



Consolidated Financial Results for the Third Quarter of FY2017

Overview of Consolidated Financial Results for the Nine Months Ended Nov. 30, 2016

| (Billions of yen) | Amount | YOY | Change from previous year |
|---|---------|--------|---------------------------|
| Group's total sales | 7,909.3 | 98.6% | (115.7) |
| Revenues from operations | 4,288.9 | 95.0% | (224.9) |
| Operating income | 274.0 | 105.0% | +12.9 |
| Ordinary income | 276.4 | 106.6% | +16.9 |
| Net income attributable to owners of parent | 75.5 | 60.2% | (49.9) |

Major factors for the change

| | |
|---|---|
| Revenues from operations | Yen appreciation (U.S.\$1= ¥120.98 → ¥108.57) Lower crude oil prices (retail price per gallon \$2.54 → \$2.13) |
| Operating income | Steady growth in Seven-Eleven Japan and York-Benimaru Improvement on Ito-Yokado Yen appreciation |
| Ordinary income | Improved equity in earnings of affiliates |
| Net income attributable to owners of parent | Restructuring expenses, Impairment loss on property & equipment, Amortization of goodwill, and Loss on disposals of property & equipment |

*Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees.

Operating Income by Business Segment for the Nine Months Ended Nov. 30, 2016

| (Billions of yen) | Amount | YOY | Change from previous year |
|--|------------------|----------|---------------------------|
| Consolidated operating income | 274.0 | 105.0% | +12.9 |
| Convenience store operations | 241.9 | 102.7% | +6.2 |
| Superstore operations | 12.3 | - | +11.9 |
| Department store operations [before amortization of goodwill] | (3.5) [(1.4)] | - [-] | (0.2) [(2.1)] |
| Food services | 0.2 | 31.8% | (0.5) |
| Financial services | 38.9 | 103.4% | +1.2 |
| Mail order services | (7.7) | - | (0.4) |
| Others | 3.1 | 83.1% | (0.6) |
| Eliminations / corporate | (11.4) | - | (4.6) |

Operating Income for Major Operating Companies for the Nine Months Ended Nov. 30, 2016

| (Billions of yen) | Amount | YOY | Change from previous year | Existing store sales increase |
|---|-----------------------|-------------------|---------------------------|-------------------------------|
| Seven-Eleven Japan | 187.1 | 103.9% | +7.0 | +1.6% |
| 7-Eleven, Inc. [in dollar basis] | 59.4 [\$ 547.2 mn] | 96.6% [107.6%] | (2.1) [+\$ 38.7 mn] | +2.7% |
| Ito-Yokado | (4.3) | - | +10.0 | (4.1)% |
| York-Benimaru (including Life Foods*1) | 13.3 | 110.8% | +1.3 | +1.0% ² |
| Sogo & Seibu | (1.7) | - | (1.9) | (3.2)% |

*1 Life Foods is a wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.

The combined operating income for York-Benimaru and Life Foods represents internal management reporting figures.

*2 Existing store sales increase figures for York-Benimaru non-consolidated base.

Overview of Special Losses for the Nine Months Ended Nov.30, 2016

| (Billions of yen) | Amount | Change from previous year | Major factors for the change |
|---|--------|---------------------------|---|
| Special losses | 106.9 | +78.2 | Increased mainly due to expansion of impairment losses, in addition to the recording of restructuring expenses and amortization of goodwill |
| Restructuring expenses | 15.1 | +11.1 | SS: 12.6 bn yen IY: 2.3 bn yen (Includes impairment losses 6.1 bn yen) |
| Impairment loss on property and equipment | 38.6 | +26.1 | Impairment losses related to stores IY: 15.5 bn yen SS: 12.0 bn yen |
| Amortization of goodwill | 33.4 | +31.5 | Impairment of goodwill related to the department store operations 33.4 bn yen |
| Loss on disposals of property and equipment | 14.0 | +5.7 | Increase due to the introduction of the Seventh-Generation Integrated Information System at SEJ, etc. |
| Reference | | | |
| Special losses [From Sep. 1 to Nov.30] | 18.8 | +9.6 | Loss on disposals of property & equipment at SEJ and early retirement benefit at SS, etc. |

