

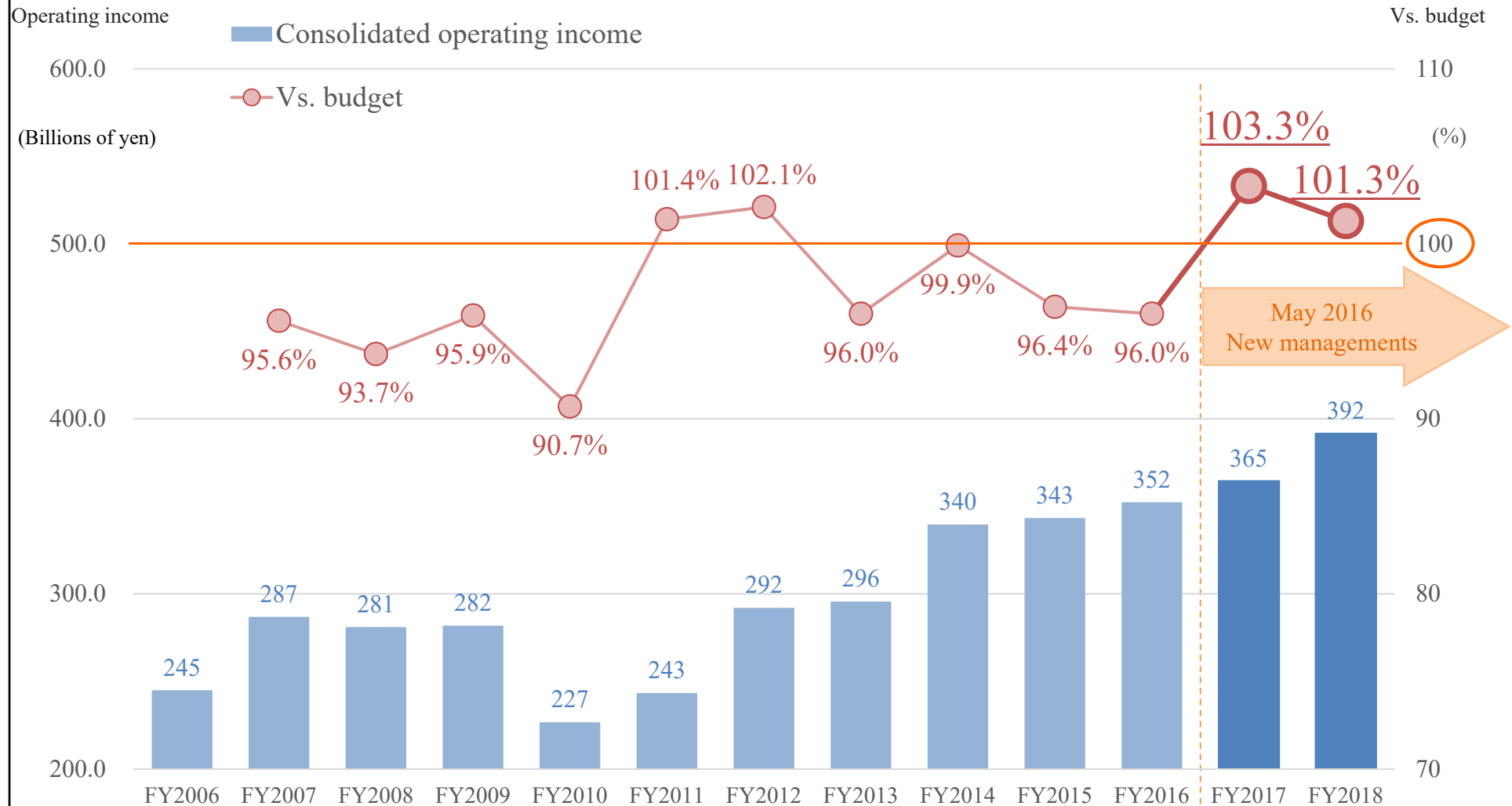


# Financial Results Presentation for the Fiscal Year Ended February 28, 2018

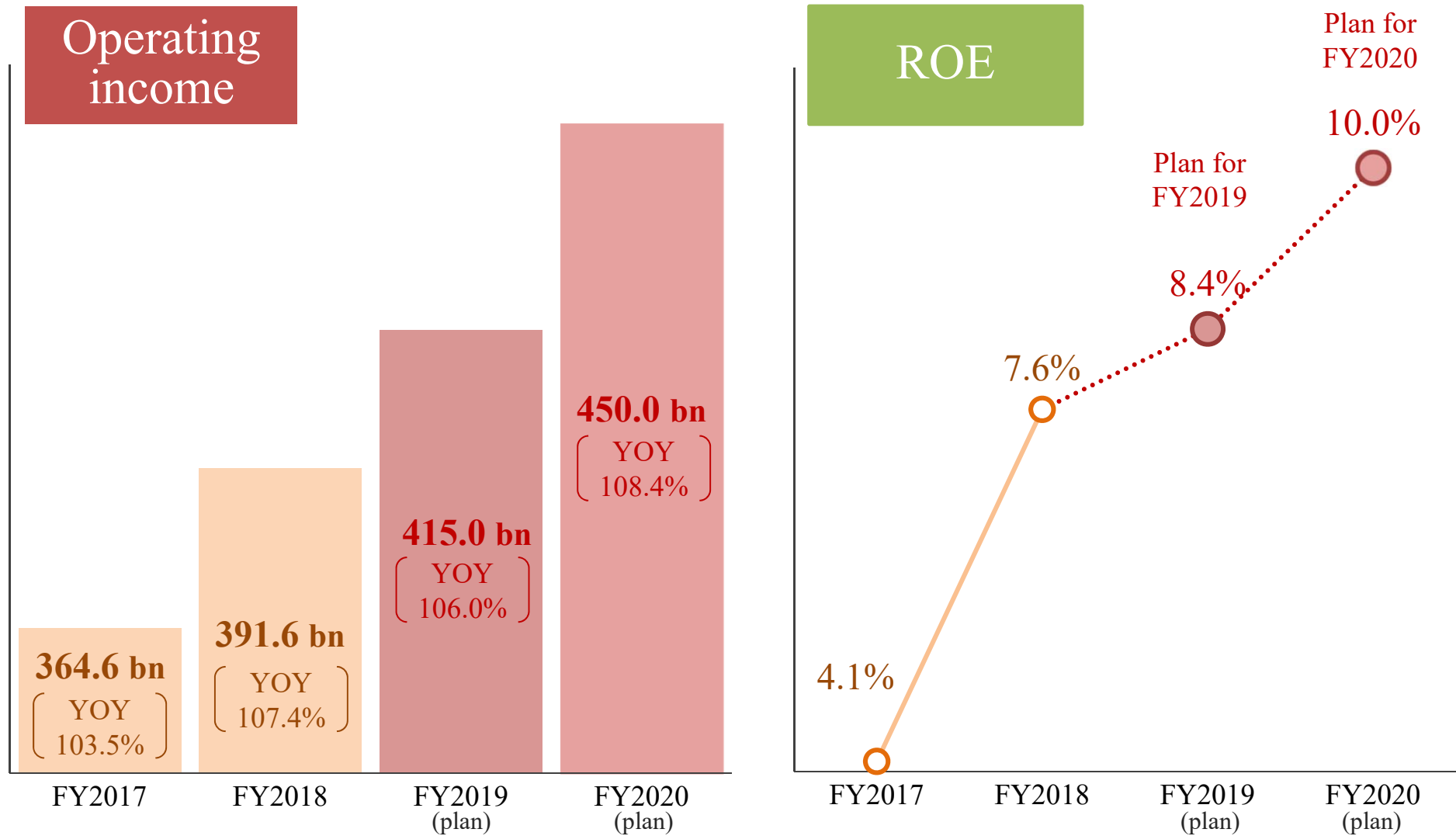
April 6, 2018

Seven & i Holdings Co., Ltd.

# Consolidated Operating Income and Budget Ratio



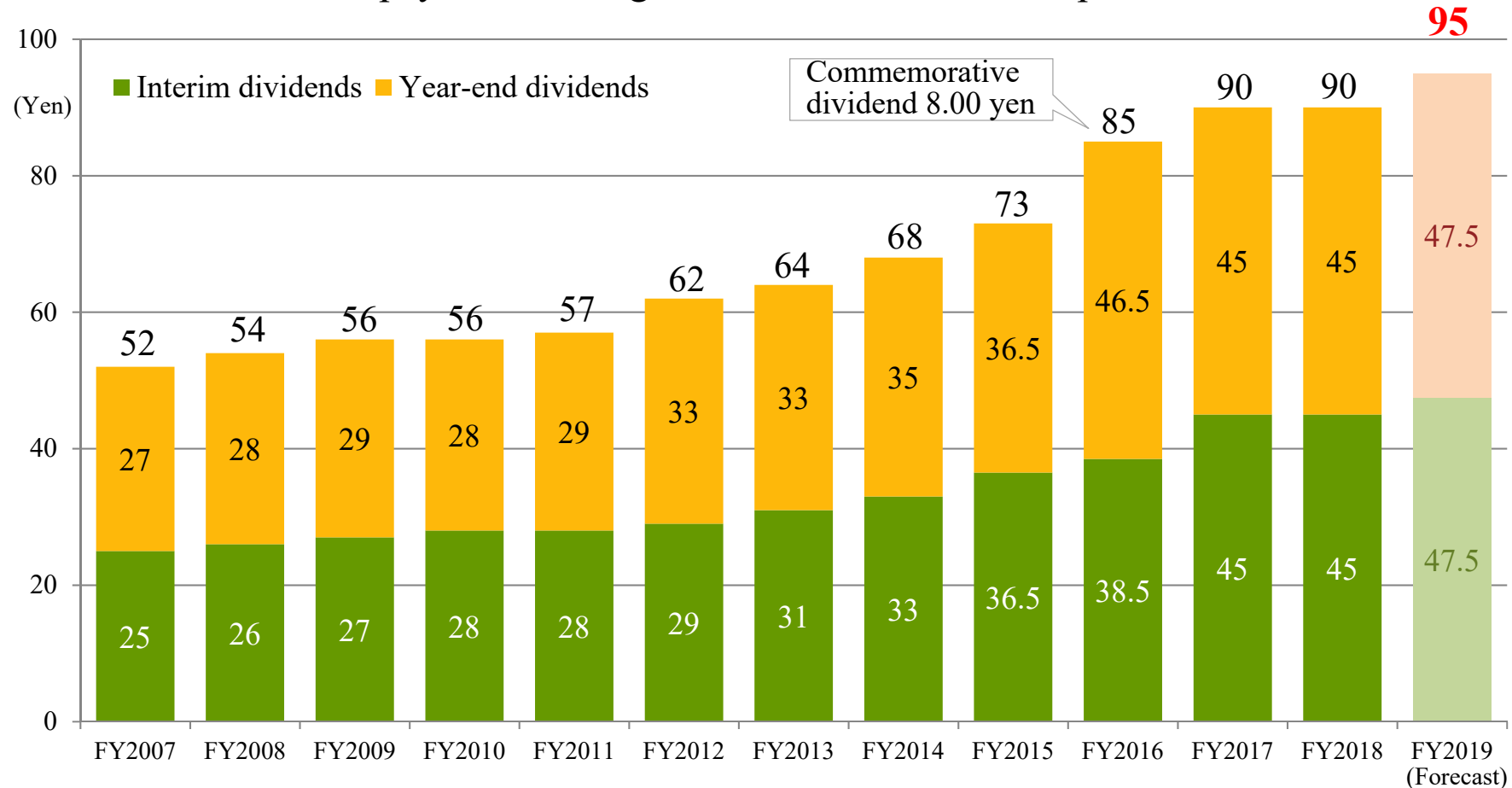
# Progress on the Medium-Term Management Plan



Accelerate execution of the plan for achieving FY2020 targets while pursuing Group synergies

# Trend in Dividend per Share

◆ Consolidated dividend payout ratio target: Maintain 40% and improve it further



Dividend payout ratio (%)	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019 (Forecast)
	36.4	39.4	55.7	112.7	45.2	42.2	41.0	34.2	37.3	46.7	82.3	43.9	40.0

Forecast 5 yen increase in dividend to 95 yen per share for FY2019  
(Dividend payout ratio: 40.0%)

# Seven-Eleven Japan SEJ

# SEJ: Results for FY2018 and Plan for FY2019



( yen )

