April 5, 2018

Consolidated Financial Results for the Fiscal Year ended February 28, 2018

Seven & i Holdings Co., Ltd.

(URL http://www.7andi.com/en)

Securities Code No. 3382
President : Ryuichi Isaka
The Company's shares are listed on the First Section of the Tokyo Stock Exchange.
Date of the ordinary general meeting of shareholders: May 24, 2018
Submission date of the annual securities report scheduled: May 25, 2018
Starting date of paying year-end dividend: May 25, 2018
Preparation of brief summary materials for financial results: Yes
Holding of financial results presentation: Yes

Note: All amounts less than one million yen have been disregarded.

1. Business Results for the Fiscal Year ended February 28, 2018 (from March 1, 2017 to February 28, 2018)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent	
Year ended February 28, 2018	6,037,815	3.5 %	391,657	7.4 %	390,746	7.2 %	181,150	87.2 %
Year ended February 28, 2017	5,835,689	(3.5) %	364,573	3.5 %	364,405	4.1 %	96,750	(39.9) %

Note: Comprehensive income:
Year ended February 28, 2018: 186,072 million yen [60.2%] Year ended February 28, 2017: 116,175 million yen [(19.7)%]

	Net Income per Share	Diluted Net Income per Share	Ratio of Net Income to Owners' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Revenues from Operations
Year ended February 28, 2018	204.80 (yen)	204.63 (yen)	7.6 %	7.1 %	6.5 %
Year ended February 28, 2017	109.42 (yen)	109.31 (yen)	4.1 %	6.7 %	6.2 %

Notes: 1. Equity in earnings of affiliates:
Year ended February 28, 2018: 1,496 million yen Year ended February 28, 2017: 2,062 million yen
2. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.

* Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:
Year ended February 28, 2018: 11,048,215 million yen [4.0%]
Year ended February 28, 2017: 10,621,530 million yen [(0.8)%]

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share
As of February 28, 2018	5,494,950	2,575,342	44.2%	2,744.08 (yen)
As of February 28, 2017	5,508,888	2,475,806	42.4%	2,641.40 (yen)

Note: Owners' equity (net assets excluding non-conrolling interests and subscription rights to shares) :
As of February 28, 2018: 2,427,264 million yen As of February 28, 2017: 2,336,057 million yen

(3) Cash Flows

(Millions of yen)

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of the Fiscal Year
Year ended February 28, 2018	498,306	(240,418)	(168,510)	1,300,383
Year ended February 28, 2017	512,523	(371,602)	(78,190)	1,209,497

2. Dividends

	Dividends per Share (yen)			Total Amount of Dividends (Millions of yen)	Dividends Payout Ratio (Consolidated)	Ratio of Total Amount of Dividends to Net Assets (Consolidated)
Cash Dividends	Interim	Year-end	Annual			
Year ended February 28, 2017	45.00	45.00	90.00	79,596	82.3 %	3.4%
Year ended February 28, 2018	45.00	45.00	90.00	79,611	43.9 %	3.3%
Year ending February 28, 2019 (forecast)	47.50	47.50	95.00		40.0 %	

3. Forecast of Business Results for the Fiscal Year ending February 28, 2019 (From March 1, 2018 to February 28, 2019)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income		Net Income Attributable to Owners of Parent		Net Income per Share	
Interim Period	3,269,000	9.4 %	196,700	1.1 %	194,200	0.0 %	101,000	12.9 %	114.18	(yen)
Entire Year	6,683,000	10.7 %	415,000	6.0 %	408,500	4.5 %	210,000	15.9 %	237.41	(yen)

Note: Percentages represent increase (decrease) from the corresponding period in the prior year.

* The forecast of Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:
Interim Period: 5,900,000 million yen [7.3%]
Entire Year: 11,920,000 million yen [7.9%]

4. Others

(1) Changes in significant subsidiaries during the fiscal year ended February 28, 2018 (changes in specific subsidiaries accompanying change in scope of consolidation): None
Added: none Excluded: none

(2) Changes in accounting policies, accounting estimates or restatements

1. Changes due to amendment of accounting standards: None
2. Changes due to other reasons: None
3. Changes in accounting estimates: None
4. Restatements: None

(3) Number of shares outstanding (common stock)

1. Number of shares outstanding at the end of period (including treasury stock)
As of February 28, 2018: 886,441,983 shares As of February 28, 2017: 886,441,983 shares
2. Number of treasury stock at the end of period
As of February 28, 2018: 1,897,782 shares As of February 28, 2017: 2,039,799 shares
3. Average number of shares during the period
As of February 28, 2018: 884,531,496 shares As of February 28, 2017: 884,214,252 shares

Note: For the number of shares as a basis of calculating net income per share (consolidated), please refer to Per Share Information on page 37 of attached materials.

Reference: Summary of Nonconsolidated Financial Statements

1. Nonconsolidated Business Results for the Fiscal Year ended February 28, 2018 (from March 1, 2017 to February 28, 2018)

(1) Results of Operations

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Year ended February 28, 2018	114,665	(47.4)%	89,842	(53.8)%	89,414	(53.8)%
Year ended February 28, 2017	217,860	98.0%	194,297	111.3%	193,329	114.0%

	Net Income		Net Income per Share		Diluted Net Income per Share	
Year ended February 28, 2018	70,029	(4.8)%	79.17	(yen)	79.12	(yen)
Year ended February 28, 2017	73,558	1.0%	83.18	(yen)	83.11	(yen)

Note: Percentages represent increase (decrease) from the prior year unless otherwise stated.

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
As of February 28, 2018	1,826,118	1,467,985	80.3%	1,657.19 (yen)
As of February 28, 2017	1,845,861	1,479,210	80.0%	1,670.18 (yen)

Note: Owners' equity (net assets excluding subscription rights to shares) :
As of February 28, 2018: 1,465,895 million yen As of February 28, 2017: 1,477,149 million yen

NOTICE REGARDING AUDIT PROCEDURES FOR THE CONSOLIDATED FINANCIAL RESULTS

This consolidated financial results statement is not subject to audit.

FORWARD LOOKING STATEMENTS AND OTHER SPECIAL ITEMS

1. The information disclosed by the Company may contain forward-looking statements. These statements are based on management's judgment in accordance with materials available to the Company at the time of disclosure, with future projections based on certain assumptions. The forward-looking statements therefore incorporate various risks, estimates, and uncertainties, and as such, actual results and performance may differ from the future outlook included in disclosed information due to various factors, such as changes in business operations and the financial situation going forward.The forecast for the year ending February 28, 2019 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication.
2. Brief summary for the fiscal year ended February 28, 2018 is posted on the Company's website (http://www.7andi.com/en/ir/library/kh/201802.html). The presentation materials related to management policy and financial results which will be used on financial results presentation planned to be held on April 6, 2018, will be posted as soon as possible after the presentation.

Attached Materials

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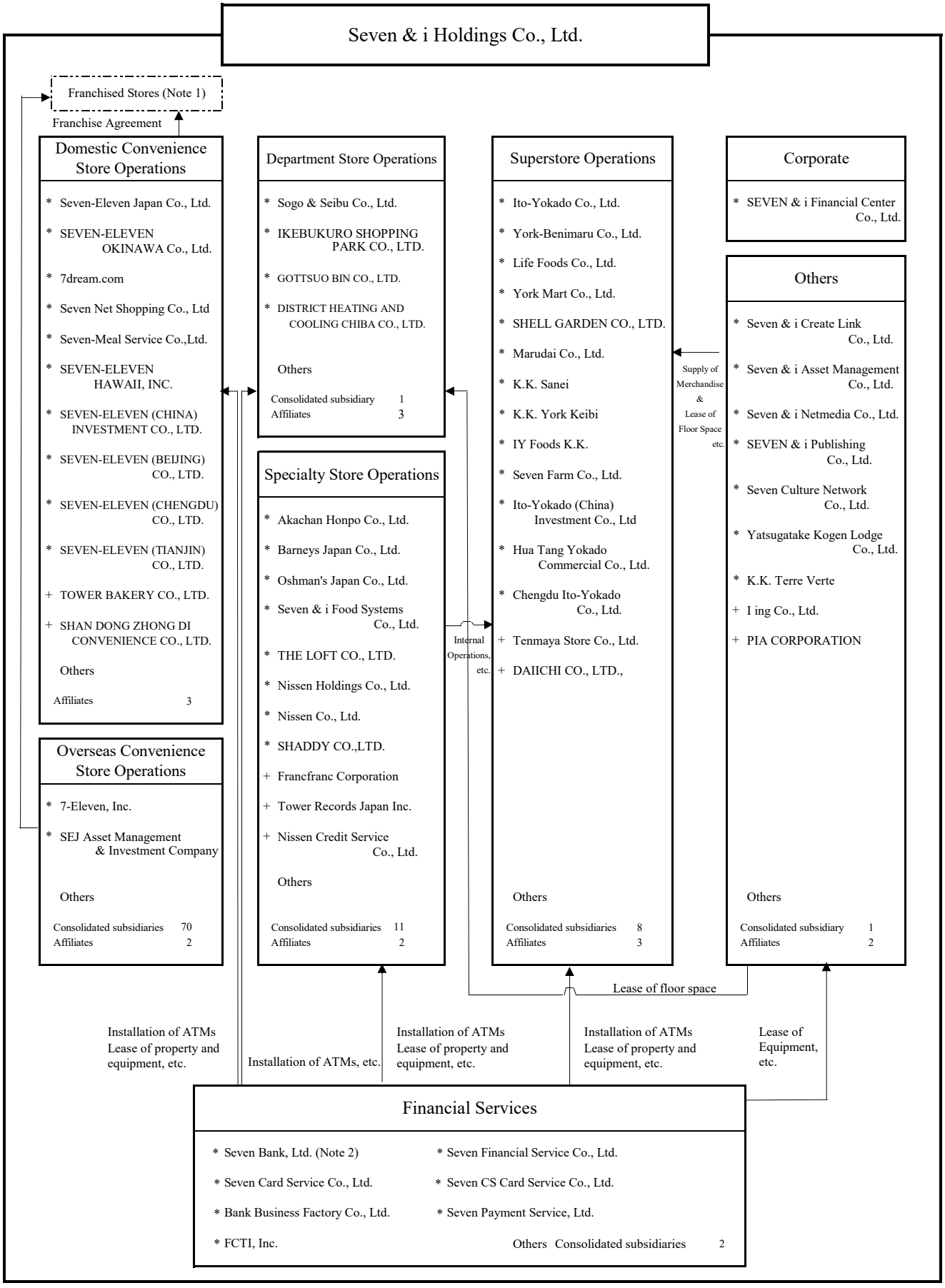
Major Seven & i Group Companies by New Business Segment

Seven & i Group consists 170 diversified retail companies, mainly engaged in domestic convenience store operations, overseas convenience store operations, superstore operations, department store operations, financial services, and specialty store operations.
Business segments, major group companies and number of companies are as follows.
This segmentation is same as the reportable segment shown in the section of segment information.