(Note) SEJ: Seven-Eleven Japan, IY: Ito-Yokado, SS: Sogo & Seibu

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Consolidated Financial Results Forecasts for FY2017 (unchanged)

| (Billions of yen) | Amount | YOY | Change from previous year |
|---|----------|--------|---------------------------|
| Group's total sales* | 10,500.0 | 98.1% | (203.0) |
| Revenues from operations | 5,770.0 | 95.4% | (275.7) |
| Operating income | 353.0 | 100.2% | +0.6 |
| Net income attributable to owners of parent | 80.0 | 49.7% | (80.9) |

* Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees.
 Exchange rate [income statements]: U.S. \$1 = ¥106.00



Appendix

Convenience Store Operations: Results (1)

Seven-Eleven Japan

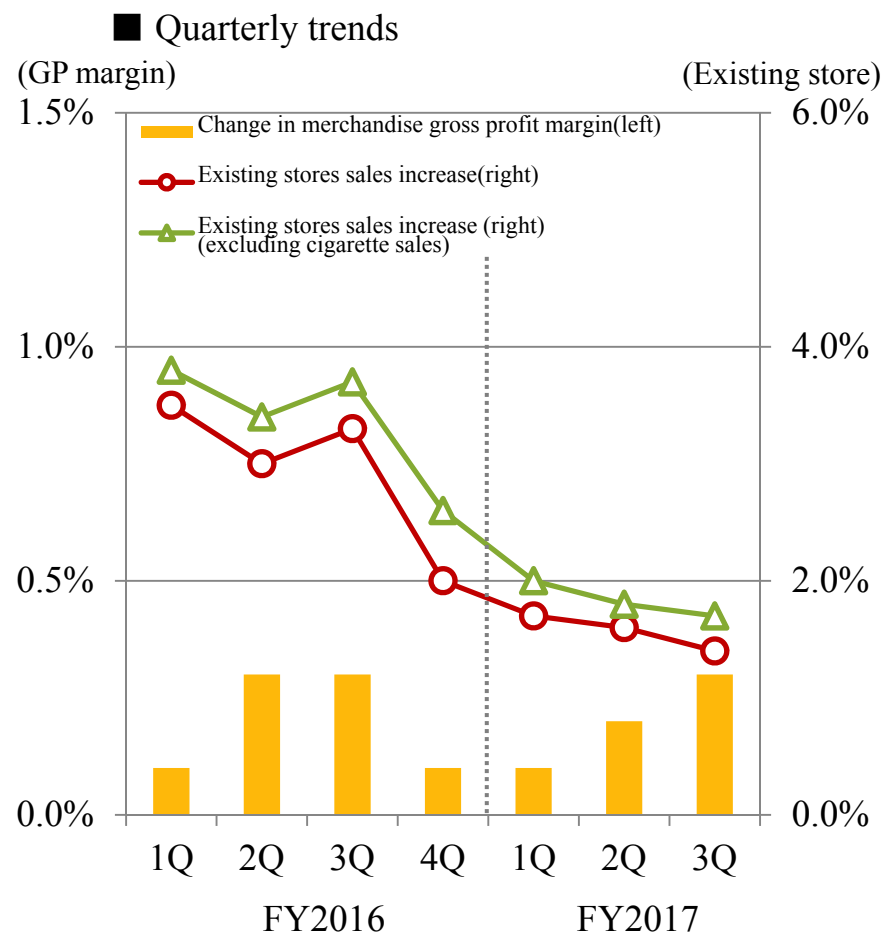


Record-high income for a sixth consecutive year resulted from increased existing store sales and improvement of gross profit margin

| | Results | YOY |
|---------------------------------|--------------|-----------------------|
| Operating income | 187.1 bn yen | 103.9% +7.0 bn yen |
| Existing store sales increase | +1.6% | |
| Merchandise gross profit margin | 31.8% | +0.2% |