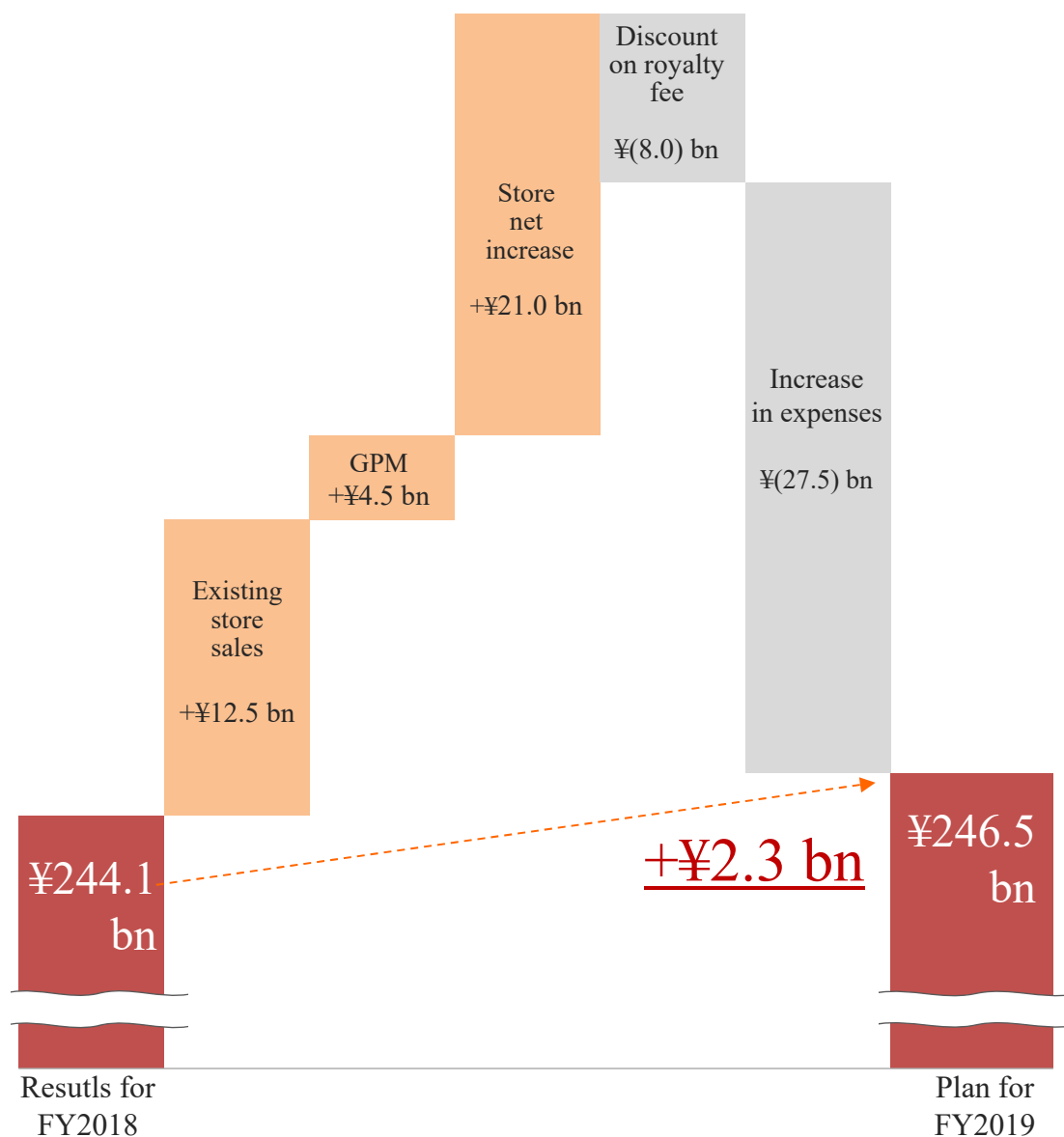
	Results for FY2018			Plan for FY2019		
		YOY	Change		YOY	Change
Total store sales	4,678.0 bn	103.6%	+162.4 bn	4,875.0 bn	104.2%	+196.9 bn
Revenue from operations	849.8 bn	101.9%	+16.1 bn	872.7 bn	102.7%	+22.8 bn
Operating income	244.1 bn	100.3%	+0.6 bn	246.5 bn	101.0%	+2.3 bn
Existing store sales increase *	+0.7 %	-	-	+1.5%	-	-
MDSE GPM	31.9 %	-	+0.1 %	32.1%	-	+0.2%
Store openings	1,554	-	(128)	1,500	-	(54)
Store closures	716	-	(116)	800	-	+84
Capital expenditures	136.2 bn	109.0%	+11.2 bn	160.0 bn	117.4%	+23.7 bn

\* Results for FY2018: incl. POSA cards  
Plan for FY2019: excl. POSA cards

## ◆ Action plan for FY2019

Strengthen counter fast food and customer service level	Improve gross profit margin and enhance the quality centered on basic products
Expand stores with new layout	Utilize SEJ app and CRM

# SEJ: Operating Income Plan for FY2019

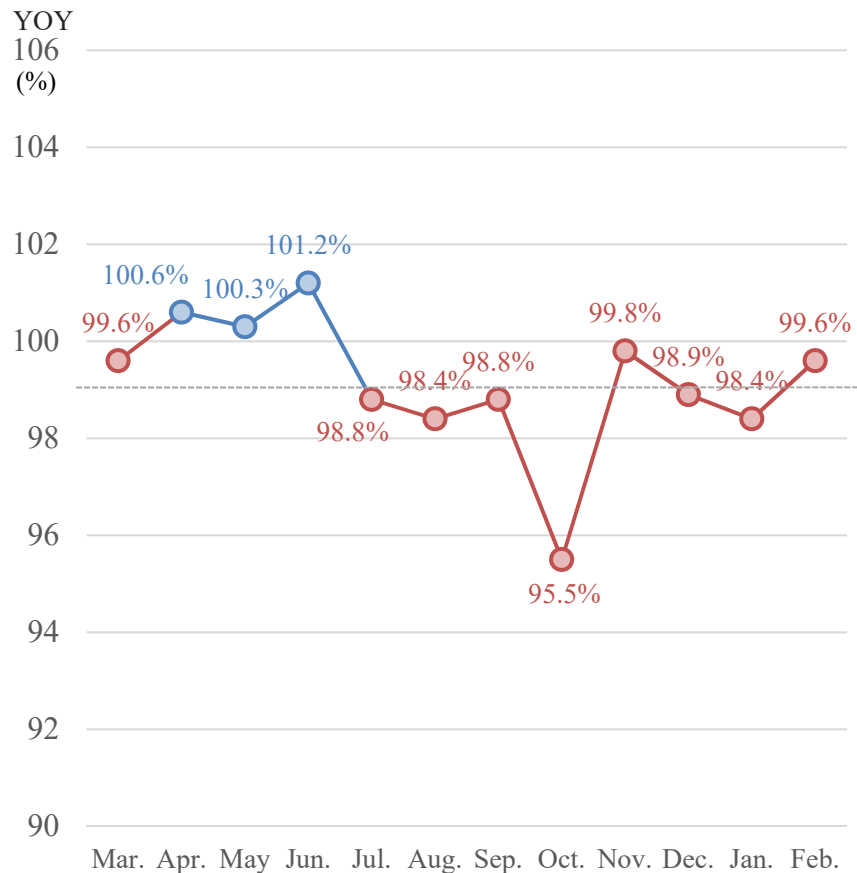


	Factors on YOY change
Existing store sales	+1.5% +¥12.5 bn ⇒ Strengthened counter products and frozen foods ▪ Positive impact of technological innovation of salads and delicatessen items (longer-lasting freshness) ▪ Expanded new layout and strengthened customer service, among other measures
GPM	+0.2% +¥4.5 bn ⇒ Enhanced counter fast foods and harnessed economies of scale, leveraging network of 20,000 stores, among other measures
Store net increase	+700 stores +¥21.0 bn ⇒ Adopted stricter store opening standards and closed directly operated stores
1% special discount on franchise royalty fee	¥(8.0) bn
Increase in expenses	¥(27.5) bn ⇒ Store renovations, expansion of new layout, CRM expenses for apps, increased amortization costs for 7th gen. system

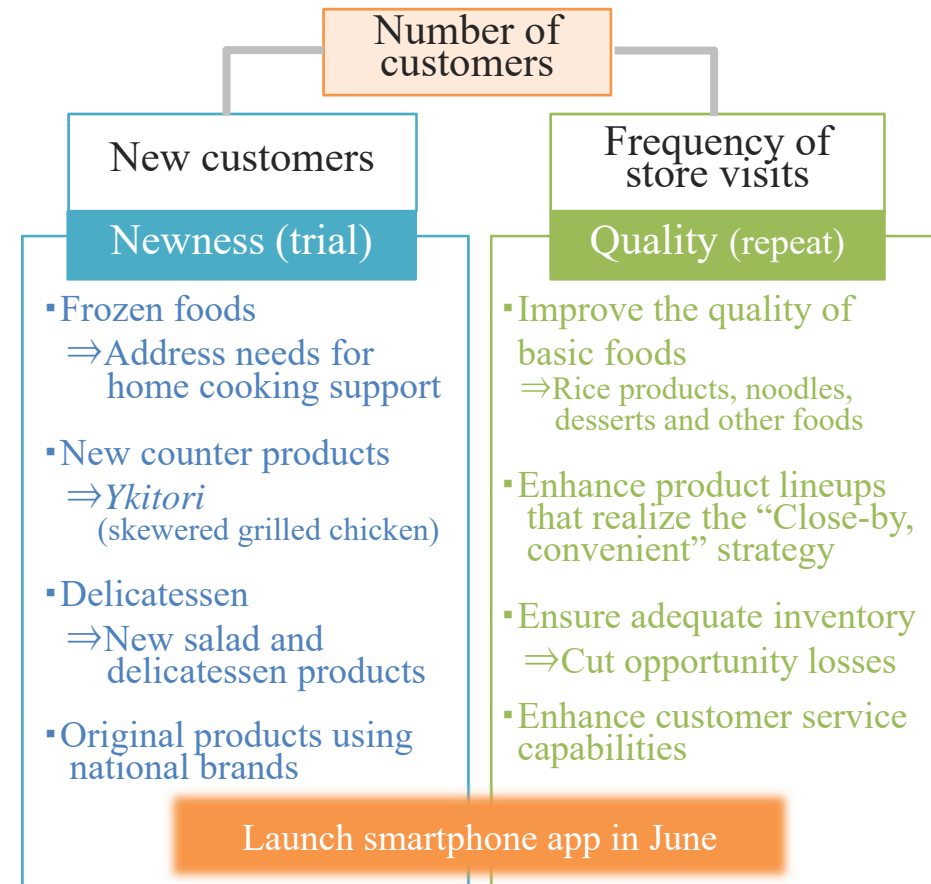
# SEJ: Addressing the Decrease in the No. of Customers



Eight straight months of YoY decreases in the number of customers



Measures to improve the number of customers

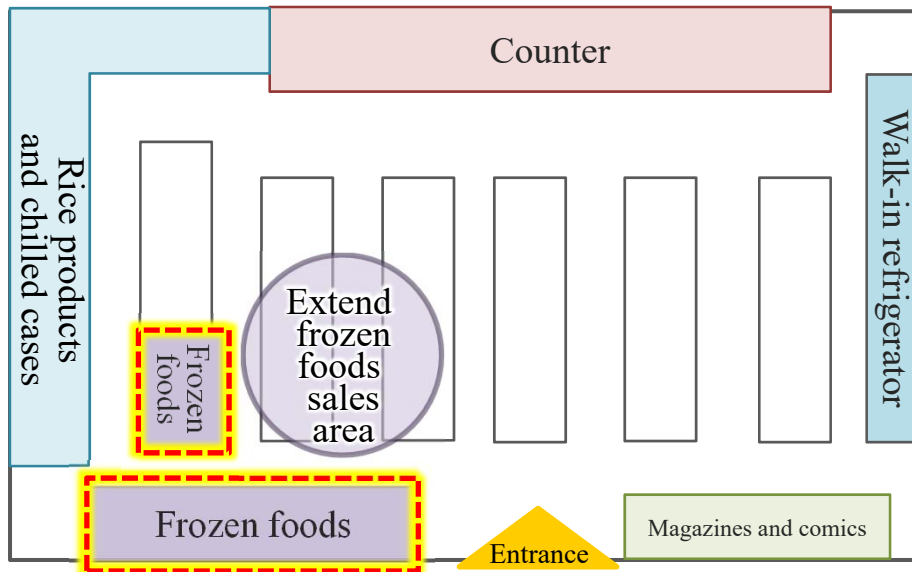


- ▷ Continue to advance measures to develop new products and enhance quality, with a view to improving the number of customers
- ▷ Strive to attract customers to stores and win new customers by offering new smartphone app services



# SEJ: Evolution of New Layouts

## New layout going forward



Expand the sales space for frozen foods, for which increasing demand is expected, and strengthen delicatessen-, snack-, and ingredients-type products.

### ◆ Introduction plan

	(Stores)	
	FY2018	FY2019
Existing stores	350	600
New stores	950	1,100
Total	1,300	1,700

## Effect of new layout going forward

### Impact on sales of new layout after changes

Sales growth led primarily by frozen foods, daily foods, and counter foods

**Approx. +¥15,000**

Targeting further sales increases as the new layout is augmented by product development

# SEJ: MDSE Strategy for Frozen Foods



Enhance product lineup in new domains

Expand sales space for ingredients-type products



## Combination of vegetables

- Domestic produce combining several varieties of vegetables
- Pre-cut



## Frozen meat

- Size (500g → 300g)
- Addition of poultry menu



## Frozen fruit

- Introduce new product varieties
- Distinctive freezing technology
- Fruit in a new format



Products that are expected to be increasingly used in meals by introducing the use of trays as containers

*Seven Premium* appetizer series



Promote all appetizer series

- Unify container format
  - Introduce trays as containers for a dramatic improvement in display efficiency
  - Launch in sequence from May onward
- Recommend all together as a series in July



Fried sweet and spicy chicken wings



Beef bulgogi

Strengthen SEJ original brand collaboration products

Products that create purchasing opportunities by increasing recognition



*Seven Premium*  
*Sumire Fried Rice 300g*

Sales price: ¥248 (¥267 incl. tax)

Recommendation period: Week of March 12

◆ Schedule

*Moko Tanmen Nakamoto*  
Launch period: mid-June



Strengthen products that address needs for home cooking support, leading to shorter meal preparation times

# SEJ: MDSE Strategy for Counter Products



Roll-out “room-temperature *Yakitori* (grilled chicken)”