Business Segments	Major Group Companies	Number of Companies
Domestic Convenience Store Operations	Seven-Eleven Japan Co., Ltd. SEVEN-ELEVEN OKINAWA Co., Ltd. 7dream.com Seven Net Shopping Co., Ltd. Seven-Meal Service Co., Ltd. SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) INVESTMENT CO., LTD. SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD. TOWER BAKERY CO., LTD. SHAN DONG ZHONG DI CONVENIENCE CO., LTD.	Consolidated Subsidiaries 10 Affiliates 5 Total 15
Overseas Convenience Store Operations	7-Eleven, Inc. SEJ Asset Management & Investment Company	Consolidated Subsidiaries 72 Affiliates 2 Total 74
Superstore Operations	Ito-Yokado Co., Ltd. York-Benimaru Co., Ltd. Life Foods Co., Ltd. York Mart Co., Ltd. SHELL GARDEN CO., LTD. Marudai Co., Ltd. K.K. Sanei K.K. York Keibi IY Foods K.K. Seven Farm Co., Ltd. Ito-Yokado (China) Investment Co., Ltd. Hua Tang Yokado Commercial Co., Ltd. Chengdu Ito-Yokado Co., Ltd. Tenmaya Store Co., Ltd. DAIICHI CO., LTD.	Consolidated Subsidiaries 21 Affiliates 5 Total 26
Department Store Operations	Sogo & Seibu Co., Ltd. IKEBUKURO SHOPPING PARK CO., LTD. GOTTSUO BIN CO., LTD. DISTRICT HEATING AND COOLING CHIBA CO., LTD.	Consolidated Subsidiaries 5 Affiliates 3 Total 8
Financial Services	Seven Bank, Ltd. Seven Financial Service Co., Ltd. Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd. Bank Business Factory Co., Ltd. Seven Payment Service, Ltd. FCTI, Inc.	Consolidated Subsidiaries 9
Specialty Stores Operations	Akachan Honpo Co., Ltd. Barneys Japan Co., Ltd. Oshman's Japan Co., Ltd. Seven & i Food Systems Co., Ltd. THE LOFT CO., LTD. Nissen Holdings Co., Ltd. Nissen Co., Ltd. SHADDY CO.,LTD. Francfranc Corporation Tower Records Japan Inc. Nissen Credit Service Co., Ltd.	Consolidated Subsidiaries 19 Affiliates 5 Total 24
Others	Seven & i Create Link., Ltd. Seven & i Asset Management Co., Ltd. Seven & i Netmedia Co., Ltd. SEVEN & i Publishing Co., Ltd. Seven Culture Network Co., Ltd. Yatsugatake Kogen Lodge Co., Ltd. K.K. Terre Verte I ing Co., Ltd. PIA CORPORATION	Consolidated Subsidiaries 8 Affiliates 4 Total 12
Corporate	SEVEN & i Financial Center Co., Ltd.	Consolidated Subsidiary 1

Notes: 1. On October 25, 2017, SEVEN-ELEVEN OKINAWA Co., Ltd. established as the Company's consolidated subsidiary.
2. TOWER BAKERY CO., LTD., SHAN DONG ZHONG DI CONVENIENCE CO., LTD., Tenmaya Store Co., Ltd., DAIICHI CO., LTD., Francfranc Corporation, Tower Records Japan Inc., Nissen Credit Service Co., Ltd., I ing Co., Ltd., and PIA CORPORATION are affiliates.
3. On January 11, 2018, Seven Payment Service, Ltd. established as the Company's consolidated subsidiary.
4. On September 1, 2017, BALS CORPORATION changed its name to Francfranc Corporation
5. On June 1, 2017, GE Nissen Credit Co., Ltd. changed its name to Nissen Credit Service Co., Ltd.

Business Relation in Group



* Consolidated subsidiary
\+ Affiliate accounted for using the equity method

Notes: 1. Each franchised store is operated by an independent franchisee which enters into franchise agreement with Seven-Eleven Japan Co., Ltd. or 7-Eleven, Inc. or SEVEN-ELEVEN (BEIJING) CO., LTD. or SEVEN-ELEVEN (CHENGDU) CO., LTD. or SEVEN-ELEVEN (TIANJIN) CO., LTD.
2. As of February 28, 2018, Seven Bank, Ltd. has 24,338 units of ATMs placed mainly in the stores of Group companies.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
ASSETS		
Current assets	**2,274,403**	**2,340,207**
Cash and bank deposits	1,222,101	1,316,793
Notes and accounts receivable-trade	347,838	337,938
Trade accounts receivable-financial services	91,052	95,482
Merchandise and finished goods	189,193	173,999
Work in process	31	27
Raw materials and supplies	3,238	2,962
Prepaid expenses	49,113	52,282
ATM-related temporary payments	98,710	96,826
Deferred income taxes	30,239	27,981
Other	247,866	241,356
Allowance for doubtful accounts	(4,983)	(5,441)
Non-current assets	**3,234,485**	**3,154,734**
Property and equipment	**2,007,829**	**1,989,455**
Buildings and structures, net	865,439	872,271
Furniture, fixtures and equipment, net	311,762	327,961
Vehicles, net	288	5,463
Land	768,926	725,180
Lease assets, net	12,735	4,899
Construction in progress	48,677	53,677
Intangible assets	**495,935**	**461,966**
Goodwill	270,055	251,233
Software	72,416	61,115
Other	153,463	149,617
Investments and other assets	**730,720**	**703,313**
Investments in securities	188,162	175,856
Long-term loans receivable	15,315	14,794
Long-term leasehold deposits	396,707	383,276
Advances for store construction	389	573
Net defined benefit asset	44,628	45,620
Deferred income taxes	25,261	28,375
Other	64,064	58,310
Allowance for doubtful accounts	(3,808)	(3,493)
Deferred assets	**-**	**7**
Business commencement expenses	-	7
TOTAL ASSETS	**5,508,888**	**5,494,950**

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	**1,947,618**	**1,944,007**
Notes and accounts payable, trade	415,349	420,012
Short-term loans	150,376	127,255
Current portion of bonds	50,000	74,999
Current portion of long-term loans	64,301	82,656
Income taxes payable	34,462	32,211
Accrued expenses	131,871	117,362
Deposits received	188,798	174,382
ATM-related temporary advances	46,072	45,165
Allowance for sales promotion expenses	21,409	19,793
Allowance for bonuses to employees	14,159	14,662
Allowance for bonuses to Directors and Audit & Supervisory Board Members	311	345
Allowance for loss on future collection of gift certificates	1,807	1,590
Provision for sales returns	77	89
Deposits received in banking business	538,815	553,522
Call money	20,000	-
Other	269,804	279,957
Non-current liabilities	**1,085,463**	**975,600**
Bonds	349,996	305,000
Long-term loans	433,814	393,149
Deferred income taxes	49,080	35,416
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	939	988
Allowance for stock payments	-	95
Net defined benefit liability	9,163	9,185
Deposits received from tenants and franchised stores	55,327	54,806
Asset retirement obligations	77,640	79,412
Other	109,502	97,546
TOTAL LIABILITIES	**3,033,082**	**2,919,607**
NET ASSETS		
Shareholders' equity	**2,247,056**	**2,348,841**
Common stock	50,000	50,000
Capital surplus	409,095	409,128
Retained earnings	1,793,035	1,894,444
Treasury stock, at cost	(5,074)	(4,731)
Total accumulated other comprehensive income	**89,000**	**78,423**
Unrealized gains on available-for-sale securities, net of taxes	28,467	27,897
Unrealized gains (losses) on hedging derivatives, net of taxes	23	(92)
Foreign currency translation adjustments	56,391	46,638
Remeasurements of defined benefit plan	4,117	3,979
Subscription rights to shares	**2,594**	**2,623**
Non-controlling interests	**137,154**	**145,454**
TOTAL NET ASSETS	**2,475,806**	**2,575,342**
TOTAL LIABILITIES AND NET ASSETS	**5,508,888**	**5,494,950**

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Revenues from operations	**5,835,689**	**6,037,815**
Net sales	4,646,370	4,807,748
Cost of sales	3,602,038	3,773,220
Gross profit on sales	**1,044,331**	**1,034,527**
Operating revenues	1,189,318	1,230,067
Gross profit from operations	**2,233,650**	**2,264,594**
Selling, general and administrative expenses	**1,869,077**	**1,872,936**
Advertising and decoration expenses	160,355	136,473
Salaries and wages	456,239	450,662
Provision for bonuses to employees	14,085	14,606
Pension expenses	16,009	14,471
Legal welfare expenses	61,750	61,857
Land and building rent	351,484	360,547
Depreciation and amortization	198,249	203,694
Utility expenses	111,427	112,938
Store maintenance and repair expenses	74,531	74,120
Other	424,943	443,564
Operating income	**364,573**	**391,657**
Non-operating income	**12,797**	**12,014**
Interest income	5,331	5,791
Dividend income	1,115	1,202
Equity in earnings of affiliates	2,062	1,496
Other	4,288	3,523
Non-operating expenses	**12,964**	**12,925**
Interest expenses	6,262	6,475
Interest on bonds	2,496	2,351
Other	4,205	4,098
Ordinary income	**364,405**	**390,746**
Special gains	**4,411**	**13,347**
Gain on sales of property and equipment	3,110	8,375
Gain on sales of property and equipment related to restructuring	376	2,663
Other	924	2,309
Special losses	**151,248**	**127,774**
Loss on disposals of property and equipment	18,369	20,635
Impairment loss	49,108	57,070
Amortization of goodwill	39,300	-
Restructuring expenses	25,637	42,680
Other	18,831	7,388

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Income before income taxes	**217,569**	**276,320**
Total income taxes	**106,746**	**79,423**
Income taxes - current	117,686	94,421
Income taxes - deferred	(10,939)	(14,997)
Net income	**110,822**	**196,896**
Net income attributable to non-controlling interests	14,072	15,746
Net income attributable to owners of parent	**96,750**	**181,150**

Consolidated Statements of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Net income	**110,822**	**196,896**
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities, net of taxes	7,738	(563)
Unrealized losses on hedging derivatives, net of taxes	(563)	(108)
Foreign currency translation adjustments	(14,915)	(10,008)
Remeasurements of defined benefit plan, net of taxes	13,118	(106)
Share of other comprehensive income of entities accounted for using equity method	(25)	(36)
Total other comprehensive income	**5,352**	**(10,823)**
Comprehensive income	**116,175**	**186,072**
Comprehensive income attributable to owners of parent	103,034	170,573
Comprehensive income attributable to non-controlling interests	13,140	15,499