Overview

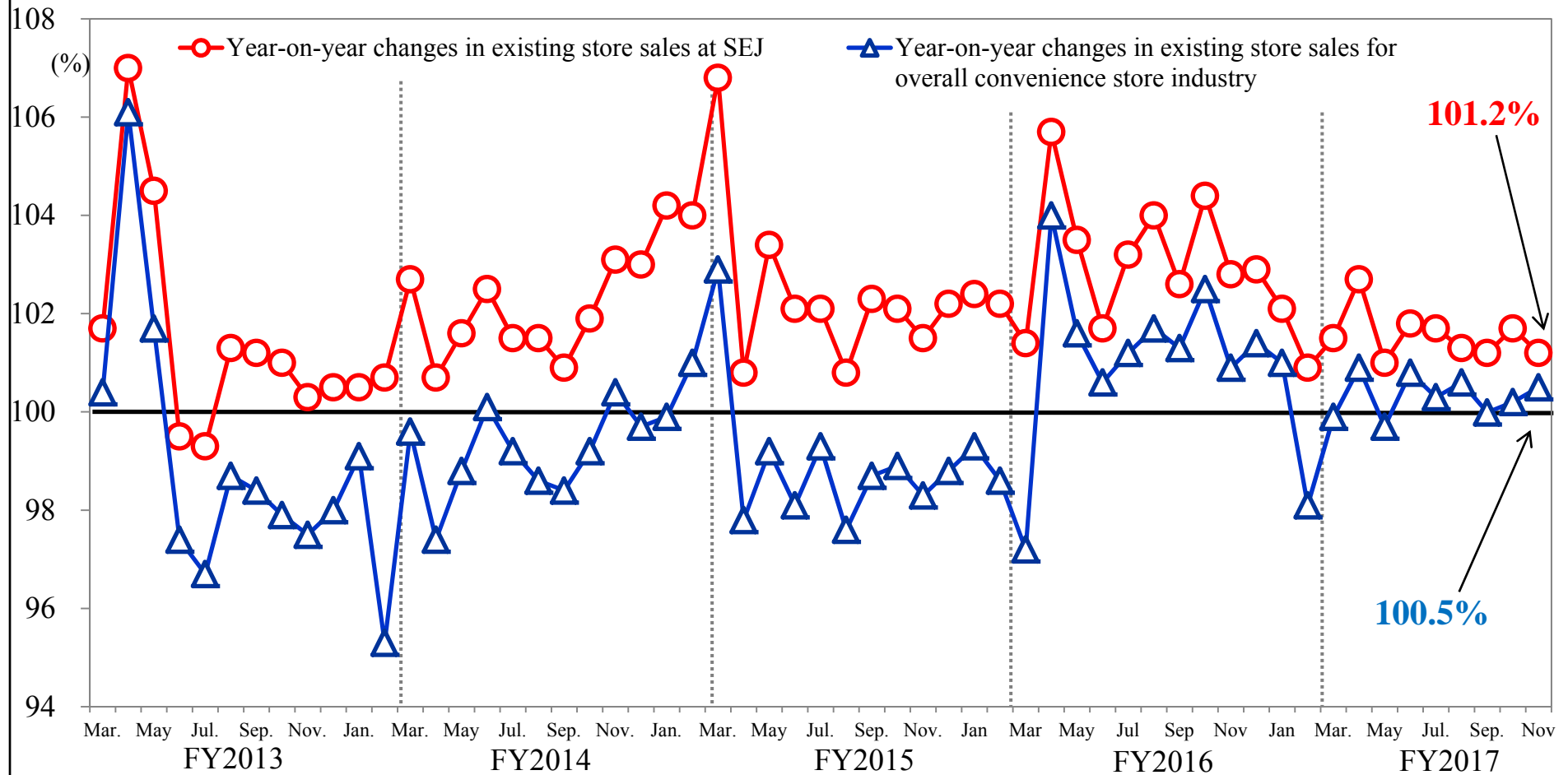
- Existing store sales: Increased sales due to further improvement of quality for standard products such as sandwiches and fryer foods, etc.
- Gross profit margin: Improved due to sales increase in renewed fryer foods and sandwiches, etc.
- Operating income: Achieved record-high operating income by driving growth in existing store sales and improving the gross profit margin, in addition to controlling growth in SG&A expenses