Charcoal grilled chicken thigh skewer with salt ¥128

Charcoal grilled chicken thigh skewer with sauce ¥128

Charcoal grilled chicken skin skewer with sauce ¥128

Charcoal grilled chicken dumpling skewer ¥128

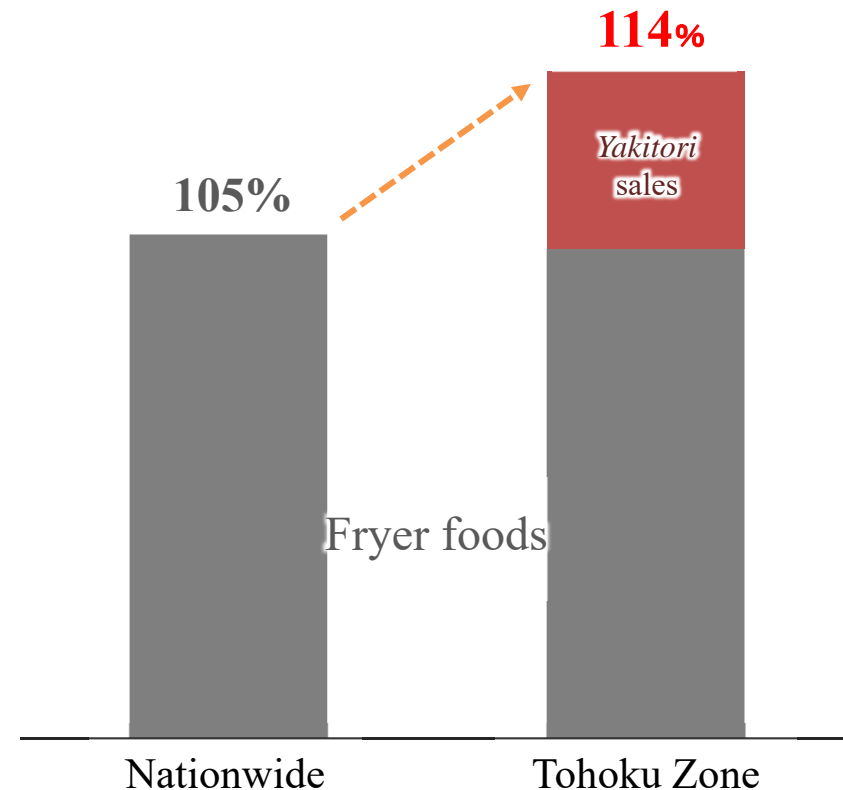


Hashed potato ¥88

Tempura chicken ¥98

## Results for pilot area

Fryer foods sales YOY for FY2018



Roll out at 8,500 stores by August, expand to stores with fryer foods during FY2019

# SEJ: Delicatessen Product Strategy



Initiatives to extend long-lasting freshness of salads



## Low-temperature and continuous processes

- (1) Extend sales freshness
- (2) Improve the grade of vegetables
- (3) Reduce manufacturing costs
- (4) Improve product appearance

Manage all processes, from receipt of ingredients to manufacturing, at 4°C or below

A two-level container separating vegetables and secondary ingredients with a top seal-type lid.



Sales freshness  
Previous (approx. 1.5 days)  
⇒ approx. 2.5 days

**Extended by +1 day**

In advanced implementation areas;  
Salad sales **Rose by approx. 20%**  
Disposal loss **Improved by approx. 2%\***

\* Comparison with previous products

Technological innovation was only achieved because of our dedicated factory  
Successively expand implementation areas from April  
(to 7,000 stores in 1H, 13,000 stores within 2018, 19,000 stores by next spring)

# SEJ: Delicatessen Product Strategy



Initiatives to extend long-lasting freshness of delicatessen

“High-temperature, rapid food preparation”



High temperatures of 200°C or above  
⇒ Differentiated equipment

“Enhance flavor and texture”



Same food preparation methods as specialty stores  
⇒ Quality of specialty stores

“Continuous food preparation”



Food manufacturing on a continuous line encompassing food processing steps ranging from heating to cooling  
⇒ Extend long-lasting freshness

Sales freshness Previous (approx. 1.5 days)  
⇒ approx. 2.5 days

**Extended by +1 day**

In advanced implementation areas;

Salad sales

**Rose by approx. 10%**

Disposal loss

**Improved by approx. 3%\***

\* Comparison with previous products

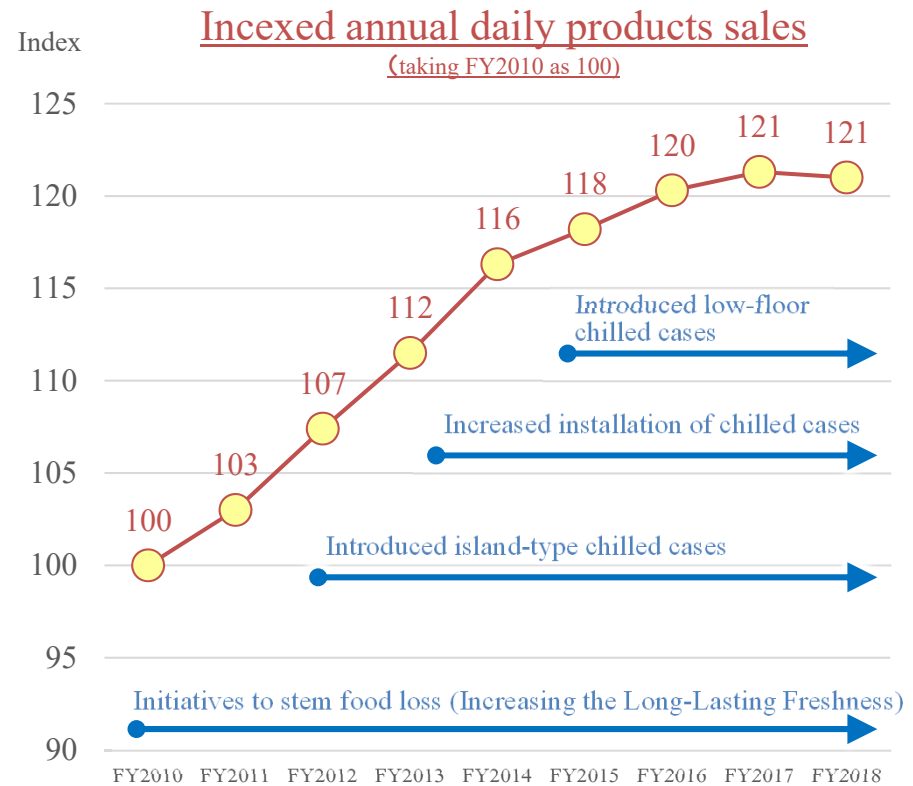
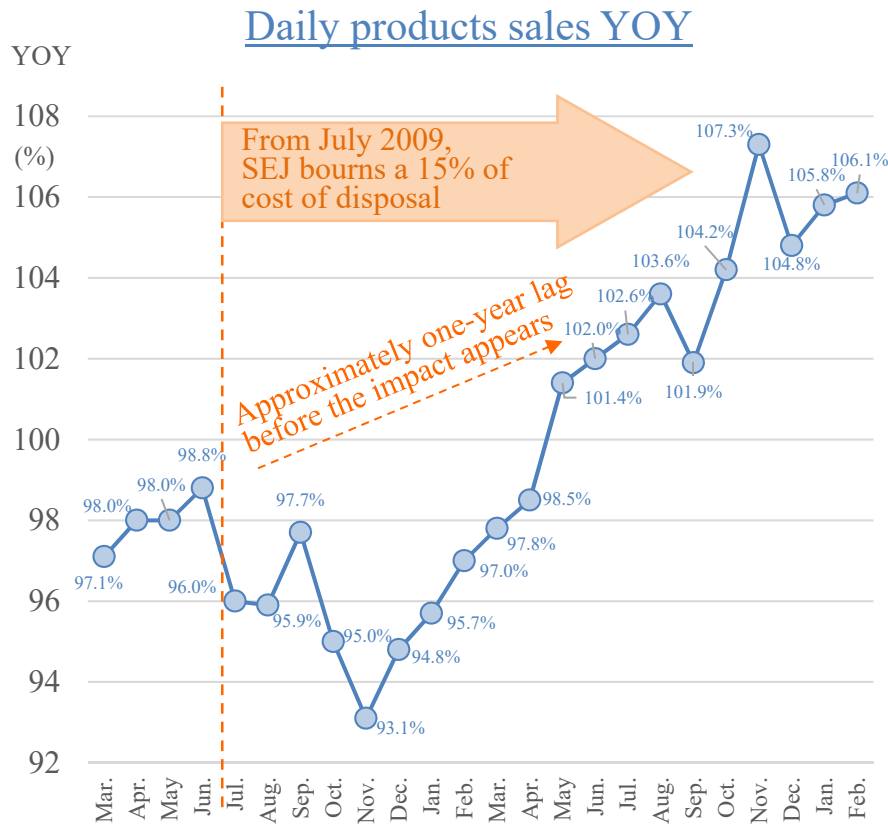
In June, expand to 19,000 stores nationwide excluding Hokkaido

# SEJ: Impact of Head Office Support (When SEJ started to bourn a 15% of cost of disposal in 2009)



## 2009 - 2010 results for daily products

## Annual daily products sales



Imparted a significant positive impact to sales by combining product development with sales area reform and support for franchised stores

# SEJ: Enhance Productivity

## (Support for Work Style Reforms across the overall supply chain)

### Franchised stores

#### ▷ Installation of automatic dishwashers

Reduced work time by approx. 70 minutes

#### ▷ Trial tests at next-generation stores

Examples of tests at the Chiyoda Nibancho store

- Sliding shelves / brackets  
(Shelves for room temperature cases, refrigerators and freezers)
- New type of walk-in refrigerator
- Easy shopping bag removal and opening features
- Installation of automatic product display arrangement equipment

#### ▷ RFID product inspection

- Support for work style reforms  
Trial tests of room-temperature products  
(Implemented from August 2017 / Fukushima)  
Trial test of daily products  
(Implemented from March 2018 / Hokkaido)  
⇒ Expand to all stores in Hokkaido (1,000 stores) by the end of FY2019

### Distribution

#### ▷ Revise delivery frequency

##### <Revise delivery frequency>

- Beer and other beverages  
7 times per week ⇒ 6 times per week
- Miscellaneous products  
3 times per week ⇒ 2 times per week

##### <Increase delivery frequency>

- Counter fast food consumables  
3 times per week ⇒ 6 times per week

#### ▷ Revise delivery window

- Make additional daytime deliveries of room-temperature products  
(Previously, deliveries were made primarily at night)  
⇒ Enhance the utilization rate of trucks  
(address stores in stations, hospitals, universities and other locations)

#### ▷ Revise delivery lots

- Miscellaneous products  
Lots matched to manufacturers' packaging
- Liqueur ⇒ 1 lot, 6 bottles ⇒ 24 bottles (per box)

In addition to increasing productivity in stores, promote productivity improvements across the entire supply chain.

# Seven & i Group's Envisaged Sustainable Future



◆ March 27, 2018 article featured in *The Nikkei*

## セブン&アイグループが目指す持続可能な未来

セブン&アイグループは、社会と企業の持続可能な発展のために、社会の一員としての責任を果たすとともに、ステークホルダーとの対話を通じて、社会の期待や要請を理解し、ESGの取り組みを深化させていきます。

ステークホルダーとの対話

**SUSTAINABLE DEVELOPMENT GOALS**  
世界を変えるための17の目標

国際連合の持続可能な開発目標(SDGs)とは、2015年9月の持続可能な開発目標サミットで採択された、持続可能な開発のための2030年までの持続可能な開発目標(SDGs)として採択された2016年から2030年までの目標です。総称として知られるが、各目標が取り組むユニバーサルな開発のためのあり方であり、セブン&アイグループも積極的に関与しています。

**E environment 環境**  
**S social 社会**  
**G governance ガバナンス**

事業を通じて社会課題の解決  
企業としての責任  
一人一人が守るべき社会へ

### Environment

気候変動や資源の枯渇などの課題に対して、高品質な材料、エネルギーを無駄なく利用するとともに、物循環や取扱いにも配慮したさまざまなソリューション全体で環境負荷削減に取り組んでいます。

太陽光発電パネルを4.516設置で導入(2017年2月現在)、2017年12月にはアジア初の高品質太陽電池発電パネルを導入したセブン&アイグループ初の太陽光発電所

セブン&アイグループの持続可能な消費財(リサイクルPETや再生紙、無毒なインク)などの環境配慮型の材料を積極的に採用(2017年12月現在)

店舗にペットボトルリサイクル機を設置したことで、店舗やセンターの飲料回収機(3)を廃棄、7,100トンのペットボトルを回収(2017年現在)

店舗1,350の「セブン&アイグループ」の店舗では、店舗の節水から節水できる機器を導入して節水の促進、浸透された雨水等を雨水貯留タンクで貯留し、店舗のトイレ等に再利用

### Social

世界的な資源、人材確保、国内における人口減少、少子高齢化、小売店舗・社会的価値の減少などの課題に対して、社会の一員として商品や店舗などの事業を通じて、課題解決に取り組んでいます。

店舗従業員や地域の持続可能な発展に貢献する従業員(セブン&アイグループ)を2017年現在、1,000名以上の従業員が参加している

特定原材料5品目を使用しない食肉(アレルギー)を製造したお弁当向け「食肉(アレルギー)4品目」を2017年現在、1,000名以上の従業員が参加している

日々の業務に欠かせない日々の配達に貢献する「セブン&アイグループ」の配達トラック(2017年現在、1,000台以上の配達トラックを保有)

お客様からお預かりしたご来店、セブン&アイグループの店舗に「ご来店」(ご来店)で、買付76,253,122円(2017年現在)の売上(2017年現在)

**Governance** | ガバナンス

社は「ステークホルダーに信頼される誠実な企業」

社にもとづき、透明性の高い経営が確保され、法令・社会規範が遵守される仕組みづくりに努めています。健全なガバナンスを軸とし、環境・社会の様々な課題に対して「企業としての責任」を果たし、さらに「事業を通じて社会課題の解決」に取り組むことで、SDGsが目指す「一人一人が守るべき社会」の実現を目指します。

<http://www.7and.com>

株式会社 **セブン&アイ** HLDGS.