(3) Consolidated Statements of Changes in Net Assets

Fiscal year ended February 28, 2017 (From March 1, 2016 to February 28, 2017) (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2016	50,000	527,474	1,717,771	(5,688)	2,289,557
Cumulative effects of changes in accounting policies		(116,446)	59,221		(57,224)
Restated balance	50,000	411,028	1,776,993	(5,688)	2,232,333
Increase (decrease) for the year					
Cash dividends			(80,890)		(80,890)
Net income attributable to owners of parent			96,750		96,750
Purchase of treasury stock				(2,276)	(2,276)
Disposal of treasury stock		132		857	989
Change in the Company's ownership interest of the subsidiary in connection with the transactions with non-controlling shareholders		(2,033)		2,033	-
Other		(31)	182	(0)	150
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	-	(1,933)	16,042	614	14,723
Balance at February 28, 2017	50,000	409,095	1,793,035	(5,074)	2,247,056

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 1, 2016	20,655	33	70,927	(8,900)	82,716	2,995	129,912	2,505,182
Cumulative effects of changes in accounting policies			5,900		5,900			(51,324)
Restated balance	20,655	33	76,827	(8,900)	88,616	2,995	129,912	2,453,857
Increase (decrease) for the year								
Cash dividends								(80,890)
Net income attributable to owners of parent								96,750
Purchase of treasury stock								(2,276)
Disposal of treasury stock								989
Change in the Company's ownership interest of the subsidiary in connection with the transactions with non-controlling shareholders								-
Other								150
Net changes of items other than shareholders' equity	7,812	(10)	(20,436)	13,018	384	(400)	7,241	7,224
Net increase (decrease) for the year	7,812	(10)	(20,436)	13,018	384	(400)	7,241	21,948
Balance at February 28, 2017	28,467	23	56,391	4,117	89,000	2,594	137,154	2,475,806

Fiscal year ended February 28, 2018 (From March 1, 2017 to February 28, 2018) (Millions of yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock, at cost	Total shareholders' equity
Balance at March 1, 2017	50,000	409,095	1,793,035	(5,074)	2,247,056
Increase (decrease) for the year					
Cash dividends			(79,604)		(79,604)
Net income attributable to owners of parent			181,150		181,150
Purchase of treasury stock				(25)	(25)
Disposal of treasury stock		81		368	450
Other		(49)	(136)	(0)	(185)
Net changes of items other than shareholders' equity					
Net increase (decrease) for the year	-	32	101,409	342	101,784
Balance at February 28, 2018	50,000	409,128	1,894,444	(4,731)	2,348,841

(Millions of yen)

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Unrealized gains (losses) on hedging derivatives, net of taxes	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at March 1, 2017	28,467	23	56,391	4,117	89,000	2,594	137,154	2,475,806
Increase (decrease) for the year								
Cash dividends								(79,604)
Net income attributable to owners of parent								181,150
Purchase of treasury stock								(25)
Disposal of treasury stock								450
Other								(185)
Net changes of items other than shareholders' equity	(570)	(115)	(9,753)	(138)	(10,577)	28	8,300	(2,247)
Net increase (decrease) for the year	(570)	(115)	(9,753)	(138)	(10,577)	28	8,300	99,536
Balance at February 28, 2018	27,897	(92)	46,638	3,979	78,423	2,623	145,454	2,575,342

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	217,569	276,320
Depreciation and amortization	207,483	213,167
Impairment loss	59,719	88,879
Amortization of goodwill	55,458	16,620
Increase in allowance for bonuses to employees	728	707
Decrease (increase) in net defined benefit asset	554	(938)
Interest and dividends income	(6,446)	(6,994)
Interest expenses and interest on bonds	8,759	8,826
Equity in earnings of affiliates	(2,062)	(1,496)
Gain on sales of property and equipment	(3,487)	(11,038)
Loss on disposals of property and equipment	18,516	20,860
Gain on transfer from business divestitures	-	(1,090)
Decrease in notes and accounts receivable, trade	6,525	7,590
Increase in trade accounts receivable, financial services	(4,175)	(4,429)
Decrease in inventories	18,438	11,186
Increase in notes and accounts payable, trade	3,632	8,501
Increase (decrease) in deposits received	31,094	(14,168)
Net decrease in loans in banking business	(5,000)	-
Net increase in deposits received in banking business	20,688	14,706
Net decrease in call loan in banking business	10,000	-
Net increase (decrease) in call money in banking business	20,000	(20,000)
Net decrease (increase) in ATM-related temporary accounts	(9,276)	974
Other	8,171	(26,580)
Subtotal	656,892	581,606
Interest and dividends received	3,712	4,468
Interest paid	(7,452)	(8,877)
Income taxes paid	(140,629)	(95,827)
Income taxes refund	-	16,936
Net cash provided by operating activities	**512,523**	**498,306**

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Cash flows from investing activities:		
Acquisition of property and equipment	(321,089)	(277,913)
Proceeds from sales of property and equipment	66,359	40,174
Acquisition of intangible assets	(27,347)	(33,375)
Payment for purchase of investments in securities	(55,010)	(20,353)
Proceeds from sales of investments in securities	18,806	32,435
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	326	108
Payment for long-term leasehold deposits	(29,116)	(16,199)
Refund of long-term leasehold deposits	33,352	37,689
Proceeds from deposits from tenants	3,542	5,321
Refund of deposits from tenants	(3,269)	(5,654)
Proceeds from business divestitures	-	12,937
Payment for acquisition of business	(71,471)	(4,717)
Payment for time deposits	(10,850)	(16,294)
Proceeds from withdrawal of time deposits	28,233	12,751
Other	(4,067)	(7,329)
Net cash used in investing activities	**(371,602)**	**(240,418)**
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	19,341	(23,150)
Proceeds from long-term debts	139,451	56,408
Repayment of long-term debts	(98,739)	(73,656)
Proceeds from commercial paper	75,161	-
Payment for redemption of commercial paper	(75,161)	-
Payment for redemption of bonds	(40,000)	(20,000)
Capital contribution from non-controlling interests	0	432
Dividends paid	(80,834)	(79,558)
Dividends paid to non-controlling interests	(6,142)	(7,017)
Purchase of treasury stock	(2,276)	(25)
Other	(8,991)	(21,941)
Net cash used in financing activities	**(78,190)**	**(168,510)**
Effect of exchange rate changes on cash and cash equivalents	**(154)**	**1,508**
Net increase in cash and cash equivalents	**62,576**	**90,886**
Cash and cash equivalents at beginning of year	**1,147,086**	**1,209,497**
Decrease in cash and cash equivalents resulting from exclusion of the subsidiary from consolidation	**(164)**	**-**
Cash and cash equivalents at end of year	**1,209,497**	**1,300,383**

(5) Doubts on the Premise of Going Concern

None

(6) Accounting Policies for the Preparation of Consolidated Financial Statements

1. Scope of consolidation
   (1) Number of consolidated subsidiaries: 145
   Major consolidated subsidiaries: Seven-Eleven Japan Co., Ltd., 7-Eleven, Inc., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Seven Bank, Ltd., and Seven Financial Service Co., Ltd.

   Consolidated subsidiaries increased by 5
   Establishment of Seven-Eleven Okinawa Co., Ltd. and Seven Payment Service Co., Ltd.

   Consolidated subsidiaries decreased by 9
   (Dissolution)
   Seven Bi no Garden Co., Ltd. and IY Real Estate Co., Ltd.
   (Sales)
   Three companies
   (Liquidation)
   Four companies

2. Application of equity method
   (1) Number of unconsolidated subsidiary to which equity method was applied: none

   (2) Number of affiliates to which equity method was applied: 24
   Major affiliates: PRIME DELICA CO., LTD. and PIA CORPORATION

   Affiliates to which equity method is applied decreased by 2
   (Transfer of shares)
   Two companies

   (3) Procedure for applying equity method
   (a) The affiliates which have different closing dates are included in the Consolidated Financial Statements based on their respective fiscal year-end.
   (b) When an affiliate has a deficit net worth, the Company's share of such loss is reduced from its loan receivable from affiliate.

3. Accounting period of consolidated subsidiaries
   The fiscal year-end of some subsidiaries is December 31. The financial statements of such subsidiaries as of and for the year ended December 31 are used in preparing the Consolidated Financial Statements. All material transactions during the period from the closing date to the end of February are adjusted for the consolidation purpose.
   The closing date of Seven Bank, Ltd., etc. is March 31. Pro forma financial statements as of the end of February are prepared in a manner that is substantially identical to the preparation of the official financial statements in order to facilitate its consolidation.

4. Summary of significant accounting policies
   (1) Valuation method for major assets
   (a) Valuation method for securities
   (I) Held-to-maturity debt securities are carried at amortized cost.
   (II) Other available-for-sale securities are classified into two categories, where: (i) the fair value is available and (ii) the fair value is not available.

(i) Securities whose fair value is available are valued at the quoted market price prevailing at the end of the fiscal year. Net unrealized gains or losses on these securities are reported as a separate component of net assets at a net-of-tax amount. Cost of securities sold is determined using the moving-average method.

(ii) Securities whose fair value is not available are mainly valued at cost, determined using the moving-average method.

(b) Valuation method for derivatives

Derivative financial instruments are valued at fair value.

(c) Valuation method for inventories

(I) Merchandise:

Inventories of domestic consolidated subsidiaries are stated mainly at cost determined by the retail method with book value written down to the net realizable value.

Cost is determined principally by the first-in, first-out (FIFO) method (except for gasoline inventory that is determined by the weighted average cost method) for foreign consolidated subsidiaries. Some domestic consolidated subsidiaries applied the FIFO method and the moving-average method.

(II) Supplies:

Supplies are carried at cost which is mainly determined by the last purchase price method with book value written down to the net realizable value.

(2) Depreciation and amortization

(a) Property and equipment (Excluding Lease assets)

Property and equipment are depreciated using the straight-line method.

(b) Intangible assets (Excluding Lease assets)

Intangible assets are amortized using the straight-line method. Internal use software is amortized using the straight-line method over an estimated useful life, generally 5 years.

(c) Lease assets

For the assets leased under finance lease contracts that do not transfer ownership of leased property to the lessee, useful life is determined based on the duration of the lease period and straight-line depreciation method is applied with an assumed residual value at nil.

Finance leases, commenced prior to March 1, 2009, which do not transfer ownership of leased property to the lessee, are accounted for in the same manner as operating leases.

(3) Accounting for deferred assets

Business commencement expenses

Business commencement expenses are amortized using the straight-line method over 5 years, or expensed as incurred if immaterial.