SEJ: Trend in YOY Changes in Existing Store Sales

● Rising 52 consecutive months, despite the negative impact of weather.

■ Trend in YOY changes in existing store sales at SEJ



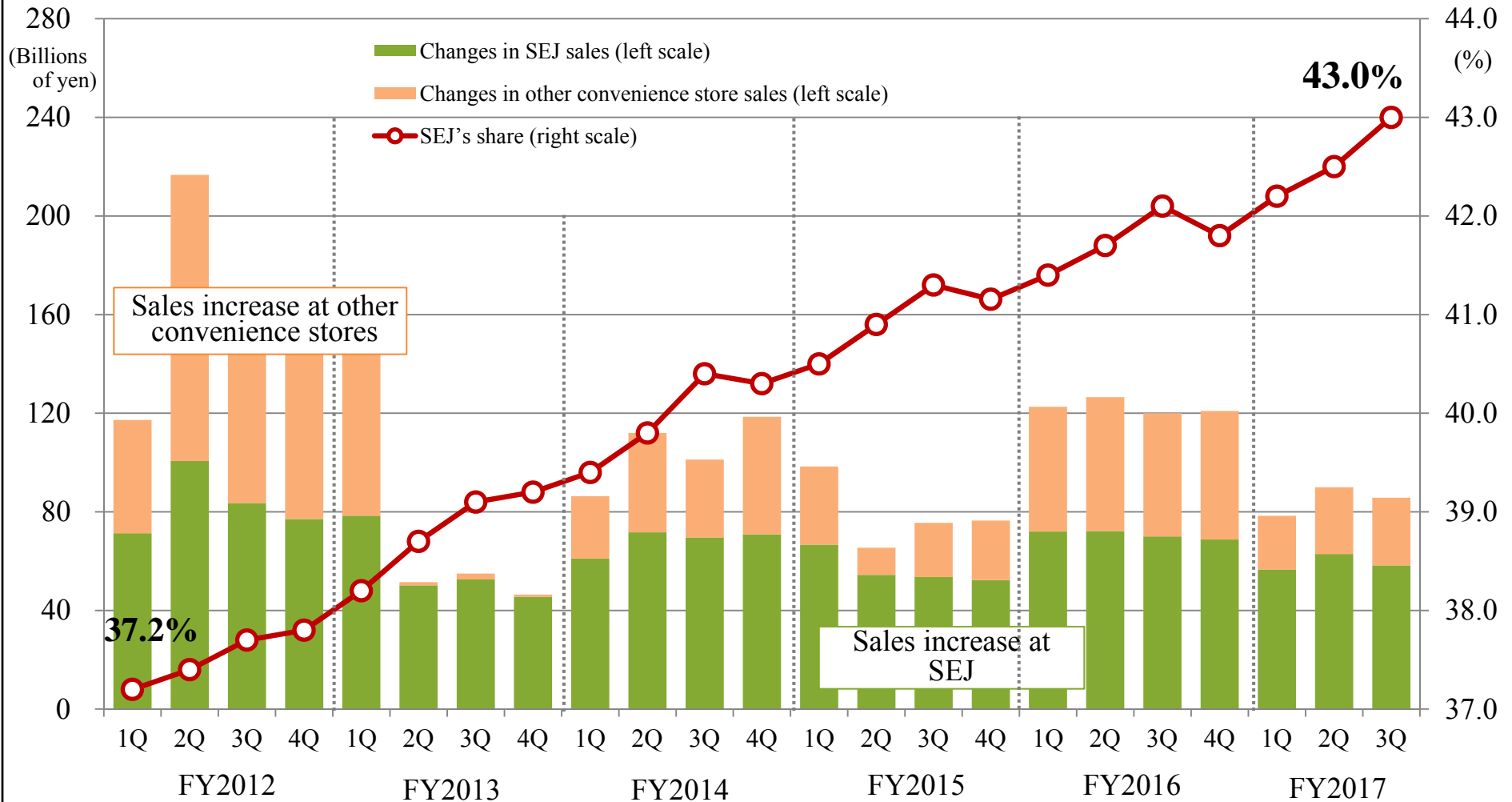
Note: February 2016 figures for existing store YOY change at overall convenience stores represent the YOY change in total sales [up 1.6%], including the impact of the leap year, converted to daily-sales basis.