Ito-Yokado  
IY

# IY: Results for FY2018 and Plan for FY2019



(yen)

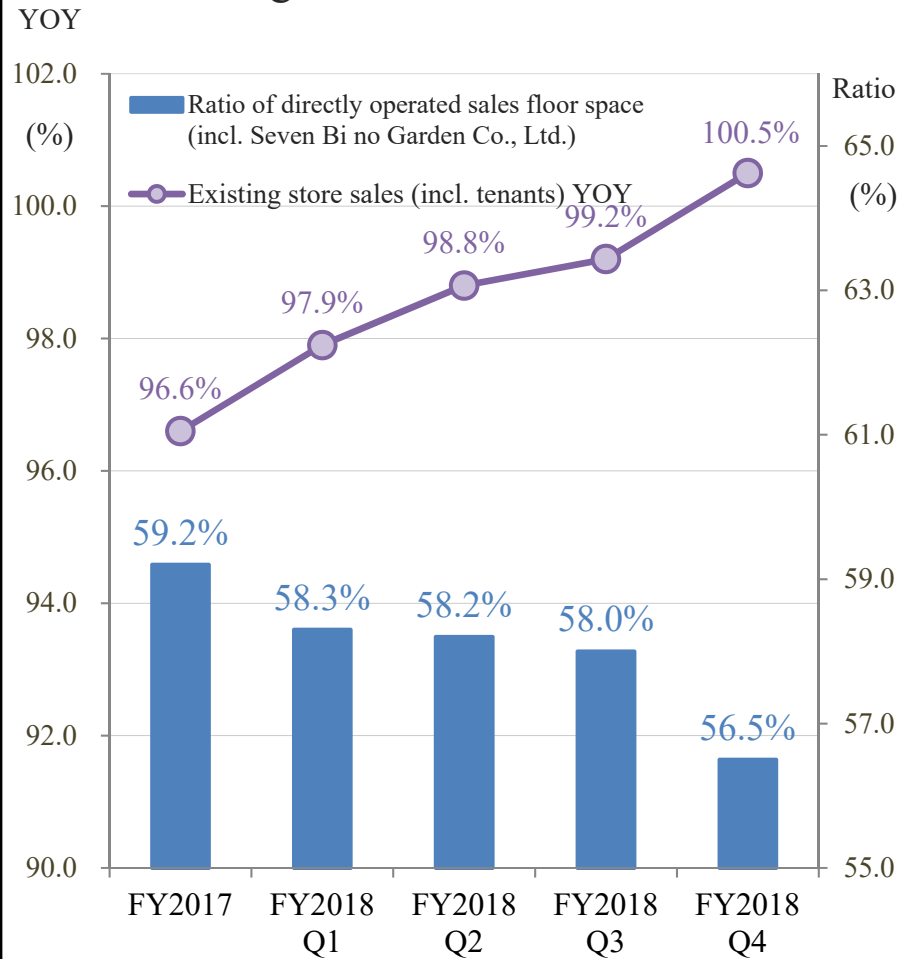
	Results for FY2018			Plan for FY2019		
		YOY	Change		YOY	Change
Revenues from operations	1,244.2 bn	99.1 %	(10.7) bn	1,263.4 bn	101.5 %	+19.1 bn
Net sales	1,213.6 bn	99.5 %	(5.6) bn	1,232.1 bn	101.5 %	+18.4 bn
Operating income	3.0 bn	-	+3.0 bn	10.0 bn	325.0 %	+6.9 bn
Existing store sales increase	(1.4) %	-	-	+0.1 %	-	-
MDSE GPM	29.6 %	-	+0.5 %	30.0 %	-	+0.4 %
Store openings	2	-	(2)	1	-	(1)
Store closures	9	-	(6)	7	-	(2)
Capital expenditures	18.0 bn	59.0 %	(12.5) bn	28.4 bn	157.1 %	+10.3 bn

## ◆ Action plan for FY2019

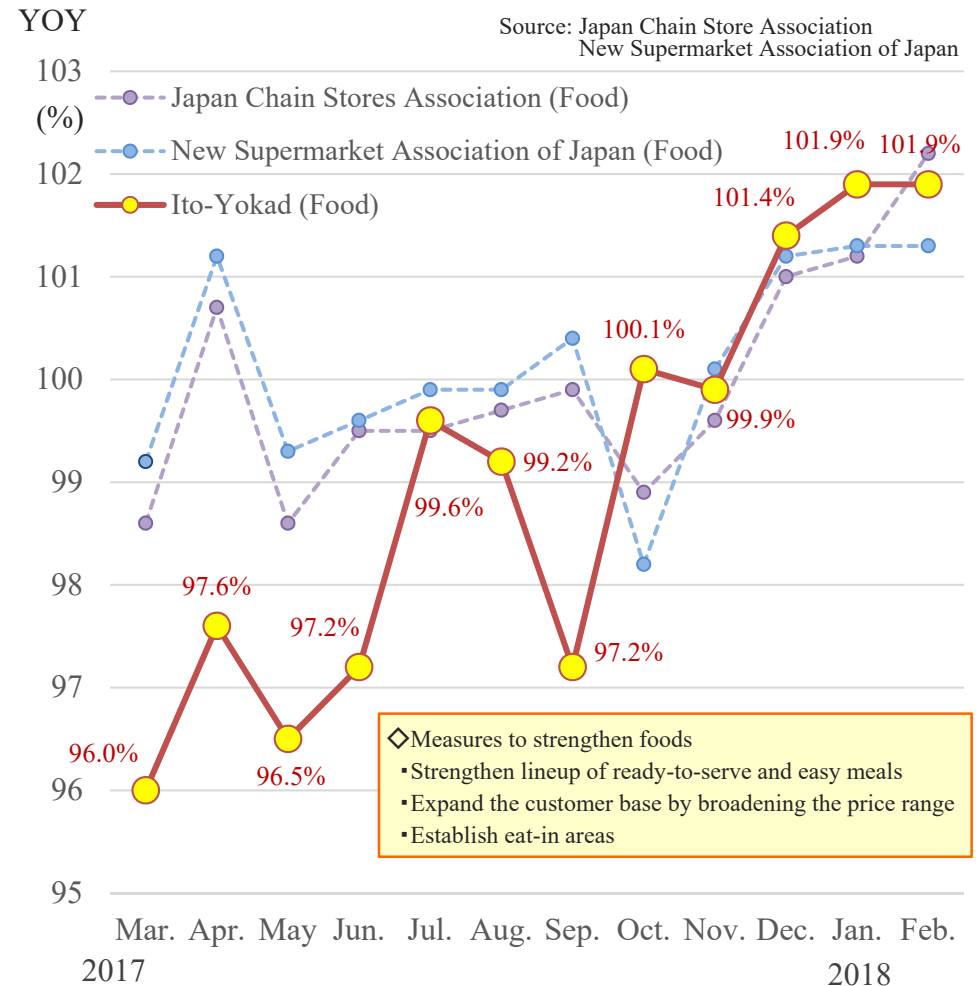
Structural reforms	Reform directly operated sales floor space
Promote tenant mix adjustment and store redevelopment	Strengthen merchandising capabilities (strengthen core products in each category and take-home meals)
Increase profitability by closing unprofitable stores	Establish sales floor format

# IY: Effect of Structural Reforms

## ◆ Ratio of directly operated sales floor space and existing stores sales YOY



## ◆ Food sales



Sales (incl. tenants) are recovering as conversion to tenant space progresses with strengthening of food and reduction in directly operated sales floor space

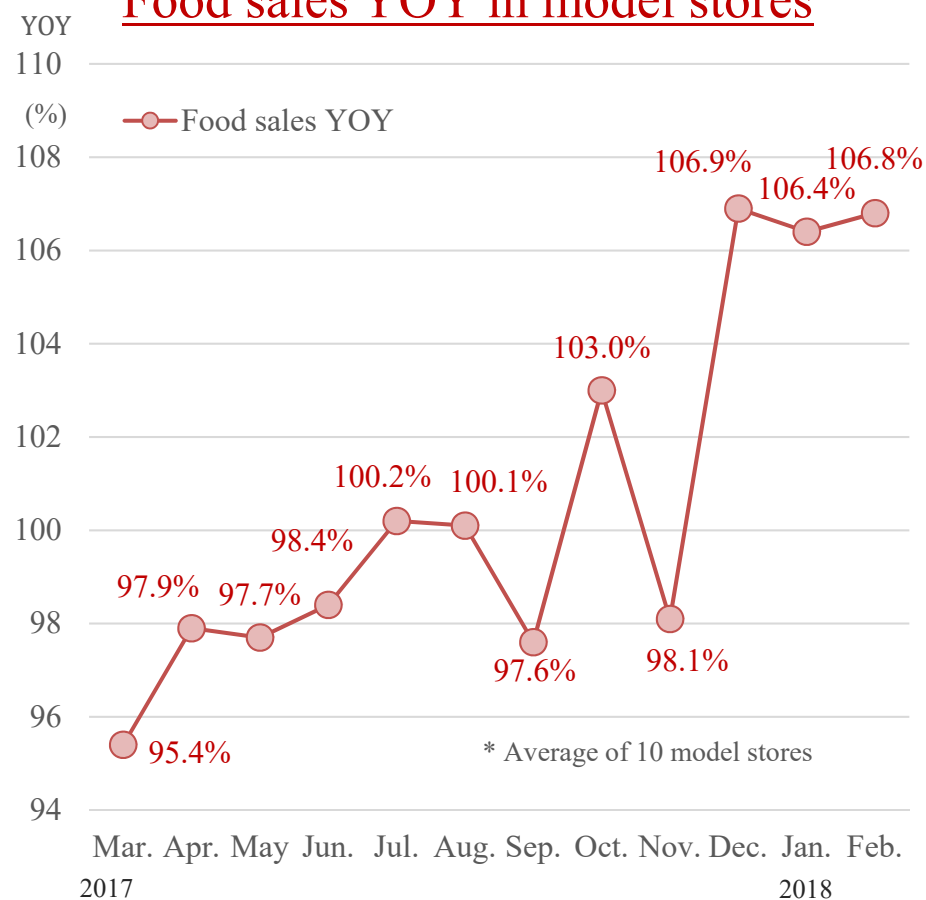
# IY: Sales YOY and Customer Numbers YOY in Model Stores with Strengthened Food Offerings



Customer numbers YOY at food sales area in model stores



Food sales YOY in model stores



Stores with strengthened food offering saw growth in customer numbers with attendant increase in food product sales

# IY: Accomplishments of Structural Reforms

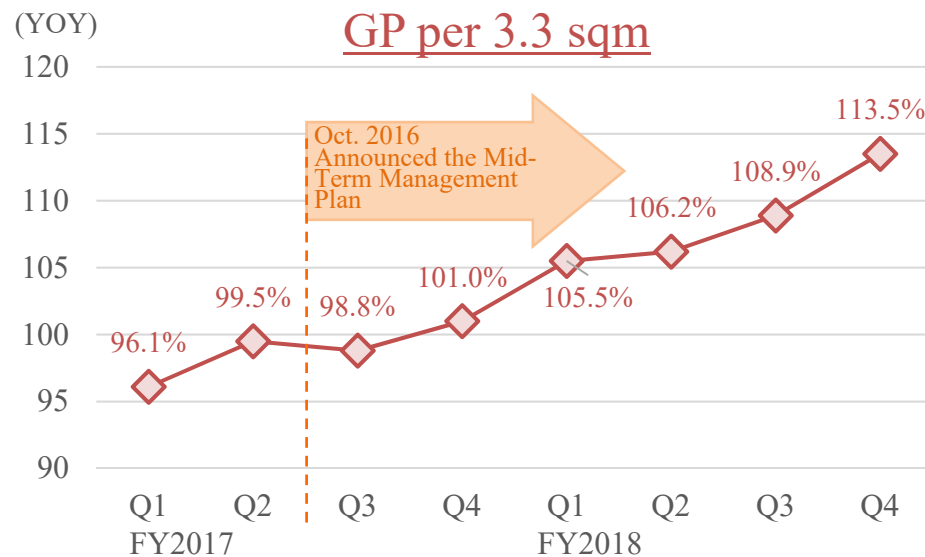
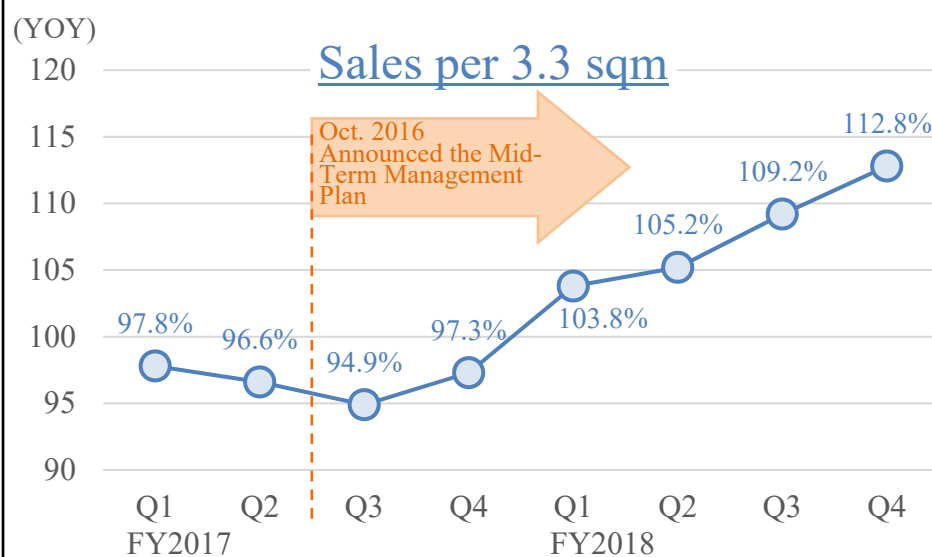