(4) Allowances

(a) Allowance for doubtful accounts

Allowance for doubtful accounts is provided in an amount sufficient to cover probable losses on collection. It consists of the estimated uncollectible amount with respect to certain identified doubtful receivables and an amount calculated using the actual historical rate of losses.

(b) Allowance for sales promotion expenses

Allowance for sales promotion expenses is provided for the use of points given to customers at the amount expected to be used in the future as at the balance sheet date in accordance with the sales promotion point card program.

(c) Allowance for bonuses to employees

Allowance for bonuses to employees is provided at the amount calculated based on the estimation of payment.

(d) Allowance for bonuses to Directors and Audit & Supervisory Board Members

Allowance for bonuses to Directors and Audit & Supervisory Board Members is provided at the amount estimated to be paid.

(e) Allowance for loss on future collection of gift certificates

Allowance for loss on future collection of gift certificates issued by certain domestic consolidated subsidiaries is provided for future collection of gift certificates for income to be recognized after certain periods. The amount is calculated using the historical results of collection.

(f) Provision for sales returns

Provision for sales returns is provided at the amount of estimated future loss due to sales returns. The amount is calculated using the historical results of sales returns.

(g) Allowance for retirement benefits to Directors and Audit & Supervisory Board Members

Allowance for retirement benefits to Directors and Audit & Supervisory Board Members is provided at the amount required to be paid in accordance with internal rules.

The Company and some of its consolidated subsidiaries abolished the retirement benefits policy for Directors and Audit & Supervisory Board Members, for which some consolidated subsidiaries have determined to pay the balance at the time of retirement.

(h) Allowance for stock payments

Allowance for stock benefits is provided to prepare for payments of stock benefits to directors and executive officers of some consolidated subsidiaries. The amount is based on the expected stock benefit payable as at the balance sheet date.

(5) Accounting method for retirement benefits

(a) Allocation method of estimated total retirement benefits

When calculating retirement benefit obligation, the benefit formula basis is used to allocate estimated total retirement benefits to the period up to the fiscal year-end.

(b) Amortization method of the actuarial difference and the prior service cost

Actuarial differences are amortized on a straight-line basis over the period of 10 years from the year following the year in which they arise, which is within the average remaining years of service of the eligible employees.

Prior service costs are amortized on a straight-line basis over the periods of 5 years or 10 years, which are within the average remaining years of service of the eligible employees.

(6) Foreign currency translation

All assets and liabilities of the Company and its domestic consolidated subsidiaries denominated in foreign currencies are translated into Japanese yen at the exchange rate in effect as at the respective balance sheet dates. Translation gains or losses are included in the accompanying Consolidated Statements of Income.

All balance sheets accounts of foreign subsidiaries are translated into Japanese yen at the exchange rate in effect at the respective balance sheet dates. All income and expense accounts are translated at the average exchange rate for the period. The resulting translation adjustments are included in the accompanying Consolidated Balance Sheets under “Non-controlling interests” and “Foreign currency translation adjustments”.

(7) Hedge accounting

(a) Hedge accounting

If derivative financial instruments are used as hedges and meet certain hedging criteria, the recognition of gains and losses resulting from the changes in fair value of derivative financial instruments is deferred until the related gains and losses on the hedged items are recognized.

The forward foreign exchange contracts are accounted for by the short-cut method when they meet certain criteria for the method. Certain interest rate swap contracts that meet specific hedging criteria are not measured at market value but the differences between the paid and received amount under the swap contracts are recognized and included in interest income or expense as incurred.

(b) Hedge instruments and hedged items

(I) Hedge instruments – Forward foreign exchange contracts
Hedged items – Foreign currency-denominated monetary asset and liability

(II) Hedge instruments – Interest swap
Hedged items – Loans payable

(c) Hedging policies

The Company and its subsidiaries have policies to utilize derivative instruments for the purposes of hedging their exposure to fluctuations in foreign currency rates and interest rates and reducing financing costs as well as optimizing future cash flow. The Company and its subsidiaries do not hold or issue derivative instruments for trading or speculative purposes.

(d) Assessing hedge effectiveness

The hedge effectiveness is assessed by comparing the fluctuation quarterly except for those that meet specific hedging criteria.

(8) Goodwill and negative goodwill

Goodwill and negative goodwill which generated before March 1, 2011 are amortized mainly over a period of 20 years on a straight-line basis, or recognized as income or expenses immediately if immaterial. Negative goodwill arising on or after March 1, 2011 is recognized as income when it occurs.

The goodwill recognized in applying the equity method is accounted for in the same manner.

(9) Cash and cash equivalents

Cash and cash equivalents in the accompanying Consolidated Statements of Cash Flows are comprised of cash on hand, demand deposits and short-term investments with maturities of three months or less from the date of acquisition, that are liquid, readily convertible into cash and are subject to minimum risk of price fluctuation.

(10) Other accounting treatments

(a) Accounting for franchised stores in Domestic and Overseas convenience store operations

Seven-Eleven Japan Co., Ltd. and 7-Eleven, Inc. recognize franchise commission from its franchised stores as revenues and include it in “Operating revenues”.

(b) Accounting for consumption taxes and excise tax

The Japanese consumption taxes withheld and consumption taxes paid are not included in the accompanying Consolidated Statements of Income. The excise tax levied in the U.S. and Canada is included in the revenues from operations.

(c) Application of consolidated taxation system

The Company and part of its wholly owned domestic subsidiaries have applied Consolidated Taxation System.

(7) Changes in Method of Presentation

(Consolidated Statements of Income)

"Gain on sales of property and equipment related to restructuring," which was previously included in "Gain on sales of property and equipment" of special gains in the fiscal year ended February 28, 2017, is separately presented for the fiscal year ended February 28, 2018, in order to clearly show gains or losses relating to restructuring. To reflect this change in method of presentation, the Company reclassified Consolidated Financial Statements for the fiscal year ended February 28, 2017.

The amount of "Gain on sales of property and equipment related to restructuring" included in "Gain on sales of property and equipment" in special gains in the fiscal year ended February 28, 2017 was 376 million yen.

(8) Supplementary Information

(Application of Implementation Guidance on Recoverability of Deferred Tax Assets)

The Company has applied the "Implementation Guidance on Recoverability of Deferred Tax Assets" (ASBJ Guidance No. 26 dated March 28, 2016) from the fiscal year ended February 28, 2018.

There is no impact on the Consolidated Financial Statements from the application of the implementation guidance.

(Effect of the enactment of the U.S. Tax Cuts and Jobs Act)

The Tax Cuts and Jobs Act was enacted in the U.S. on December 22, 2017. Due to the Act, the federal corporate income tax rate in the U.S. was reduced from 35% to 21% for fiscal years beginning on and after January 1, 2018.

As a result of the reduction of the federal corporate income tax rate, the balance of deferred tax liabilities (net of deferred tax assets) decreased by 18,218 million yen and income taxes–deferred decreased by 18,082 million yen accordingly.

(9) Notes to Consolidated Financial Statements

Consolidated Balance Sheets;

1. Accumulated depreciation of property and equipment

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Accumulated depreciation	1,861,414	1,894,756

2. Assets pledged as collateral

Assets pledged as collateral for the debts

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Buildings and structures	6,420	2,854
Land	4,111	3,537
Investments in securities	73,876	59,345
Long-term leasehold deposits	4,758	4,661
Total	89,167	70,398
Debts for which above assets are pledged as collateral		
Short-term loans	5,200	3,795
Long-term loans (including current portion of long-term loans)	9,811	8,739
Deposits received from tenants and franchised stores	37	36
Total	15,049	12,571

Assets pledged as collateral for the debts of affiliates

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Buildings	370	348
Land	1,368	1,368
Total	1,738	1,717
Loans of affiliates for which above assets are pledged as collateral	2,943	2,843

Assets pledged as collateral for fund transfer

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Investments in securities	2,512	2,504

Assets pledged as collateral for real estate business

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Long-term leasehold deposits	55	55

Assets pledged as collateral under installment sales law

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Long-term leasehold deposits	1,335	1,335

Assets pledged as collateral to secure the amount of prepaid tickets issued

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Long-term leasehold deposits	232	340

3. Guarantees

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Employees' housing loans	114	95

4. Loan commitment

Some financial subsidiaries conduct a cash loan business that is associated with their credit card business. Unused credit balance related to the cash loan business is as follows:

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Credit availability of cash loan business	870,462	856,256
Outstanding balance	42,556	45,041
Unused credit balance	827,905	811,215

Unused credit balance will not have a material impact on future cash flows because most of the unused credit balance will remain unused considering the historical record. Some financial subsidiaries will cease finance services or reduce the credit limit based on the credit situation of customers or other justifiable reasons.

5. Others

Bonds held by Seven Bank, Ltd.

Seven Bank, Ltd., one of the Company's consolidated subsidiaries, holds bonds to serve as collateral for exchange settlement transactions and overdraft transactions with the Bank of Japan. These bonds are recorded in "Investments in securities" in the Consolidated Balance Sheets due to its nature of restriction even if they have redemption at maturity less than one year.

Consolidated Statements of Income;

1. The franchise commission from Seven-Eleven Japan Co., Ltd.'s franchised stores and 7-Eleven, Inc.'s are included in "Operating revenues".

The franchise commission from franchised stores and net sales of franchised stores are as follows:

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Franchise commission from franchised stores	723,021	743,393
Net sales of franchised stores	4,409,084	4,575,931

7-Eleven, Inc.

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Franchise commission from franchised stores	236,957	251,197
Net sales of franchised stores	1,336,735	1,440,311

2. Major items included in "Gain on sales of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Buildings and structures	1,711	934
Land	1,591	10,002
Others	184	102
Total	3,487	11,038

Note: 96 million yen (Buildings and structures), 279 million yen (Land), and 0 million yen (Other) are included in "Gain on sales of property and equipment related to restructuring" in Consolidated Statements of Income for the year ended February 28, 2017. 228 million yen (Buildings and structures), 2,380 million yen (Land), and 54 million yen (Other) are included in "Gain on sales of property and equipment related to restructuring" in Consolidated Statements of Income for the year ended February 28, 2018.

3. Major items included in "Loss on disposals of property and equipment" are as follows:

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Buildings and structures	7,364	9,467
Furniture, fixtures and equipment	5,025	5,395
Others	6,126	5,997
Total	18,516	20,860

Note: 1 million yen (Buildings and structures), 12 million yen (Furniture, fixtures and equipment), and 133 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2017. 104 million yen (Buildings and structures), 11 million yen (Furniture, fixtures and equipment), and 108 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2018.

4. Impairment loss

For the fiscal year ended February 28, 2017, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

Effective from the fiscal year ended February 28, 2018, changes have been made to the classification of reportable segments. Accordingly, the figures for the fiscal year ended February 28, 2017 have been restated to reflect the segment classification that now exists after the change.