Source: Japan Franchise Association monthly convenience store survey

SEJ: Trend in SEJ's Share of Sales and Changes in Sales by Quarter

● Record-high sales share expanded to **43.0%** resulted from increased existing store sales

■ Trend in sales share of SEJ and increase/decrease of CVS sales



Source: Japan Franchise Association monthly convenience store survey

Convenience Store Operations: Results (2)

7-Eleven, Inc.

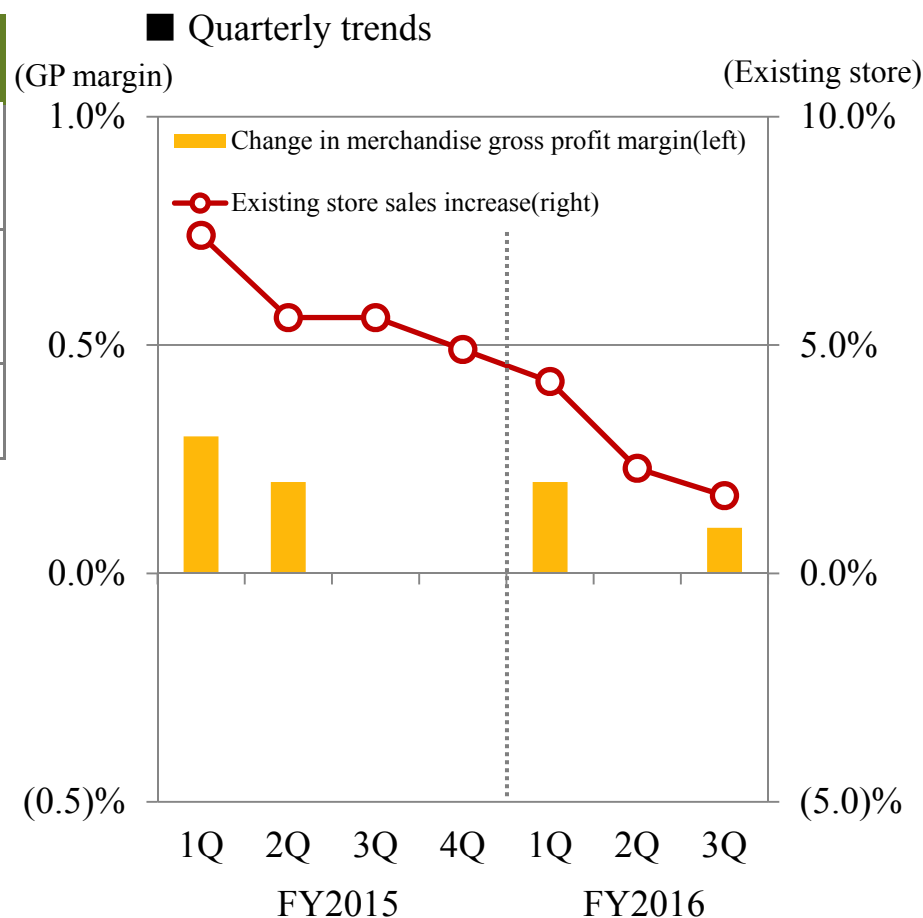


Lower income due to the negative impact of yen appreciation and weather despite the strong sales of fresh foods

| | Results | YOY |
|--|-------------|-----------------------|
| Operating income | 59.4 bn yen | 96.6% (2.1) bn yen |
| Existing store sales increase (U.S. merchandise sales in dollar basis) | +2.7% | |
| Merchandise gross profit margin | 34.9% | +0.1% |