## ◆ Progress on Structural Reforms

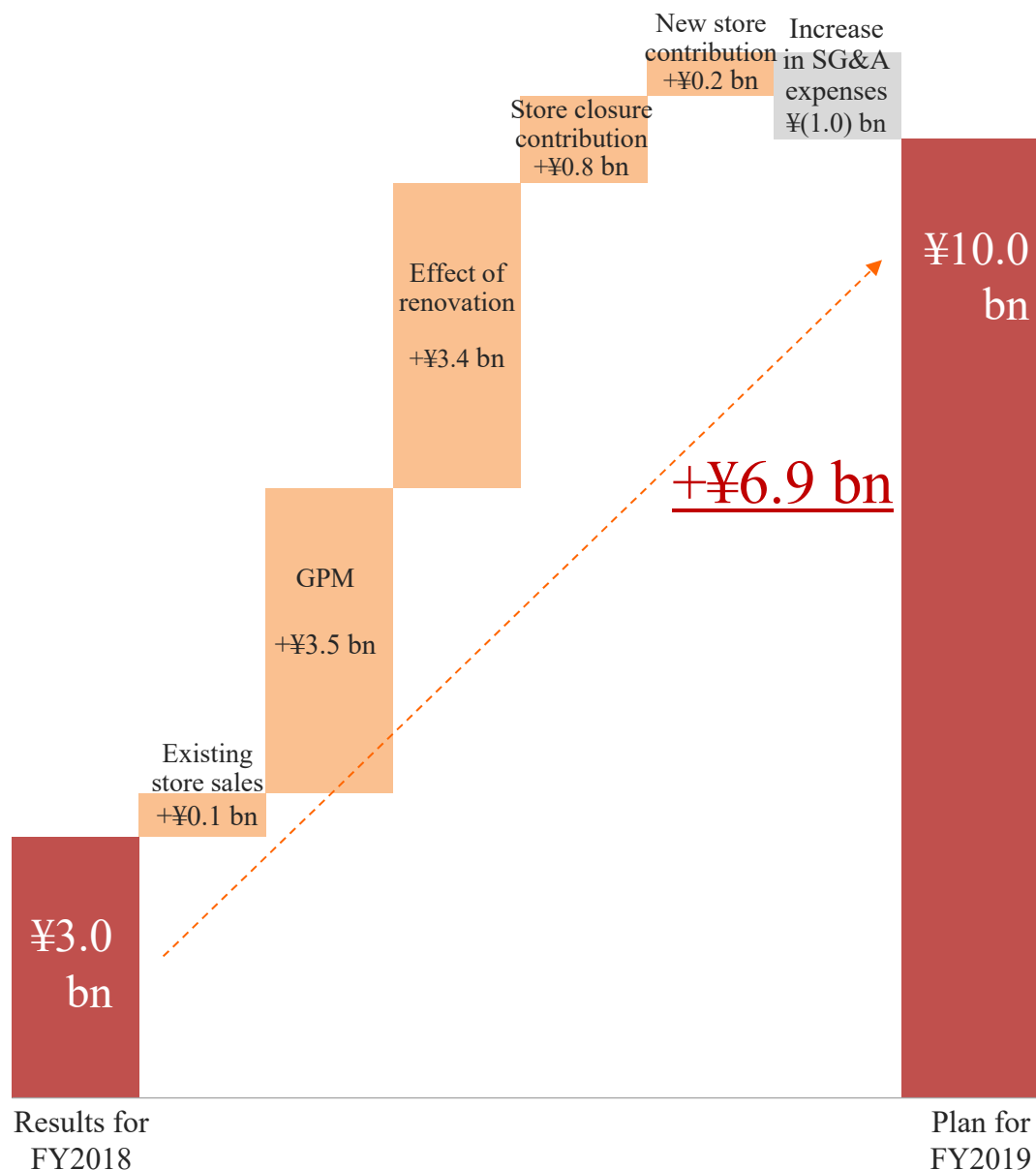
(Stores)

Details	FY2017	FY2018	Cumulative in FY2019
(1) Reduce the volume of apparel, household goods and strive to convert sales areas to tenant space	7	19	26
(2) Strengthen food (Renovate the food sales areas to new formats)	-	10	10
(3) Close 40 stores from FY2017 to FY2021	15	9	24
(4) Consider redeveloping stores that have been in business for 30 years or more	Plans call for redeveloping four stores in FY2020, followed by the successive redevelopment of stores thereafter		

## ◆ Results of 26 stores which implemented restructuring reform (Quarterly YOY trend)



# IY: Operating Income Plan for FY2019



	Factors on YOY change
Existing store sales	+0.1% +¥0.1 bn* Continue strengthening foods
Effect of structural reforms	<ul style="list-style-type: none"> <li>Renovation effect +¥3.4 bn FY2018: 19 stores FY2019: 17 stores</li> <li>Store closure effect +¥0.8 bn FY2018: 9 stores</li> </ul>
New store contribution	+¥0.2 bn FY2018: 1 store FY2019: 1 store
GPM	+0.4% +¥3.4 bn ⇒Apparel inventory optimization, etc.
Increase in SG&A expenses	+0.2% ¥(1.0) bn ⇒Increases in delivery expenses, system expenses and size-based enterprise tax, etc.

\* Excluding structural reformed stores

# IY: Regional Strategy (Business Alliance with IZUMI CO., LTD.)



Promote selection and concentration in IY and partner with retailers that are influential and close to the region to pursue customer satisfaction while producing synergies

Medium-to long-term strategy expected for the Shikoku & Kyushu area through business alliance with IZUMI CO., LTD.

**【Purpose】** Aim to effectively utilize both companies' management resources and expertise to enhance business efficiency and expand the earnings of 7&i Group and IZUMI Group

**【Agreed matters】** (utilize the characteristics of both companies and cooperate to quickly realize the effects)

(1) Collaboration with Ito-Yokado

(i) Integration of purchasing, the joint procurement of imported products, local products and other items, and the joint supply of other products

(i i) Ito-Yokado Fukuyama Store

\*IZUMI shall cooperate with Tenmaya Group to operate Fukuyama Port Plaza that brings delight to local customers

(iii) Studying the joint operation, joint opening in Western Japan

(2) Cooperation on electronic money

(3) Opening stores within the counterparty group's stores or sites (including Seven Bank ATMs)

(4) Joint procurement of materials and related items

(5) Studying the feasibility of carrying private-brand products

# Sogo & Seibu

## SS



# SS: Results for FY2018 and Plan for FY2019



(yen)

	Results for FY2018			Plan for FY2019		
		YOY	Change		YOY	Change
Revenues from operations	685.8 bn	90.2 %	(74.8) bn	641.3 bn	93.5 %	(44.5) bn
Net sales	674.3 bn	90.2 %	(73.5) bn	630.6 bn	93.5 %	(43.7) bn
Operating income	5.0 bn	117.1 %	+0.7 bn	5.2 bn	102.3 %	+0.1 bn
Existing store sales increase	+0.5 %	-	-	+3.3 %	-	-
MDSE GPM	24.0 %	-	+0.1 %	24.5 %	-	+0.5 %
Store count (as of Feb. 28)	15	-	(4)	15	-	-
Store transfers / Store closures	4	-	-	-	-	-
Capital expenditures	12.4 bn	106.0 %	+0.7 bn	15.0 bn	120.3 %	+2.5 bn

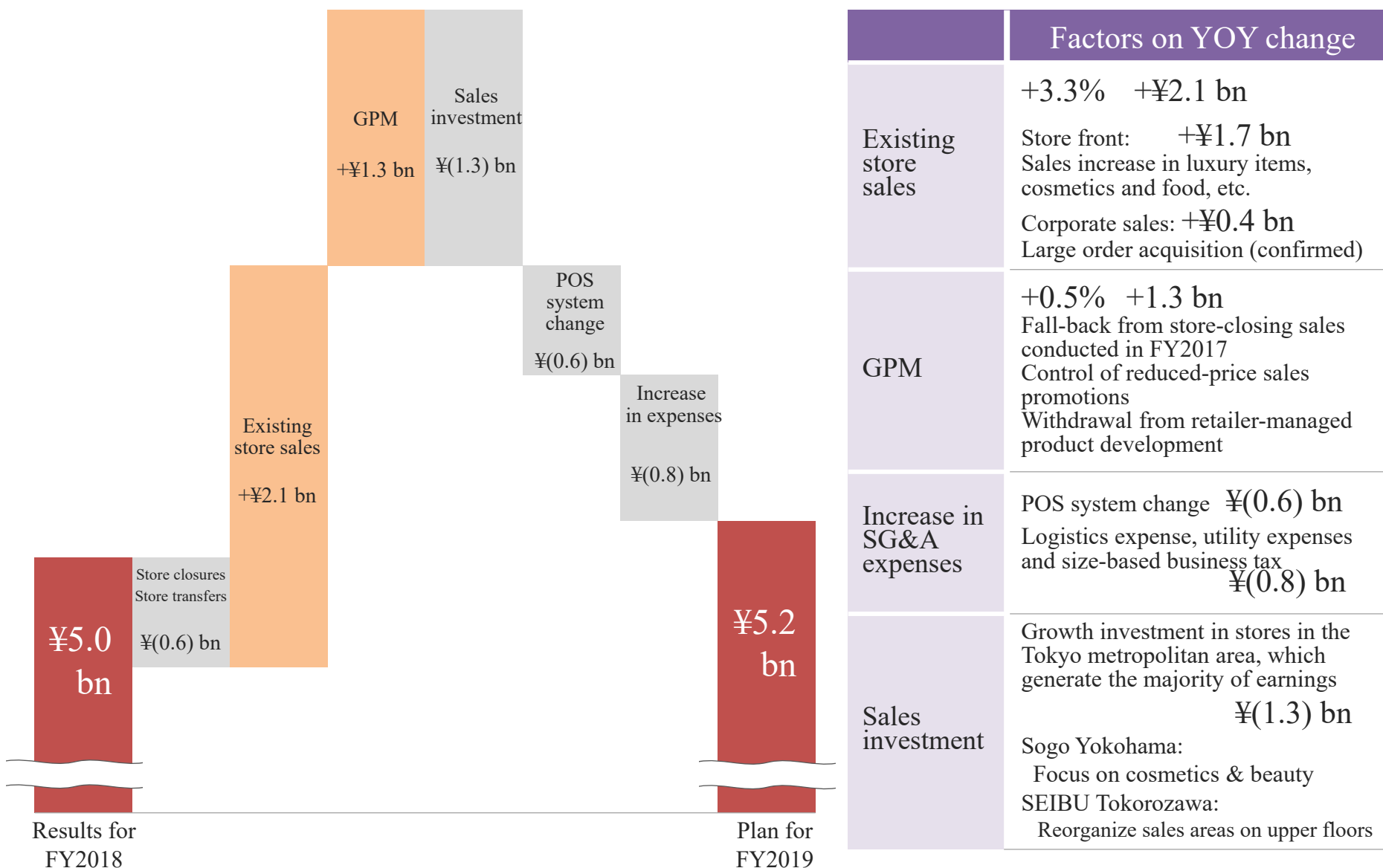
## ◆ Action plan for FY2019

Realize growth strategies using resources derived from restructuring reforms undertaking through to FY2017

Sogo Yokohama: Focus on Cosmetics & Beauty

SEIBU Tokorozawa: Reorganize sales areas on upper floors → Use food sales areas experience as a guide

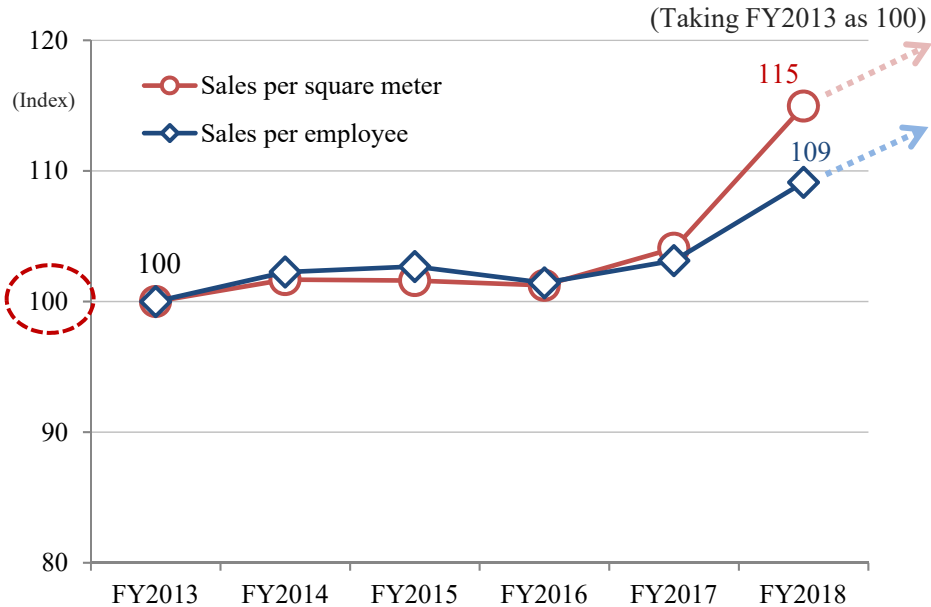
# SS: Operating Income Plan for FY2019



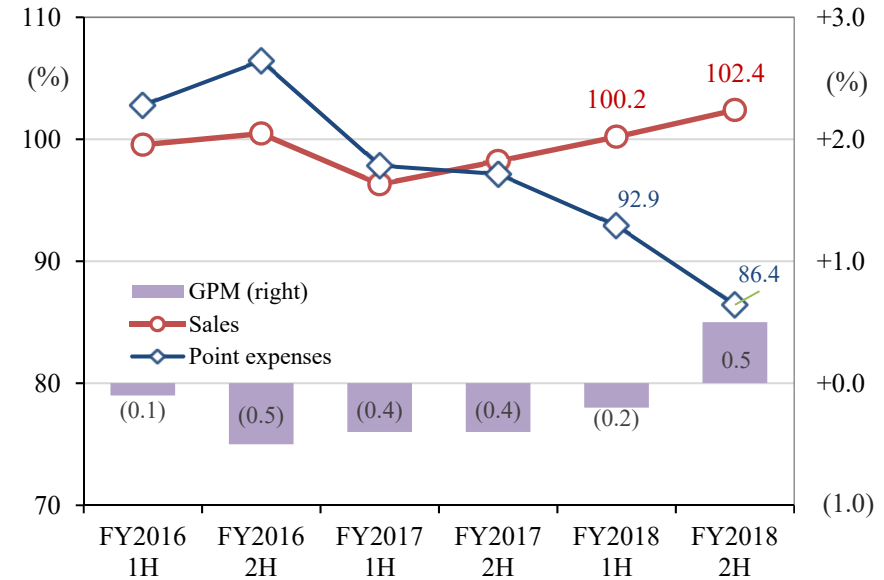
# SS: Accomplishments of Business Structural Reforms



## ◆ Sales per sqm\*1 and per employee\*2 index



## ◆ Existing store sales YOY and GPM change



### 【Comparison with Results for FY2013 and for FY2018】

	FY2013	FY2018	Difference / YOY
Store count	24	15	(9)
Total sales floor	863k sqm	617k sqm	71.5%
No. of employees (incl. part-time employees)	9,557	6,984	73.1%

### 【Reduced Point Sales】

FY2017 202 days ⇒ FY2018 45 days reduced 157 days  
 Point expenses: YOY 89.6% ¥(1.28) bn

### 【Reduced discount sales】

GPM improvement: +0.13%

Management efficiency has improved as a result of structural reforms implemented in FY2017 and FY2018.