(Millions of yen)

Description	Classification	Location			Amount
Stores	Land and buildings, etc.	Tokyo Met.	Domestic convenience stores	109 Stores	55,407
			Superstores	13 Stores	
			Specialty stores	24 Stores	
		Osaka Pref.	Domestic convenience stores	52 Stores	
			Specialty stores	4 Stores	
		Saitama Pref.	Domestic convenience stores	47 Stores	
			Superstores	3 Stores	
			Department stores	2 Stores	
			Specialty stores	4 Stores	
			Others	1 Store	
		U.S. & others	Overseas convenience stores	62 Stores	
Other facility, etc.	Land and buildings, etc.	Kyoto Pref., Tokyo Met., Nagano Pref. & others			4,311
Total					59,719

Note: 6,927 million yen (Stores) and 3,683 million yen (Other facility, etc.) are included in “Restructuring expenses” in Consolidated Statements of Income.

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit.

The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts when the book values exceed future cash flows before discount, and such deducted amount was recorded as impairment loss in special losses.

A breakdown of impairment loss is as follows:

(Millions of yen)

	Stores	omni7	Other facilities, etc.	Total
Buildings and structures	43,328	–	994	44,322
Land	6,462	–	48	6,510
Software	74	–	1,043	1,117
Other	5,543	–	2,225	7,769
Total	55,407	–	4,311	59,719

Note: 6,520 million yen (Buildings and structures), 729 million yen (Land), 1,033 million yen (Software), and 2,328 million yen (Other) are included in “Restructuring expenses” in Consolidated Statements of Income.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 3.0% - 6.0% discount rates were applied.

For the fiscal year ended February 28, 2018, the Company and its consolidated subsidiaries recognized as impairment loss on the following group of assets.

(Millions of yen)

Description	Classification	Location			Amount
Stores	Land and buildings, etc.	Tokyo Met.	Domestic convenience stores	78 Stores	61,809
			Superstores	5 Stores	
			Specialty stores	11 Stores	
		Osaka Pref.	Domestic convenience stores	76 Stores	
			Specialty stores	2 Stores	
		Ehime Pref.	Domestic convenience stores	66 Stores	
		U.S. & others	Overseas convenience stores	143 Stores	
omni7	Software and buildings, etc.	Tokyo Met., Saitama Pref., Osaka Pref. & others			23,492
Other facility, etc.	Land and buildings, etc.	Kyoto Pref., Tokyo Met., Nagano Pref. & others			3,576
Total					88,879

Note: 29,001 million yen (Stores) and 2,808 million yen (Other facility, etc.) are included in "Restructuring expenses" in Consolidated Statements of Income.

The Company and its domestic consolidated subsidiaries group their fixed assets by store, which is the minimum cash-generating unit.

The book values of stores whose land had significantly declined in market prices or which incurred consecutive operating losses were reduced to recoverable amounts when the book values exceed future cash flows before discount, and such deducted amount was recorded as impairment loss in special losses.

A breakdown of impairment loss is as follows:

(Millions of yen)

	Stores	omni7	Other facilities, etc.	Total
Buildings and structures	29,496	670	708	30,875
Land	20,965	-	389	21,354
Software	0	19,587	1,224	20,813
Other	11,347	3,234	1,254	15,836
Total	61,809	23,492	3,576	88,879

Note: 9,601 million yen (Buildings and structures), 18,367 million yen (Land), 809 million yen (Software), and 3,030 million yen (Other) are included in "Restructuring expenses" in Consolidated Statements of Income.

In the case where net selling prices were used as recoverable amounts, relevant assets were evaluated based on real estate appraisal standards etc., and in the case where values in use were used as recoverable amounts, relevant assets were evaluated by discounting estimated future cash flows to which the 1.6% - 6.0% discount rates were applied.

5. Amortization of goodwill

The company recorded the loss on valuation of stocks of subsidiaries and affiliates on its nonconsolidated financial statements during the fiscal year ended February 28, 2017. In consequence, in accordance with Paragraph 32 of "Practical Guidelines on Accounting Standards for Capital Consolidation Procedures in Preparing Consolidated Financial Statements" (the Japanese Institute of Certified Public Accountants (JICPA) Accounting Practice Committee Statement No. 7, November 28, 2014), the Company recorded amortization of goodwill of 39,300 million yen (mainly 33,401 million yen and 5,878 million yen on Sogo & Seibu Co., Ltd. and Barneys Japan Co., Ltd., respectively).

6. Restructuring expenses

A breakdown of restructuring expenses is as follows:

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Impairment loss	10,611	31,809
Gain on transfer from business divestitures	–	(1,090)
Loss on sales of property and equipment	–	4,200
Loss on inventory disposal on business closure, etc.	433	3,233
Store closing losses	7,341	2,451
Early retirement benefit	6,015	403
Others	1,235	1,671
Total	25,637	42,680

Note: The “Gain on sales of property and equipment related to restructuring” was recorded under “Special gains” for the fiscal years ended February 28, 2017 and 2018. This amount was 376 million yen for the fiscal year ended February 28, 2017, and 2,663 million yen for the fiscal year ended February 28, 2018.

Consolidated Statements of Comprehensive Income;

1. The components of other comprehensive income including reclassification adjustments and tax (expense) or benefits for the fiscal years ended February 28, 2017 and February 28, 2018 are as follows:

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Unrealized gains (losses) on available-for-sale securities, net of taxes:		
Increase (decrease) during the fiscal year	10,243	(566)
Reclassification adjustments	10	3
Amount before tax	10,254	(563)
Tax effects	(2,515)	(0)
Subtotal	7,738	(563)
Unrealized gains (losses) on hedging derivatives, net of taxes		
Decrease during the fiscal year	(872)	(156)
Reclassification adjustments	–	–
Amount before tax	(872)	(156)
Tax effects	308	47
Subtotal	(563)	(108)
Foreign currency translation adjustments:		
Decrease during the fiscal year	(14,915)	(10,008)
Remeasurements of defined benefit plan, net of taxes:		
Increase (decrease) during the fiscal year	13,268	(4,328)
Reclassification adjustments	5,227	4,152
Amount before tax	18,495	(175)
Tax effects	(5,377)	69
Subtotal	13,118	(106)
Share of other comprehensive income of entities accounted for using equity method:		
Decrease during the fiscal year	(25)	(36)
Total other comprehensive income	5,352	(10,823)

Consolidated Statements of Changes in Net Assets;

(From March 1, 2016 to February 28, 2017)

1. Type and number of shares outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of March 1, 2016	Number of shares increased	Number of shares decreased	As of February 28, 2017
Ordinary Share	886,441	–	–	886,441

(2) Treasury stock

(Thousands of shares)

	As of March 1, 2016	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	As of February 28, 2017
Ordinary Share	2,290	519	770	2,039

Notes: (1) 514 thousand shares and 5 thousand shares out of the 519 thousand shares increased because of the acquisition through the market by the Company's subsidiary (Seven & i Netmedia Co., Ltd.) and purchases of odd-lot shares, respectively.

(2) 467 thousand shares, 46 thousand shares, 256 thousand shares and 0 thousand shares out of the 770 thousand shares decreased due to the stock exchange to make the consolidated subsidiary (Nissen Holdings Co., Ltd.) our wholly owned subsidiary, sale in the market, exercising of stock options and sale of odd-lot shares, respectively.

2. Subscription rights to shares and treasury subscription rights to shares

Entity		The Company	Consolidated subsidiaries	Total
Description of subscription rights to shares		Subscription rights to shares as stock-linked compensation stock option	Subscription rights to shares as stock-linked compensation stock option	
Type of shares to be issued upon excise of the rights		–	–	–
Number of shares to be issued upon the exercise of the rights (shares)	Number of shares as of March 1, 2016	–	–	–
	Number of shares increased	–	–	–
	Number of shares decreased	–	–	–
	Number of shares as of February 28, 2017	–	–	–
Balance as of February 28, 2017 (millions of yen)		2,061	533	2,594

3. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 26, 2016 Ordinary general meeting of shareholders	Ordinary Share	41,114 million yen	46.50 yen	Feb. 29, 2016	May 27, 2016
October 6, 2016 Board of directors' meeting	Ordinary Share	39,798 million yen	45.00 yen	Aug. 31, 2016	Nov. 15, 2016

(2) Dividends whose record date is within the fiscal year ended February 28, 2017, but to be effective after the fiscal year-end

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 25, 2017 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	39,799 million yen	45.00 yen	Feb. 28, 2017	May 26, 2017

(From March 1, 2017 to February 28, 2018)

1. Type and number of shares outstanding and treasury stock

(1) Outstanding stock

(Thousands of shares)

	As of March 1, 2017	Number of shares increased	Number of shares decreased	As of February 28, 2018
Ordinary Share	886,441	–	–	886,441

(2) Treasury stock

(Thousands of shares)

	As of March 1, 2017	Number of shares increased (Note 1)	Number of shares decreased (Note 2)	As of February 28, 2018
Ordinary Share	2,039	5	147	1,897

Notes: (1) 5 thousand shares increased because of the purchases of odd-lot shares.
(2) 147 thousand shares and 0 thousand shares out of the 147 thousand shares decreased due to the exercising of stock options and sale of odd-lot shares, respectively.

2. Subscription rights to shares and treasury subscription rights to shares

Entity		The Company	Consolidated subsidiaries	Total
Description of subscription rights to shares		Subscription rights to shares as stock-linked compensation stock option	Subscription rights to shares as stock-linked compensation stock option	
Type of shares to be issued upon excise of the rights		–	–	–
Number of shares to be issued upon the exercise of the rights (shares)	Number of shares as of March 1, 2017	–	–	–
	Number of shares increased	–	–	–
	Number of shares decreased	–	–	–
	Number of shares as of February 28, 2018	–	–	–
Balance as of February 28, 2018 (millions of yen)		2,090	533	2,623

3. Matters related to dividends

(1) Dividend payments

Resolution	Type	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 25, 2017 Ordinary general meeting of shareholders	Ordinary Share	39,799 million yen	45.00 yen	Feb. 28, 2017	May 26, 2017
October 12, 2017 Board of directors' meeting	Ordinary Share	39,805 million yen	45.00 yen	Aug. 31, 2017	Nov. 15, 2017

(2) Dividends whose record date is within the fiscal year ended February 28, 2018, but to be effective after the fiscal year-end

Resolution	Type	Funds for dividends	Total amount of cash dividends	Dividend per share	Record date	Effective date
May 24, 2018 Ordinary general meeting of shareholders	Ordinary Share	Retained earnings	39,805 million yen	45.00 yen	Feb. 28, 2018	May 25, 2018

Consolidated Statements of Cash Flows;

(For the fiscal year ended February 28, 2017)

1. Reconciliation of cash and cash equivalents of the Consolidated Statements of Cash Flows and account balances of the Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2017
Cash and bank deposits	1,222,101
Negotiable certificates of deposits included in marketable securities	–
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(12,604)
Cash and cash equivalents	1,209,497

2. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2017
Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year	6,713
Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year	11,501

3. Acquisition of business

The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

(Millions of yen)

	As of February 28, 2017
Inventory	2,047
Goodwill	69,412
Other	11
Subtotal	71,471
Property and equipment	53,839
Total	125,310

Property and equipment set out above at an amount of 53,839 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2017.
The figures in the table above include the acquisition of subsidiaries.