Overview

- Existing store sales: Increased due to growth in fresh foods sales centered on hot foods
- Gross profit margin: Improved mainly due to increased non-alcoholic beverages and hot beverages sales
- Operating income: Lower income reflected the negative impact of yen appreciation
[The effect of yen appreciation: (6.7) billion yen]



Superstore Operations: Results (1)

Ito-Yokado



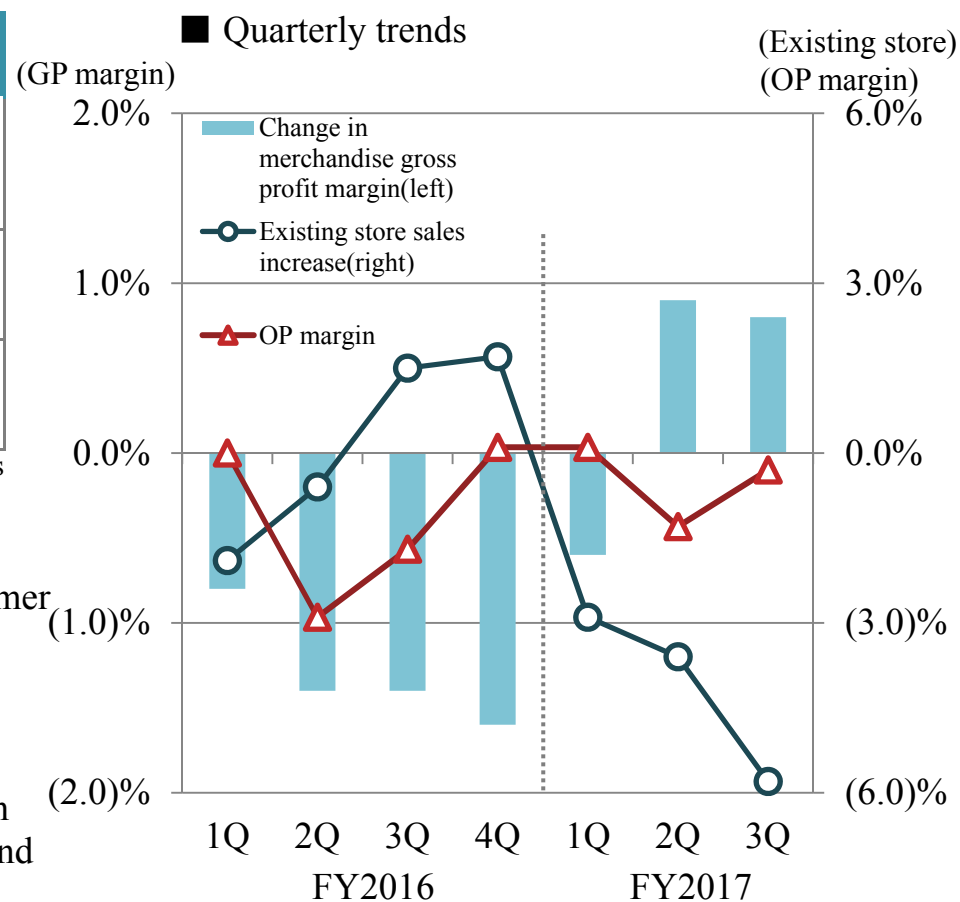
Higher income mainly due to optimization of advertising and decoration expenses despite the decrease in existing store sales.

| | Results | YOY |
|---------------------------------|--------------|--------------|
| Operating income | (4.3) bn yen | +10.0 bn yen |
| Existing store sales increase | (4.1)% | [(3.4)%]* |
| Merchandise gross profit margin | 29.1% | +0.3% |