\*1 Sales per square meter: Net sales divided by active sales area

\*2 Sales per employee: Net sales divided by (average number of employees + number of part-time employees during the period)

→Average number of employees per month based on work hours of 163 hours per month.

# SS: Revise the Medium-Term Plan



## ◆ Disclosed target in October 2016

Operating income

FY2020: ¥13.0 bn OPM: 1.8%

## ◆ Background to the revision

Announced the Mid-Term Management Plan



Carefully examine progress on Mid-Term Management Plan under new management team



-Further structural reforms  
-Concentrate management resources on key stores

Store closures:  
SEIBU Funabashi and SEIBU Odawara

Withdrawal from retailer-managed product development business

Reduce point sales

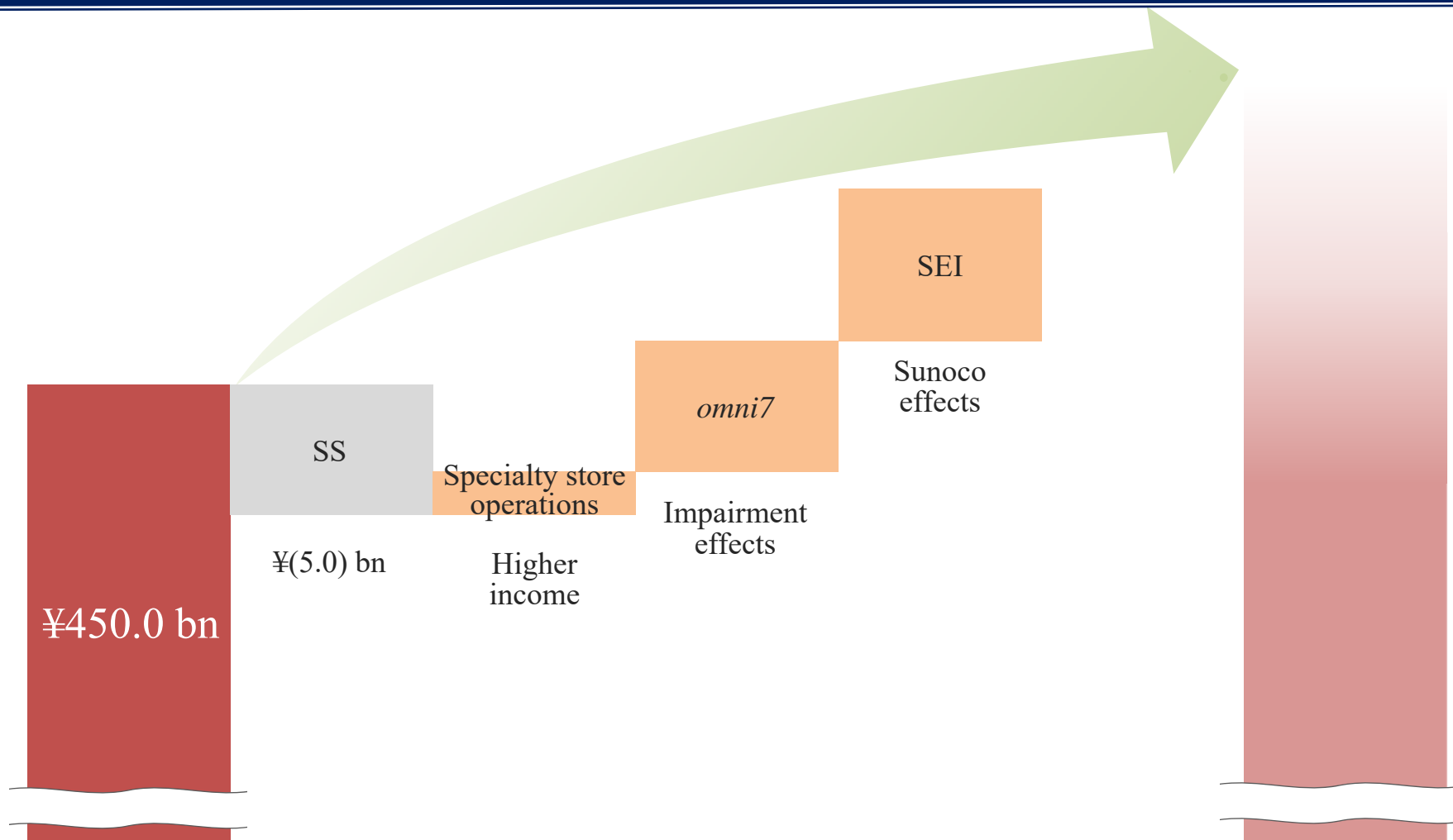
Reduce discount sales (GPM improvement)

Operating income

FY2021: ¥13.0 bn OPM: 2.0%

Despite a one-year lag, realize profit margin growth on improved management efficiency following structural reform

# The Midterm-Management Plan - Consolidated Operating Income -



Plan for  
FY2020

Aim to absorb negative impact at Sogo & Seibu by profit growth at Seven-Eleven, Inc. and specialty stores, etc., and exceed plan

# Nissen Holdings

## (Progress on Structural reforms of management)



### Management turnaround policy

Restore profitability as early as possible by promoting “**selection and concentration**” of management as a whole, from scratch

#### Move away from a model dependent on general catalogue mail order sales

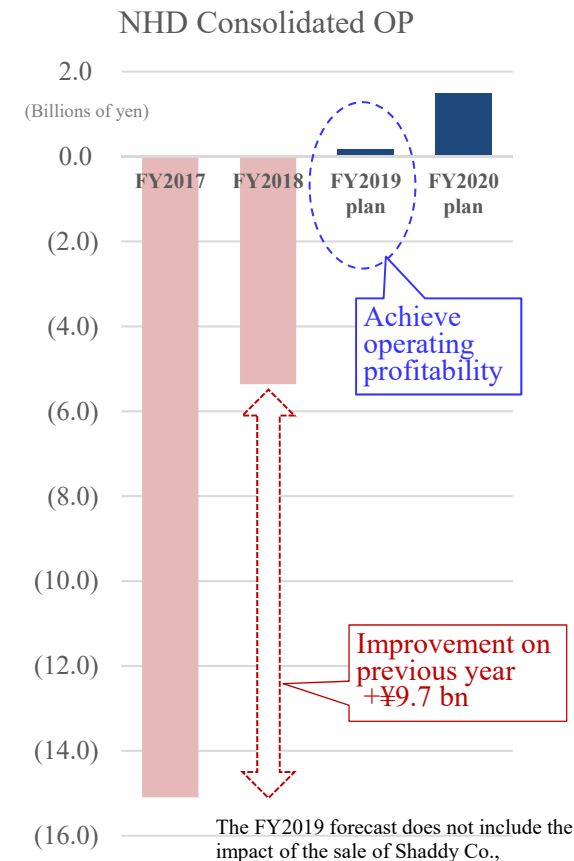
- Shift strategy from a general catalogue **model to an e-commerce centered model**
- **Bolster size-oriented businesses**, where the company has a strong competitive advantage (Large sizes, etc.)
- Improve inventory and gross profit margin by **narrowing down the product lineup**
- Expand mail-order sales support services (Capture demand from growing e-commerce markets)

#### Boldly implement cost structure reforms, with no areas off-limits

- **Optimize the scale of mail-order sales business infrastructure**  
(Sell logistics assets ⇒ shift to outsourcing, downsize call center operations)
- **Downsizing of IT system and shift to cloud-based systems**
- Review office sites in Japan and abroad (closure and consolidation)

#### Reshape the business portfolio

- **Reorganize operating companies**  
(Sell five companies, including Shaddy Co., Ltd.)
- Strengthen partnerships in the financial services business for mail-order sales customers  
(Joint venture business with Shinsei Bank, Limited)



The profitability level has been steadily improving owing to the implementation of the three-year management turnaround plan under the new framework  
In FY2018, we aim to restore operating profitability through the consolidation of Nissen Holdings Co., Ltd.

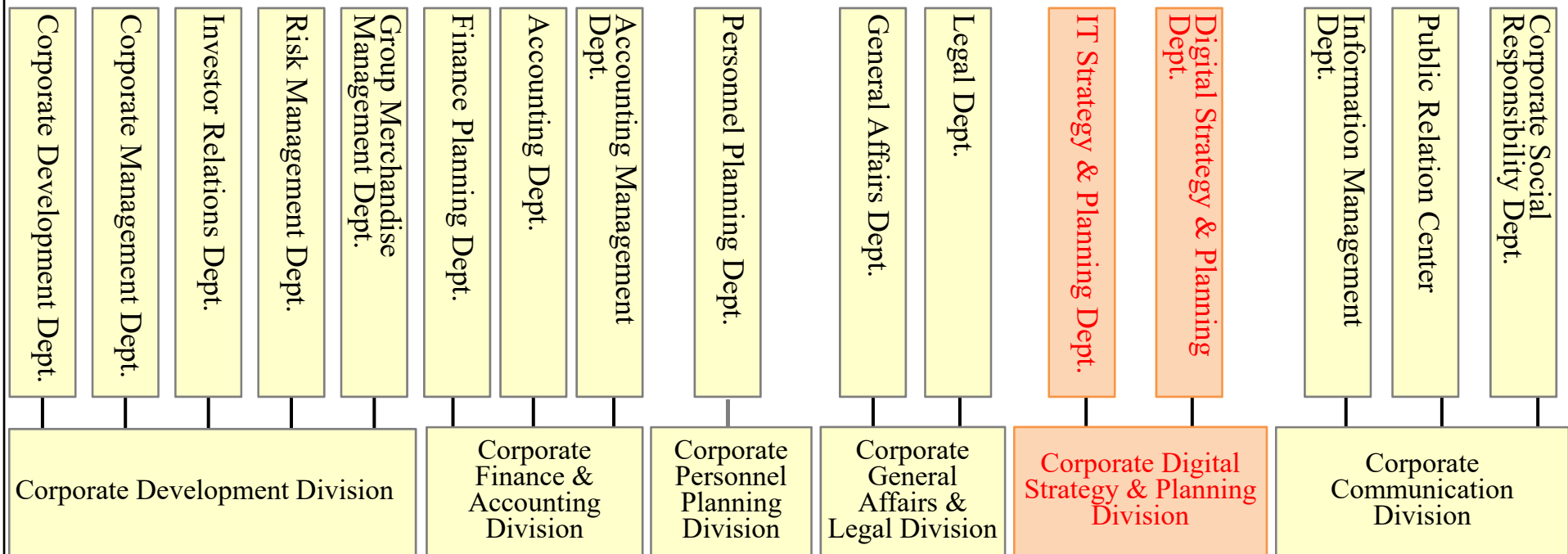
# Seven & i Group

## CRM / Digital Strategy

# Organizational Changes to Promote Digital Strategy



- Speedy decision-making process through six-division system
- Clarify authority and responsibilities
- Strengthen digital strategy promotion system  
 ⇒ Head of Corporate Digital Strategy & Planning Division  
 (Vice President & Representative Director **Katsuhiro Goto**)



## Corporate Digital Strategy & Planning Division

**New perspectives and technologies centered on CRM**

Links with external companies

Operating companies  
(linking front line and head office)



# Basic Philosophy Regarding Digital Strategy



Customer Oriented

Customer Engagement

Customer Experience

# Progress of 7&i's Digital Strategy



2014 >> 2015 >> 2017 >> 2018 >> 2019 >>

From  
Oct. 2014  
to  
Sep. 2015

## Personal Marketing Project (PMP)

Trial tests using smartphone App. (SEJ, IY, 7&i Food Systems)  
⇒ Confirm expectation for further sales growth by adding customer-oriented analysis to item-by-item management

From  
Oct. 2015

## Launched omni7 website (Group's integrated EC website)

Integrate Group company e-commerce site with customers' individual IDs  
⇒ Acquire comprehensive grasp of purchase history to realize individually optimized customer recommendations