(For the fiscal year ended February 28, 2018)

1. Reconciliation of cash and cash equivalents of the Consolidated Statements of Cash Flows and account balances of the Consolidated Balance Sheets

(Millions of yen)

	As of February 28, 2018
Cash and bank deposits	1,316,793
Negotiable certificates of deposits included in marketable securities	-
Time deposits and negotiable certificates of deposits with an original maturity of more than three months	(16,410)
Cash and cash equivalents	1,300,383

2. Major non-cash transactions

(Millions of yen)

	Fiscal year ended February 28, 2018
Finance lease obligations for property and equipment recorded in the Consolidated Balance Sheet for the current fiscal year	5,952
Asset retirement obligations recorded in the Consolidated Balance Sheet for the current fiscal year	6,554

3. Acquisition of business

The followings are the details of payment made by 7-Eleven, Inc. to acquire the assets and liabilities related to business acquisition.

(Millions of yen)

	As of February 28, 2018
Inventory	128
Goodwill	4,692
Other	(103)
Subtotal	4,717
Property and equipment	2,589
Total	7,307

Property and equipment set out above at an amount of 2,589 million yen is included in acquisition of property and equipment in the Statements of Cash Flows for the fiscal year ended February 28, 2018.

Segment Information;

Segment Information

1. Overview of reportable segments

With respect to its reportable segments, the Company is able to obtain delineated financial data from its structural units. Its segments are subject to periodical review for the purpose of making decisions on allocation of managerial resources and evaluating business performance by the Board of Directors.

From the fiscal year ended February 28, 2018, changes have been made to the classification of reportable segments. Accordingly, the figures for the fiscal year ended February 28, 2017 have been restated to reflect the segment classification that now exists after the change.

Under the holding company structure, the Company has classified its consolidated subsidiaries into seven segments which are "Domestic convenience store operations", "Overseas convenience store operations", "Superstore operations", "Department store operations", "Financial services", "Specialty store operations" and "Others", according to the nature of products, services and sales operations.

"Domestic convenience store operations" operate a convenience store business comprising directly-managed corporate stores and franchised stores mainly under Seven-Eleven Japan Co., Ltd. "Overseas convenience store operations" operate a convenience store business comprising corporate stores and franchised stores mainly under 7-Eleven, Inc. "Superstore operations" operate a retail business that provides a comprehensive range of daily life necessities such as food and other daily necessities. "Department store operations" operate a retail business that provides a various and wide assortment of high-quality merchandise. "Financial services" operate a banking business, credit card business and leasing business. "Specialty store operations" operate a retail business providing highly specialized, distinctively characterized merchandise and services. "Others" operate several businesses including the real estate business.

2. Calculation methodology for revenues from operations, income or losses, assets and liabilities and other items for each reportable segment

The accounting treatment of each reportable segment is in line with the "Accounting Policies for the Preparation of Consolidated Financial Statements".

Segment income (loss) and segment liabilities as reported in this section are based on operating income and interest bearing debt, respectively.

Intersegment revenues and transfers are calculated at prevailing market prices.

3. Information on revenues from operations, income, loss, assets, liabilities and other monetary items for each reportable segment

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017) (Millions of yen)

	Reportable segment							Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Revenues from operations										
1. Customers	899,836	1,658,338	1,938,093	720,199	164,432	447,210	7,577	5,835,689	–	5,835,689
2. Intersegment	1,470	204	11,219	9,412	37,499	3,277	16,276	79,360	(79,360)	–
Total	**901,306**	**1,658,542**	**1,949,313**	**729,612**	**201,932**	**450,488**	**23,854**	**5,915,050**	**(79,360)**	**5,835,689**
Segment income (loss)	**243,839**	**67,421**	**20,228**	**2,867**	**50,136**	**(11,276)**	**4,005**	**377,223**	**(12,650)**	**364,573**
Segment assets	1,063,315	1,063,347	1,017,447	395,702	1,425,537	167,763	155,291	5,288,405	220,483	5,508,888
Segment liabilities (interest bearing debt)	–	177,601	3,187	187,908	336,060	53,735	–	758,493	289,996	1,048,490
Other items										
Depreciation	61,101	64,992	24,397	11,472	29,416	7,787	2,189	201,357	6,125	207,483
Amortization of goodwill	–	9,249	3,121	35,162	1,306	6,617	–	55,458	–	55,458
Investment in associates accounted for using the equity method	7,348	5,912	4,816	628	–	12,010	4,571	35,288	–	35,288
Impairment loss	8,783	1,591	23,285	17,623	–	7,522	913	59,719	–	59,719
Net increase in property and equipment, and intangible assets	109,826	147,226	39,671	11,221	20,796	8,136	3,259	340,139	9,629	349,768

Notes:
1. The adjustments of (12,650) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of 220,483 million yen for segment assets are eliminations of intersegment transactions and corporate assets.
3. The adjustments of 289,996 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
4. Segment income is reconciled with the operating income in the Consolidated Statements of Income.
5. 10,611 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2017.

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018) (Millions of yen)

	Reportable segment							Total	Adjustments	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Revenues from operations										
1. Customers	927,205	1,980,897	1,891,260	649,353	166,664	414,287	8,146	6,037,815	0	6,037,815
2. Intersegment	1,443	636	9,903	8,533	36,278	2,329	15,386	74,510	(74,510)	–
Total	**928,649**	**1,981,533**	**1,901,164**	**657,886**	**202,942**	**416,616**	**23,533**	**6,112,326**	**(74,510)**	**6,037,815**
Segment income (loss)	**245,249**	**79,078**	**21,260**	**5,369**	**49,713**	**435**	**3,670**	**404,778**	**(13,120)**	**391,657**
Segment assets	1,127,623	1,179,292	969,194	343,269	1,434,900	161,091	156,223	5,371,595	123,354	5,494,950
Segment liabilities (interest bearing debt)	–	163,867	1,912	175,711	318,896	52,673	–	713,062	269,999	983,061
Other items										
Depreciation	66,500	69,582	23,893	9,727	28,926	5,588	2,257	206,476	6,691	213,167
Amortization of goodwill	–	11,770	3,098	1	1,336	413	–	16,620	–	16,620
Investment in associates accounted for using the equity method	7,174	6,492	5,183	293	–	12,911	4,671	36,727	–	36,727
Impairment loss	9,197	3,393	19,186	29,674	–	5,697	3	67,152	21,727	88,879
Net increase in property and equipment, and intangible assets	129,116	94,285	36,037	11,755	33,013	7,716	3,571	315,497	10,529	326,026

Notes:
1. The adjustments of (13,120) million yen for segment income (loss) are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. The adjustments of 123,354 million yen for segment assets are eliminations of intersegment transactions and corporate assets.
3. The adjustments of 269,999 million yen for segment liabilities are corporate liabilities and the Company's bonds. The amount of each segment liability does not include intersegment transactions.
4. Segment income (loss) is reconciled with the operating income in the Consolidated Statements of Income.
5. 31,809 million yen out of "Impairment loss" in the table above is included in "Restructuring expenses" in Consolidated Statements of Income for the year ended February 28, 2018.
6. The main cause of the 21,727 million yen adjustment of impairment loss was impairment loss concerning the omni7 software.

(Reference)

Revenues from operations and operating income by geographic area segments are as described below.

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	4,032,077	1,690,509	113,102	5,835,689	–	5,835,689
2. Intersegment	726	204	372	1,303	(1,303)	–
Total revenues	**4,032,803**	**1,690,713**	**113,475**	**5,836,992**	**(1,303)**	**5,835,689**
Operating income (loss)	**299,251**	**65,548**	**(238)**	**364,561**	**11**	**364,573**

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. "Others" consist of the business results in the P.R.C., etc.

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
1. Customers	3,907,066	2,016,771	113,977	6,037,815	–	6,037,815
2. Intersegment	768	321	14	1,104	(1,104)	–
Total revenues	**3,907,835**	**2,017,092**	**113,992**	**6,038,919**	**(1,104)**	**6,037,815**
Operating income (loss)	**314,700**	**75,626**	**1,320**	**391,647**	**10**	**391,657**

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. "Others" consist of the business results in the P.R.C., etc.

Related Information

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

1. Information on products and services

   Information is omitted since it is described in the segment information.

2. Information by region

   (1) Revenues from operations

(Millions of yen)

Japan	North America	Others	Total
4,032,077	1,690,509	113,102	5,835,689

   (2) Property and equipment

(Millions of yen)

Japan	North America	Others	Total
1,433,687	571,775	2,366	2,007,829

3. Information about major customers

   Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

1. Information on products and services

   Information is omitted since it is described in the segment information.

2. Information by region

   (1) Revenues from operations

(Millions of yen)

Japan	North America	Others	Total
3,907,066	2,016,771	113,977	6,037,815

   (2) Property and equipment

(Millions of yen)

Japan	North America	Others	Total
1,400,794	585,165	3,494	1,989,455

3. Information about major customers

   Information is omitted because there is no customer accounting for 10% or more of the net sales on the consolidated statements of income.

Information Regarding Impairment Loss on Non-current Assets by Reportable Segment

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

Information is omitted since it is described in the segment information.

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

Information is omitted since it is described in the segment information.