*Existing store sales increase of total shopping centers sales

Overview

- Existing store sales: Decrease caused by impact on customer numbers from a review of sales promotion measures including advertising and discounts
- Gross profit margin: Increased mainly due to control of discount losses and improvement in fresh food
- Operating income: Controlling advertising and decoration expenses [(11.6)bn yen], improving gross profit margin and other measures covered a decline in existing store sales, resulting in higher operating income



Superstore Operations: Results (2)

York-Benimaru

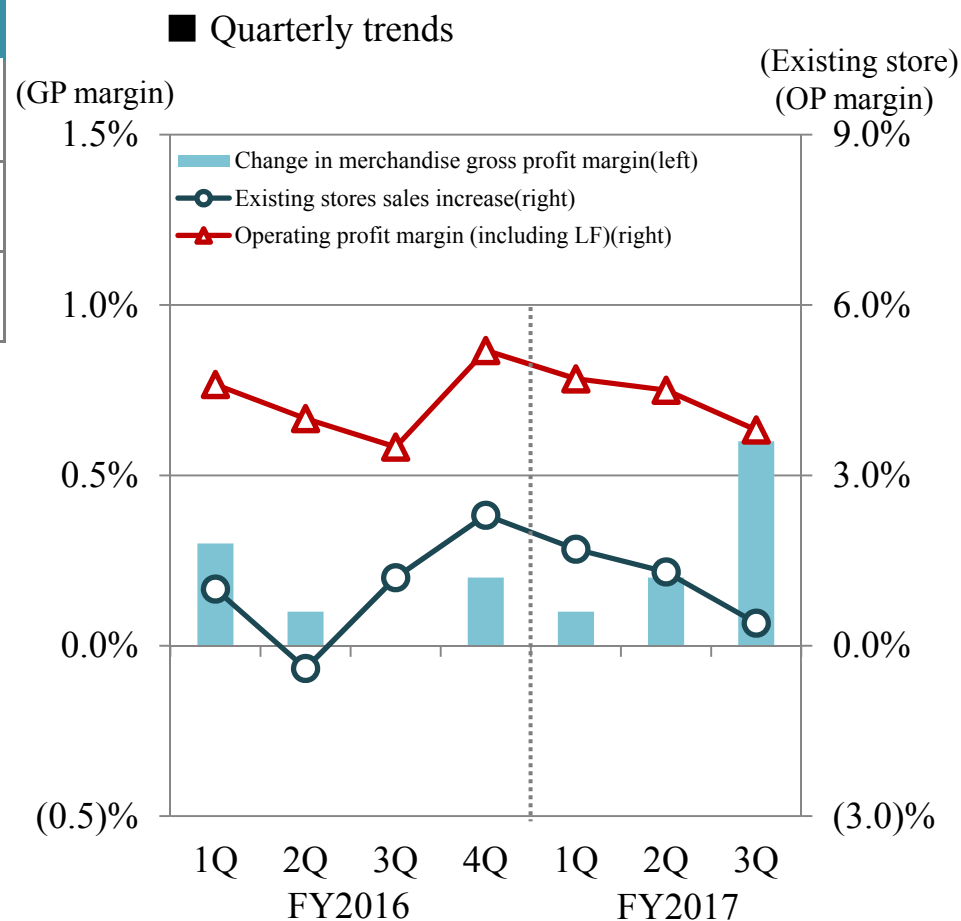


Higher income as increases in existing store sales and gross profit margin absorbed growth in expenses following the increase in stores, etc.

| | Results | YOY |
|--|-------------|-----------------------|
| Operating income | 10.0 bn yen | 113.6% +1.1 bn yen |
| Existing store sales increase | +1.0% | |
| Merchandise gross profit margin | 25.7% | +0.2% |
| Operating income (including Life Foods)* | 13.3 bn yen | 110.8% +1.3 bn yen |

Overview

- Existing store sales: Strong sales of food continued to drive the entire company
- Gross profit margin: Increased mainly due to brisk sales of food
- Operating income: Higher income due to an increase in existing store sales and an improvement in the gross profit margin



*Life Foods (LF): Life Foods is a wholly owned subsidiary which produces and sells delicatessen items in York-Benimaru stores.

