Announced that ACT had finally agreed to collaboratively map out the viability of a divestiture process by identifying stores as well as potential buyers to ascertain viability of antitrust remedy



ACT's Resistance and Delays on Antitrust

September 19, 2024

- Sent revised non-binding proposal at a per share price of US\$18.19
- **Nearly two months after making its initial proposal**, ACT addressed U.S. antitrust issues for the first time and offered counsel-to-counsel discussions

October 18, 2024

- **Despite claiming to seek a "friendly" deal**, ACT deleted many provisions in the draft NDA and JDA that would be customary for a friendly deal and necessary for such a deal (e.g., standstill provision)

October 25, 2024

- **Three weeks after 7&i proposed antitrust discussions**, ACT agreed to proceed under JDA

December 27, 2024

- **Took nearly a month to respond**
- **Rejected clean sweep** proposed by 7&i that would have immediately resolved antitrust risk
- **Proposed insufficient solution** – offered to pursue spinning off or divesting certain number of U.S. stores, *only after* 7&i signed acquisition agreement
- **In the past 25+ years, there have been no retail gas divestitures approved that are even a quarter as many sites**

January 24, 2025

- Submitted third non-binding proposal at the same value but yen-denominated, in response to 7&i's request
- **Unwilling to revise insufficient solution** – acquisition agreement and viable divestiture agreement would *not* be executed concurrently, leaving 7&i in regulatory limbo for 2+ years

February 10, 2025

- Proposed that information be exchanged under the existing JDA

March 4, 2025

- With 7&i, drafted NDA for use in conducting outreach to potential buyers of the divestiture package
- Sent NDA to multiple potential buyers