From  
Oct. 2017

## Launched Net Convenience Store

⇒ Service enabling ordering of real-store products over the Internet

From  
Nov. 2017

## Launched IY Fresh

⇒ Food e-commerce centered on fresh foods in collaboration with ASKUL

From  
Jun. 2018

## Full scale CRM operations (Launch Group company app)

- A system that enables customers to enjoy shopping
- Comprehensively grasp purchase information at stores
- Use purchase information in marketing and product development

Around  
Spring  
2019

## Full roll-out Financial Project (Launch settlement App)\*

Provide new settlement methods that prevent customers from feeling stressed

# Vision of the CRM Initiative

Develop data utilization business

Merchandise support

Resolve social issues

Minimize churn rate

Cross-selling of  
the group services

Develop excellent customers

3<sup>rd</sup> party data such as  
behavior history of  
the customers

Develop cross-sectoral data alliance  
with excellent companies  
(Seven & I Data labo)

→ **Unified ID = 7 i D** ←

Develop customer  
contact points

Develop customer contact points  
in addition to the group mobile  
application services



Purchase data via  
the group EC mall

Unified customer data management  
system has been introduced to the  
*omni7* business



Purchase data via  
the group real stores

Unified customer data management  
system will be introduced to the  
mobile application services **SEJ and  
IY will launch the service in June**



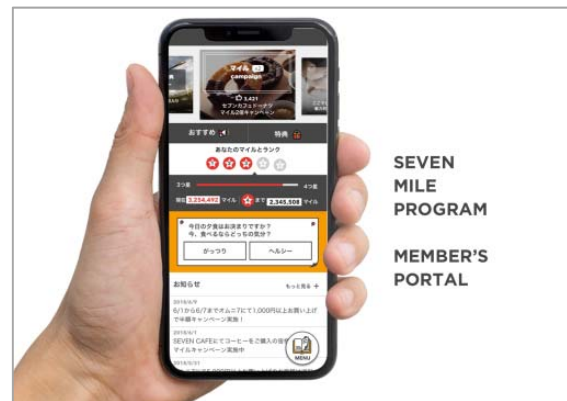
Financial data of  
the group customers

Integrate financial data of the group  
customers by utilizing newly  
developed group payment service

# Smartphone App & SEVEN MILE PROGRAM Overview



Entice users to join the reward points program from Group company apps



Shopping, promotion participation, communication with concierge, points collection, etc.



Analyze customer characteristics and utilize in personal promotion

- ▶ Assign reward points according to shopping history and activities
- ▶ Acquire *nanaco* points using accumulated reward points
- ▶ Preferential services according to the rank of amassed miles (free trial of paid apps, preferential treatment at events, etc.)

## List of apps offering rewards

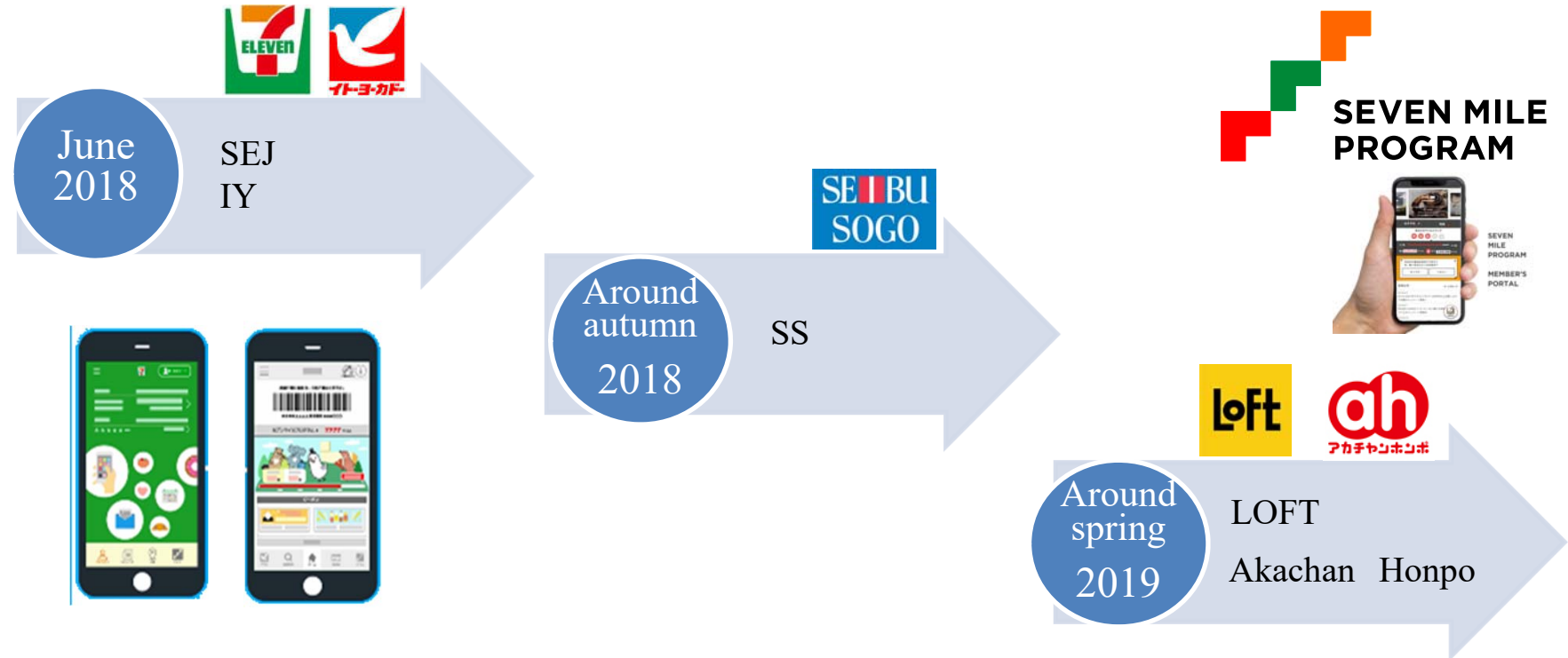


## Examples of preferential treatment at events

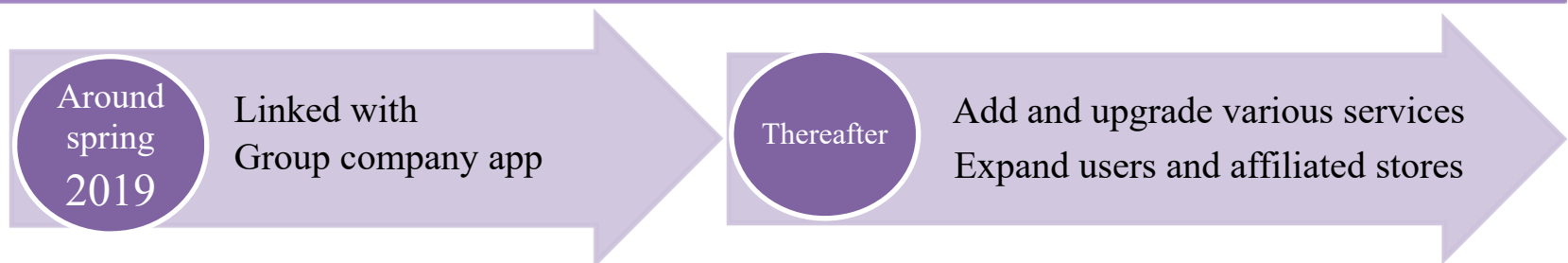
- ▶ Farm experience
- ▶ Tour of *Seven Premium* production facilities
- ▶ Concert attendance, etc.

# Schedule

## Launch schedule for smartphone apps and SEVEN MILE PROGRAM



## Develop settlement service linked with Group company app



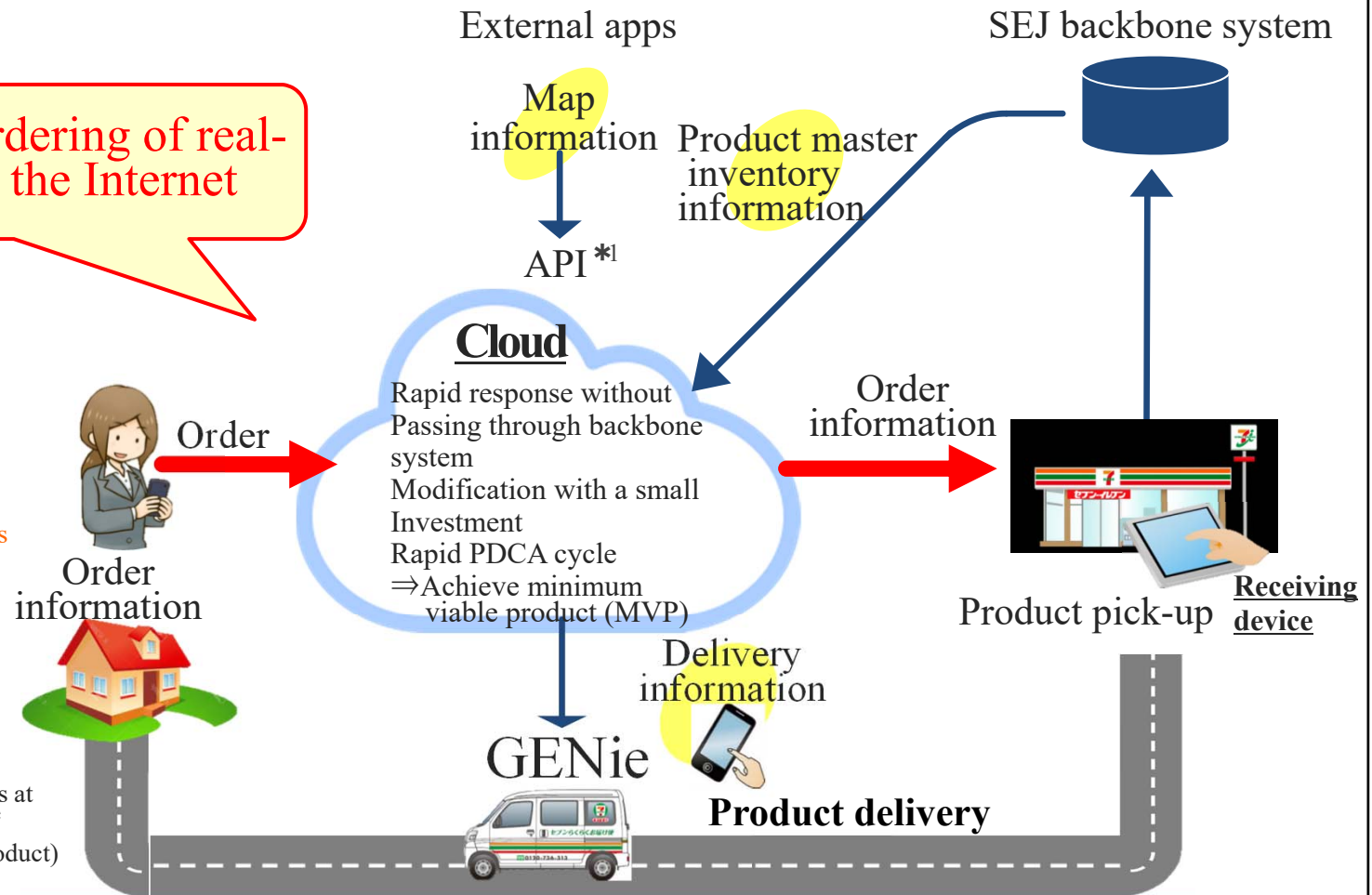
# SEJ: Net Convenience Store Overview



Service enabling ordering of real-store products over the Internet

## Smartphone ordering service

Order using smartphone  
 Received 07:00 - 17:00  
 Delivered in as little as two hours  
 Delivery fee ¥216



\*An approach of introducing services at minimum viable scale then increase satisfaction through continued improvement (Minimum Viable Product)