Information on Amortization and Outstanding Balance of Goodwill by Reportable Segment

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

(Millions of yen)

	Reportable segment							Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Goodwill										
Amortization	–	9,249	3,121	35,162	1,306	6,617	–	55,458	–	55,458
Balance at the end of current year	3,447	222,434	29,444	39	10,700	4,154	–	270,220	–	270,220
Negative Goodwill										
Amortization	–	–	23	–	–	4	–	27	–	27
Balance at the end of current year	–	–	140	–	–	25	–	165	–	165

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

(Millions of yen)

	Reportable segment							Total	Eliminations / Corporate	Consolidated total
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Goodwill										
Amortization	–	11,770	3,098	1	1,336	413	–	16,620	–	16,620
Balance at the end of current year	3,295	208,812	26,345	–	9,181	3,736	–	251,371	–	251,371
Negative Goodwill										
Amortization	–	–	23	–	–	4	–	27	–	27
Balance at the end of current year	–	–	116	–	–	21	–	137	–	137

Information Regarding Gain on Negative Goodwill by Reportable Segment

Fiscal Year ended February 28, 2017 (From March 1, 2016 to February 28, 2017)

None

Fiscal Year ended February 28, 2018 (From March 1, 2017 to February 28, 2018)

None

Related Parties Transactions;

1. Transactions with related parties
   (1) Transactions between the Company and related parties
      (a) Unconsolidated subsidiaries and affiliates
         None

      (b) A director of the Company and primary shareholders (limited to individuals)
         (From March 1, 2016 to February 28, 2017)
         None

         (From March 1, 2017 to February 28, 2018)
         None

2. Notes about the parent company and the important affiliates
   None

Per Share Information;

(Yen)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Owners' equity per share	2,641.40	2744.08
Net income per share	109.42	204.80
Diluted net income per share	109.31	204.63

Notes:

1. Basis for calculation of net income per share and diluted net income per share is as follows:

(Millions of yen, except number of ordinary shares)

	Fiscal year ended February 28, 2017	Fiscal year ended February 28, 2018
Net income attributable to owners of parent	96,750	181,150
Amount not attributable to owners of ordinary shares	–	—
Net income attributable to owners of ordinary shares of parent	96,750	181,150
Average number of ordinary shares outstanding during the period (thousands of shares)	884,214	884,531
Adjustments to net income which is used for calculating diluted net income per share		
Net income attributable to non-controlling interests	24	26
Adjustments to net income attributable to owners of parent	24	26
Number of ordinary shares increased used for calculating the diluted net income per share		
Subscription rights to shares (thousands of shares)	657	582
Number of ordinary shares increased (thousands of shares)	657	582

2. Basis for calculation of owners' equity per share is as follows:

(Millions of yen, except number of ordinary shares)

	As of February 28, 2017	As of February 28, 2018
Total net assets	2,475,806	2,575,342
Amounts subtracted from total net assets:	139,748	148,078
(Subscription rights to shares)	(2,594)	(2,623)
(Net income attributable to non-controlling interests)	(137,154)	(145,454)
Owners' equity for ordinary shares at the end of period	2,336,057	2,427,264
Number of ordinary shares at the end of period used for calculating the amounts of owners' equity per share (thousands of shares)	884,402	884,544

Subsequent Event;

Major acquisition of business

The Company's Board of Directors resolved on April 6, 2017 that the Company's consolidated subsidiary 7-Eleven, Inc. (The fiscal year-end is December 31) would acquire stores and other assets constituting most of convenience store business and gasoline retail business of U.S. company Sunoco LP. ("SUN"). In addition, 7-Eleven, Inc. has completed the acquisition of said business on January 23, 2018. 7-Eleven, Inc. and SUN concluded an agreement relating to the acquisition of said business on the same date. An outline of this business acquisition is as follows.

1. Outline of business combination
   (1) Name and main business of the acquired company
   Name: Sunoco LP
   Main business: Operation of fuel wholesale and retail, and convenience store business
   (2) Main reason for the business combination
   In accordance with the Medium-Term Management Plan for the Group announced in October 2016, 7-Eleven, Inc. is aiming to achieve average daily merchandise sales per store of $5,000 and 10,000 stores by the fiscal year ending February 29, 2020, and is working to strengthen its merchandizing capabilities and expand its store network. SUN has a large number of stores in the State of Texas and the eastern area of the United States, where 7-Eleven, Inc., currently operates stores. By acquiring part of SUN's convenience store business and gasoline retail business, 7-Eleven, Inc. will expand its store network and offer greater convenience, while also improving profitability. Regarding the stores acquired, 7-Eleven, Inc. signed a contract to receive gasoline from SUN for the next 15 years.
   (3) Date of the business combination
   January 23, 2018
   (4) Legal form of the business combination
   Acquisition of business
   (5) The acquired company's name after the business combination
   No change

2. Acquisition cost of acquired business and breakdown by type of consideration

Consideration for acquisition	Cash	US$3,114 million	(345,155 million yen)
Acquisition cost		US$3,114 million	(345,155 million yen)

   Note: The yen amounts were calculated using the January 23, 2018 rate (US$1 = 110.84 yen).

3. Details and amounts of main acquisition-related costs
   At present, this information is not yet determined.

4. Amount, reason for recognition, and method and period of amortization of goodwill
   At present, this information is not yet determined.

5. Total amounts and principal breakdowns of assets received and liabilities assumed on the date of the business combination
   At present, this information is not yet determined.

3. Nonconsolidated Financial Statements

(1) Nonconsolidated Balance Sheets

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
ASSETS		
Current assets	**70,786**	**63,963**
Cash and bank deposits	690	390
Prepaid expenses	783	414
Deferred income taxes	118	134
Accounts receivable, other	26,981	56,365
Income taxes receivable	16,936	-
Deposits held by subsidiaries and affiliates	23,956	5,378
Other	1,320	1,280
Non-current assets	**1,775,074**	**1,762,155**
Property and equipment	**9,322**	**5,571**
Buildings and structures	3,110	2,632
Fixtures, equipment and vehicles	3,439	128
Land	2,712	2,712
Leased assets	60	97
Intangible assets	**27,949**	**8,378**
Software	20,617	312
Software in progress	-	2,752
Lease assets	7,330	5,311
Other	1	1
Investments and other assets	**1,737,802**	**1,748,205**
Investments in securities	39,957	39,296
Stocks of subsidiaries and affiliates	1,622,917	1,631,868
Deferred income taxes	-	1,456
Prepaid pension cost	757	821
Long-term leasehold deposits	3,384	3,387
Deposits paid in subsidiaries and affiliates	70,000	70,000
Other	786	1,374
TOTAL ASSETS	**1,845,861**	**1,826,118**

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	**67,074**	**117,686**
Current portion of bonds	20,000	59,999
Short-term loans payable to subsidiaries and affiliates	31,007	21,007
Lease obligations	3,053	3,108
Accounts payable, other	10,238	23,552
Accrued expenses	758	724
Income taxes payable	881	8,052
Advance received	217	221
Allowance for bonuses to employees	275	338
Allowance for bonuses to Directors and Audit & Supervisory Board Members	30	49
Other	612	633
Non-current liabilities	**299,576**	**240,446**
Bonds	269,996	210,000
Long-term loans payable to subsidiaries and affiliates	16	14
Deferred income taxes	4,640	-
Lease obligations	4,895	3,104
Deposits received from tenants	2,093	2,120
Provision for loss on guarantees	17,932	24,861
Other	-	345
TOTAL LIABILITIES	**366,650**	**358,133**
NET ASSETS		
Shareholders' equity	**1,461,035**	**1,451,885**
Common stock	50,000	50,000
Capital surplus	1,246,381	1,246,463
Additional paid-in capital	875,496	875,496
Other capital surplus	370,885	370,967
Retained earnings	169,680	160,105
Other retained earnings		
Retained earnings brought forward	169,680	160,105
Treasury stock, at cost	(5,026)	(4,684)
Accumulated gains (losses) from valuation and translation adjustments	**16,113**	**14,010**
Unrealized gains (losses) on available-for-sale securities, net of taxes	16,113	14,010
Subscription rights to shares	**2,061**	**2,090**
TOTAL NET ASSETS	**1,479,210**	**1,467,985**
TOTAL LIABILITIES AND NET ASSETS	**1,845,861**	**1,826,118**

(2) Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Revenues from operations	**217,860**	**114,665**
Dividend income	209,935	106,262
Management consulting fee income	4,800	4,827
Commission fee income	3,007	3,464
Other	117	111
General and administrative expenses	**23,563**	**24,823**
Operating income	**194,297**	**89,842**
Non-operating income	**2,003**	**2,046**
Interest income	1,372	1,210
Dividend income	565	587
Other	64	248
Non-operating expenses	**2,971**	**2,473**
Interest expenses	469	113
Interest on bonds	2,496	2,351
Other	4	8
Ordinary income	**193,329**	**89,414**
Special gains	**-**	**2,410**
Gain on sales of stocks of subsidiaries and affiliates	-	900
Gain on exchange from business divestitures	-	1,509
Special losses	**122,159**	**30,716**
Impairment loss	-	23,582
Loss on valuation of stocks of subsidiaries and affiliates	102,648	-
Provision for loss on guarantees	16,380	6,928
Other	3,130	206
Profit before income taxes	**71,169**	**61,107**
Total income taxes	**(2,388)**	**(8,922)**
Income taxes - current	(1,582)	(3,497)
Income taxes - deferred	(806)	(5,424)
Profit	**73,558**	**70,029**

(3) Nonconsolidated Statements of Changes in Net Assets

Fiscal year ended February 28, 2017 (From March 1, 2016 to February 28, 2017) (Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings		
Balance at March 1, 2016	50,000	875,496	370,759	1,246,255	177,034	177,034	(5,641)	1,467,649
Increase (decrease) for the year								
Cash dividends					(80,912)	(80,912)		(80,912)
Net income					73,558	73,558		73,558
Purchase of treasury stock							(23)	(23)
Disposal of treasury stock			125	125			638	764
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	-	-	125	125	(7,354)	(7,354)	614	(6,613)
Balance at February 28, 2017	50,000	875,496	370,885	1,246,381	169,680	169,680	(5,026)	1,461,035

	Accumulated gains (losses) from valuation and translation adjustments		Subscription rights to shares	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments		
Balance at March 1, 2016	10,484	10,484	2,450	1,480,584
Increase (decrease) for the year				
Cash dividends				(80,912)
Net income				73,558
Purchase of treasury stock				(23)
Disposal of treasury stock				764
Net changes of items other than shareholders' equity	5,629	5,629	(389)	5,240
Net increase (decrease) for the year	5,629	5,629	(389)	(1,373)
Balance at February 28, 2017	16,113	16,113	2,061	1,479,210

Fiscal year ended February 28, 2018 (From March 1, 2017 to February 28, 2018) (Millions of yen)

	Shareholders' Equity							
	Common stock	Capital surplus			Retained earnings		Treasury stock, at cost	Total shareholders' equity
		Additional paid-in capital	Other capital surplus	Total capital surplus	Other retained earnings	Total retained earnings		
					Retained earnings brought forward			
Balance at March 1, 2017	50,000	875,496	370,885	1,246,381	169,680	169,680	(5,026)	1,461,035
Increase (decrease) for the year								
Cash dividends					(79,604)	(79,604)		(79,604)
Net income					70,029	70,029		70,029
Purchase of treasury stock							(25)	(25)
Disposal of treasury stock			81	81			368	450
Net changes of items other than shareholders' equity								
Net increase (decrease) for the year	-	-	81	81	(9,574)	(9,574)	342	(9,150)
Balance at February 28, 2018	50,000	875,496	370,967	1,246,463	160,105	160,105	(4,684)	1,451,885

	Accumulated gains (losses) from valuation and translation adjustments		Subscription rights to shares	TOTAL NET ASSETS
	Unrealized gains (losses) on available-for-sale securities, net of taxes	Total accumulated gains (losses) from valuation and translation adjustments		
Balance at March 1, 2017	16,113	16,113	2,061	1,479,210
Increase (decrease) for the year				
Cash dividends				(79,604)
Net income				70,029
Purchase of treasury stock				(25)
Disposal of treasury stock				450
Net changes of items other than shareholders' equity	(2,103)	(2,103)	28	(2,074)
Net increase (decrease) for the year	(2,103)	(2,103)	28	(11,224)
Balance at February 28, 2018	14,010	14,010	2,090	1,467,985

(4) Doubts on the Premise of Going Concern

None

(5) Notes to Nonconsolidated Financial Statements

Nonconsolidated Balance Sheets;

1. Accumulated depreciation of property and equipment

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Accumulated depreciation	2,702	3,740

2. Monetary claims and monetary obligations in regard to subsidiaries and affiliates

Major balances included in each account on the balance sheet, which are not separately shown.