Note: The combined operating income for YB and LF are management figures provided for reference purposes.

Department Store Operations: Results

Sogo & Seibu

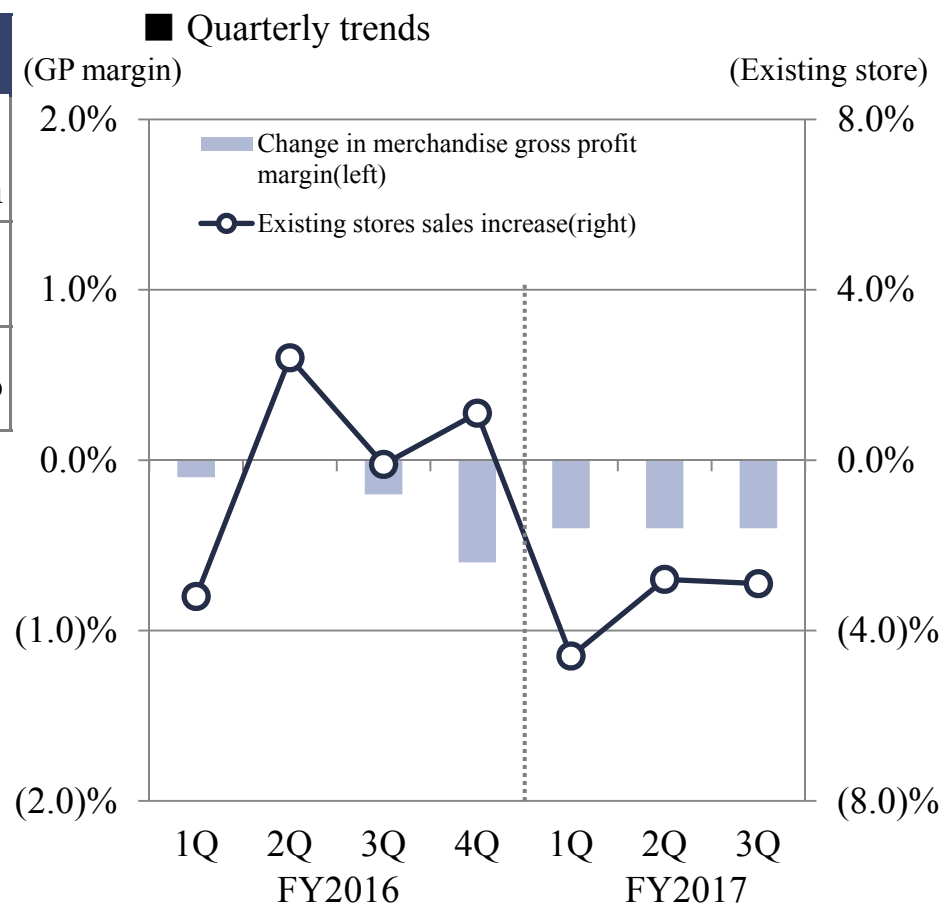


Lower income reflected struggling sales of apparel products centered on women's apparel

| | Results | YOY |
|---------------------------------|--------------|--------------|
| Operating income | (1.7) bn yen | (1.9) bn yen |
| Existing store sales increase | (3.2)% | |
| Merchandise gross profit margin | 24.3% | (0.4)% |

Overview

- Existing store sales: Decreased mainly due to soft sales centered on apparel products such as women's apparel
- Gross profit margin: Declined mainly due to a decrease in sales of apparel products with a high sales composition ratio and gross profit margin
- Operating income: Decreased mainly as controls on SG&A expenses were unable to cover the drop in sales centered on apparel products



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