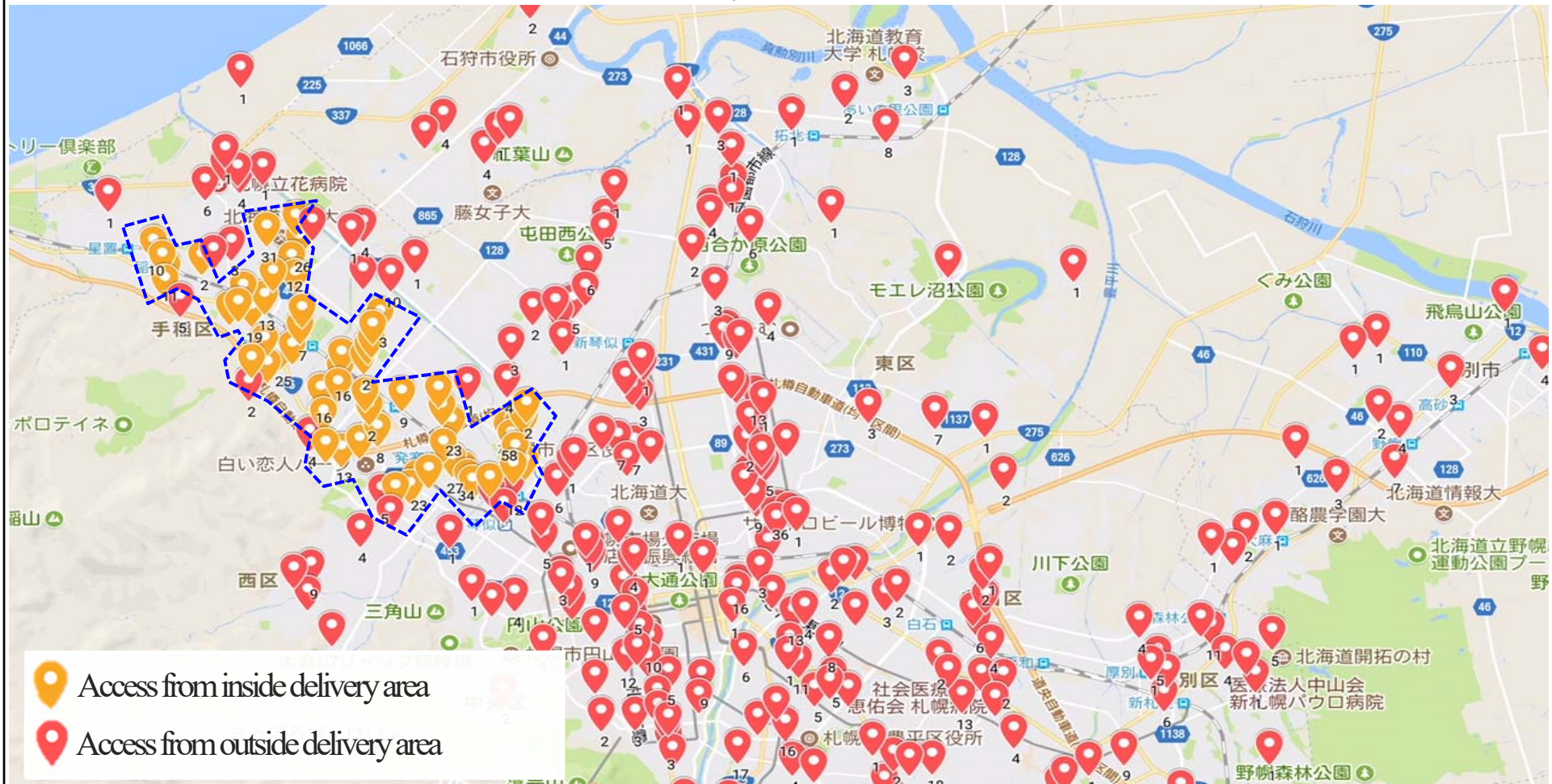
Start of trial test at 15 stores in Otaru district, Hokkaido (From Oct. 2017)

Winter sales are difficult in Hokkaido, with the advance of aging and an increase in people who find shopping inconvenient

Trial started from a strong desire on the front line to alleviate customer inconvenience

# SEJ: Potential of *Net Convenience Store*

## ◆ Customer site access locations (January 31)

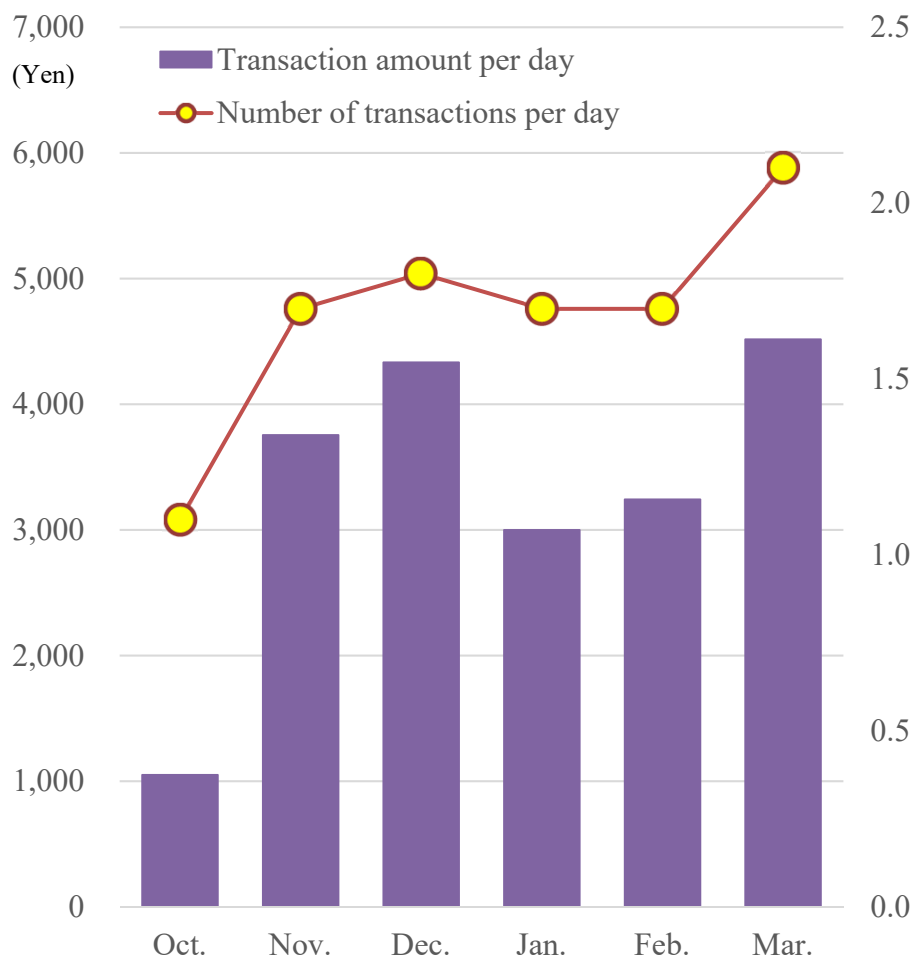


Much access came from outside the delivery area, showing high expectation for smartphone order service  
Expand to 20 stores from March 30, thereby increasing the coverage area from 61,000 households to 121,000 households

# SEJ: Potential of *Net Convenience Store*



## ◆ *Net CVS* sales result



## ◆ Improvements and responses (example)

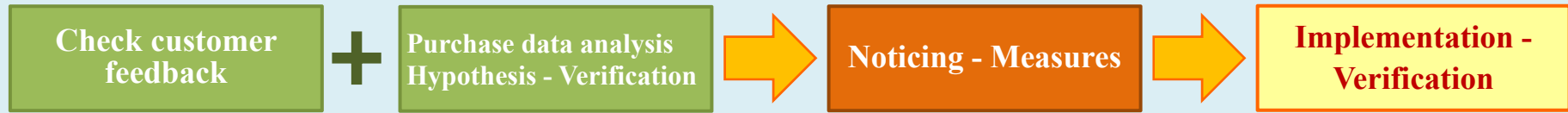
	Improvements and responses implemented
Nov.	Feature banner added ( <i>Oden</i> )
Dec.	Request to be able to <b>order reserved products</b> ⇒ Added reserve product delivery function
Feb.	<b>In ability to order during lunchtime</b> as delivery capacity is filled ⇒ Delivery vehicle system improved to expand capacity
	Request to place <b>orders after 17:00</b> also ⇒ Improved to enable 24-hour ordering (Dramatically increase in access during lunchtime to late night)
Mar.	Request to <b>expand the delivery time window</b> ⇒ Previously: 11:00 – 20:00; expanded to 10:00 – 21:00

Respond immediately to customer requests for improvement by examining measures and aiming for improvement  
Plan to expand the system to 100 stores during 1H and all stores in Hokkaido (1,000 stores) by the end of FY2019

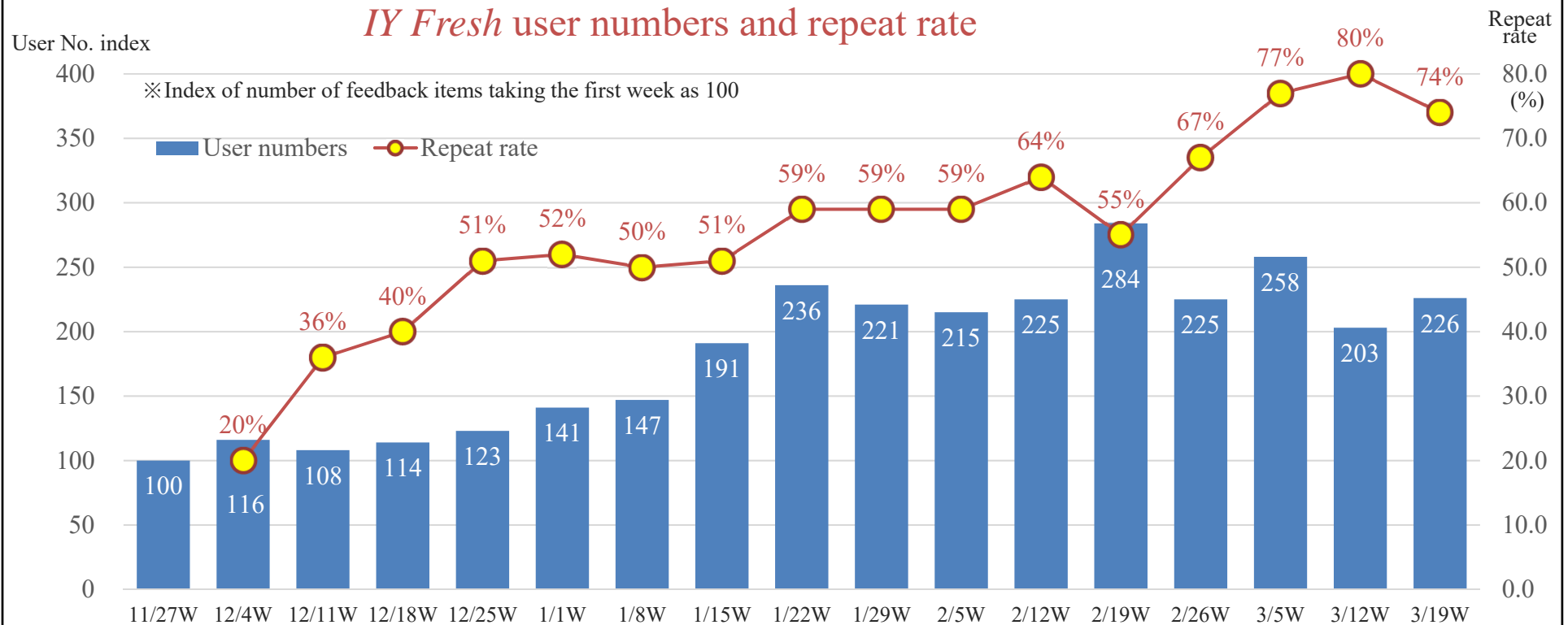


# IY Fresh Sales Result

Continue to consider measures while listening to customer feedback



*IY Fresh* user numbers and repeat rate



Repeat the cycle from hypothesis to verification to increase customer satisfaction

# IY Fresh Issues and Responses



Customer feedback and request (excerpt)	Specific responses (example)
It takes too long to complete an order ⇒I had to view about 50 pages to complete the order, and it took about 30 minutes	Site navigation improved dramatically
Please expand the product line up	Introduced <i>IY Net Supermarket</i> sale products (frequently sold items such as milk, <i>Tofu</i> , etc.)
Please increase meal kit products	Launched sets of frequently-sold items, frozen food sets, video recipe sets, recipe preparation sets, etc.
Please offer hot products and freshly prepared products	Preparing to launch hot foods and freshly prepared foods from April 10
Please lower the threshold for free delivery	Free delivery threshold lowered ¥4,500 ⇒ ¥3,000 (for a limited time)

Conduct one-on-one interviews and make detailed service improvements  
Increase customer satisfaction and expand delivery area

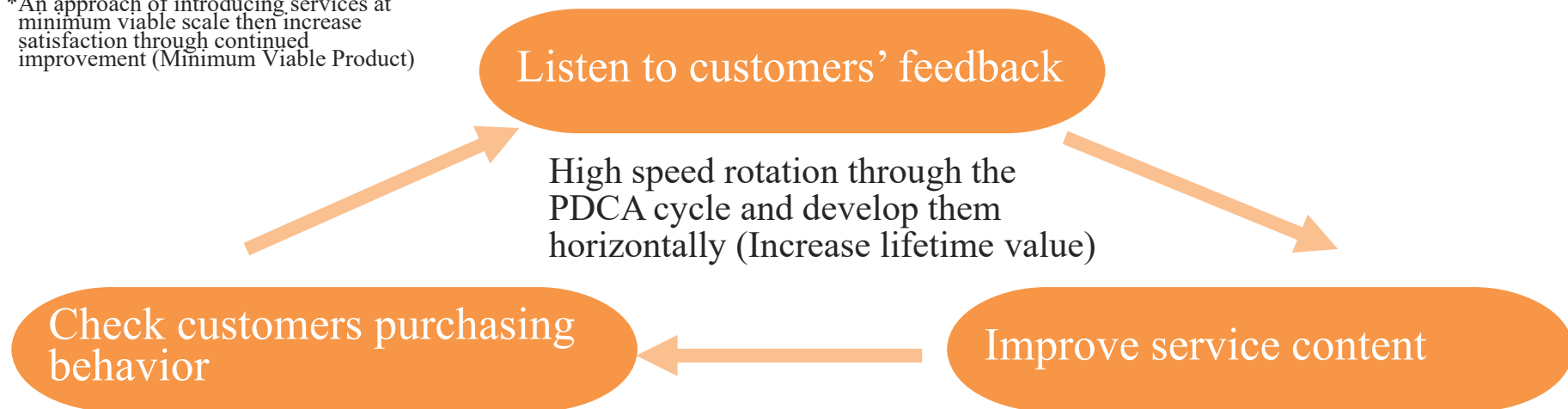
Expand delivery area in Joto area within 2018 and to Jonan area next spring

# Increase Customer Satisfaction

## ◆ Examples from 7-Eleven, *Net convenience store* and *IY Fresh*

Introduce services at small scale (MVP approach\*) through use of digital and IT formats and external collaboration, then work at high speed through PDCA cycles to develop them horizontally

\*An approach of introducing services at minimum viable scale then increase satisfaction through continued improvement (Minimum Viable Product)



CRM strategy is not only for making recommendations, but also **in the following PDCA cycle for parlaying customer feedback and behavior into development of new products and services**

By repeating this cycle, provide a shopping experience that is attractive and unique for each individual customer

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