(Millions of yen)

	As of February 28, 2017	As of February 28, 2018
Short-term receivables	27,529	56,071
Short-term payables	12,614	21,053
Long-term payables	6,973	5,034

Nonconsolidated Statements of Income;

1. Major transactions with subsidiaries and affiliates

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Operating transactions		
Revenues from operations	217,856	114,198
General and administrative expenses	3,296	2,815
Non-operating transactions	18,344	8,252

2. Main components and amounts of general and administrative expenses

(Millions of yen)

	For the year ended February 28, 2017	For the year ended February 28, 2018
Salaries and wages	4,193	4,689
Provision for bonuses to employees	275	338
Pension expenses	171	152
Depreciation and amortization	6,186	6,785
Commissions paid	2,433	2,603
Electronical data processing expenses	3,312	3,111

3. Main components and amounts of loss on valuation of stocks of subsidiaries and affiliates

The Company recorded 102,648 million yen of loss on valuation of stocks of subsidiaries and affiliates during the fiscal year ended February 28, 2017 (mainly 94,667 million yen and 6,114 million yen on Sogo & Seibu Co., Ltd. and Barneys Japan Co., Ltd., respectively).

4. The partial amount of 864 million yen out of the 900 million yen in gain on sales of stocks of subsidiaries and affiliates and the amount of 1,509 million yen in gain on exchange from business divestitures arose as a result of the business transfers of Sogo Kobe and Seibu Takatsuki stores to H2O Retailing Corporation.

5. The impairment loss mainly concerning the omni7 software.

[Reference] Seven-Eleven Japan Co., Ltd.

Nonconsolidated Balance Sheets (Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
ASSETS		
Current assets	**491,835**	**430,501**
Cash and bank deposits	54,580	53,919
Accounts receivable due from franchised stores	15,393	16,901
Lease investment assets	4,595	4,667
Inventories	2,401	2,673
Prepaid expenses	24,386	25,742
Deferred income taxes	8,049	7,615
Deposits held by subsidiaries and affiliates	318,112	242,845
Accounts receivable, other	63,068	74,981
Other	1,359	1,237
Allowance for doubtful accounts	(111)	(81)
Non-current assets	**1,279,108**	**1,429,526**
Property and equipment	**525,218**	**564,332**
Buildings	286,521	302,870
Structures	43,648	45,923
Vehicles	0	1
Furniture, fixtures and equipment	108,817	130,805
Land	80,563	80,725
Lease assets	5,040	2,887
Construction in progress	627	1,117
Intangible assets	**39,607**	**41,812**
Goodwill	3,447	3,295
Rights of leasehold	13,244	13,688
Rights of trademark	11,466	8,763
Software	10,155	14,707
Other	1,292	1,357
Investments and other assets	**714,282**	**823,381**
Investments in securities	20,834	25,036
Stocks of subsidiaries and affiliates	459,143	558,870
Investments in capital of subsidiaries and affiliates	9,247	11,809
Long-term loans receivable	399	361
Long-term loans to subsidiaries and affiliates	3,953	3,853
Long-term prepaid expenses	26,448	24,192
Prepaid pension cost	2,861	3,138
Long-term leasehold deposits	178,044	178,184
Deferred income taxes	15,048	19,512
Other	588	577
Allowance for doubtful accounts	(2,286)	(2,156)
TOTAL ASSETS	**1,770,944**	**1,860,028**

Seven-Eleven Japan Co., Ltd.

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	**422,313**	**437,663**
Accounts payable, trade	170,671	178,286
Accounts payable due to franchised stores	15,122	16,800
Lease obligations	3,680	3,042
Accounts payable, other	24,935	32,175
Accrued expenses	23,796	15,713
Income taxes payable	10,845	9,528
Accounts payable to parent company	22,868	49,269
Consumption taxes withheld	5,993	4,328
Deposits received	133,579	117,897
Allowance for bonuses to employees	3,471	3,494
Allowance for bonuses to Directors and Audit & Supervisory Board Members	35	39
Allowance for sales promotion expenses	4,386	3,752
Other	2,925	3,334
Non-current liabilities	**55,473**	**57,162**
Guarantee deposits received from franchised stores	9,742	10,096
Long-term loans	243	251
Lease obligations	6,589	5,049
Allowance for retirement benefits to directors and corporate auditors	69	69
Allowance for loss on guarantee	1,750	1,750
Asset retirement obligations	37,079	39,946
TOTAL LIABILITIES	**477,786**	**494,826**
NET ASSETS		
Shareholder's equity	**1,285,402**	**1,354,469**
Common stock	17,200	17,200
Capital surplus	25,204	25,204
Additional paid-in capital	24,563	24,563
Other capital surplus	640	640
Retained earnings	1,242,997	1,312,065
Legal reserve	4,300	4,300
Other retained earnings		
General reserve	823,409	823,409
Retained earnings brought forward	415,288	484,355
Accumulated gains (losses) from valuation and translation adjustments	**7,755**	**10,732**
Unrealized gains (losses) on available-for-sale securities, net of taxes	7,755	10,732
TOTAL NET ASSETS	**1,293,157**	**1,365,202**
TOTAL LIABILITIES AND NET ASSETS	**1,770,944**	**1,860,028**

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2017 Amount	Year ended February 28, 2018 Amount
Operating income and expenses		
Revenues from operations	**833,743**	**849,862**
Franchise commission from franchised stores	723,021	743,393
Net sales reported by franchised stores		
(Year ended February 28, 2017: 4,409,084		
Year ended February 28, 2018: 4,575,931)		
Total net sales (including net sales of corporate stores)		
(Year ended February 28, 2017: 4,515,605		
Year ended February 28, 2018: 4,678,083)		
Other operating revenues	5,918	5,968
Net sales of corporate stores	104,803	100,500
Cost of sales	75,342	72,118
Gross profit from operations	**758,400**	**777,743**
Selling, general and administrative expenses	**514,907**	**533,633**
Land and building rent	154,863	166,947
Advertising expenses	69,002	59,377
Depreciation and amortization	52,767	57,578
Commission paid	46,602	48,185
Salaries and wages	45,759	47,405
Other	145,912	154,138
Operating income	**243,493**	**244,110**
Non-operating income	**8,660**	**8,364**
Interest income	3,325	2,682
Dividend income	4,363	4,751
Reversal of allowance for doubtful accounts	31	50
Other	938	880
Non-operating expenses	**887**	**757**
Interest expenses	149	103
Loss on cancellation of construction contribution	380	439
Lease cancellation expenses before store opening	179	64
Other	178	150
Ordinary income	**251,265**	**251,717**
Special gains	**408**	**764**
Gain on sales of property and equipment	155	572
Gain on sales of investment securities	-	36
Receipt of stock option income	77	99
Compensation income	176	37
Other	-	19
Special losses	**32,992**	**23,867**
Loss on sales of property and equipment	160	1,128
Loss on disposals of property and equipment	11,020	10,842
Loss on cancellation of lease contracts	2,283	905
Impairment loss	8,783	9,197
Loss on disaster	660	-
Other	10,084	1,793
Income before income taxes	**218,681**	**228,614**
Income taxes - current	73,739	67,198
Income taxes - deferred	790	(5,344)
Net income	**144,151**	**166,760**

[Reference] Ito-Yokado Co., Ltd.

Nonconsolidated Balance Sheets (Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
ASSETS		
Current assets	**225,387**	**236,776**
Cash and bank deposits	22,153	21,102
Accounts receivable, trade	18,789	17,998
Inventories	65,295	60,503
Supplies	74	71
Advance paid	269	256
Prepaid expenses	7,712	7,482
Deferred income taxes	5,202	5,008
Short-term loans to employees	184	174
Short-term loans receivable	385	378
Short-term loans to subsidiaries and affiliates	5,377	-
Deposits held by subsidiaries and affiliates	60,136	77,037
Accounts receivable, other	30,443	35,770
Short-term leasehold deposits	8,890	6,529
Payments in advance	4,495	3,104
Other	1,248	1,468
Allowance for doubtful accounts	(5,272)	(109)
Non-current assets	**527,928**	**499,560**
Property and equipment	**318,808**	**314,395**
Buildings	119,744	117,678
Structures	8,083	7,970
Vehicles	6	2
Furniture, fixtures and equipment	5,805	5,969
Land	176,277	179,663
Lease assets	8,136	2,444
Construction in progress	752	666
Intangible assets	**2,801**	**1,679**
Rights of leasehold	747	425
Trademark	14	15
Software	1,384	610
Other	654	627
Investments and other assets	**206,318**	**183,485**
Investments in securities	23,276	24,176
Stocks of subsidiaries and affiliates	15,548	7,594
Investments in capital	6	6
Investments in capital of subsidiaries and affiliates	4,581	4,581
Long-term loans receivable	13,262	12,903
Long-term loans to subsidiaries and affiliates	4,000	4,939
Long-term prepaid expenses	5,678	5,045
Prepaid pension cost	24,352	24,542
Long-term leasehold deposits	114,403	103,020
Receivable in bankruptcy	21	6
Deferred income taxes	483	1,026
Other	2,601	2,428
Allowance for doubtful accounts	(1,899)	(6,786)
TOTAL ASSETS	**753,315**	**736,336**

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	**145,480**	**138,429**
Accounts payable, trade	53,895	56,725
Short-term loans	75	61
Current portion of long-term loans	1,376	1,379
Lease obligations	2,195	2,101
Accounts payable, other	21,771	22,974
Income taxes payable	1,287	1,281
Consumption taxes withheld	5,469	767
Accrued expenses	9,473	8,595
Advance received	839	840
Deposits received	27,846	22,625
Allowance for bonuses to employees	3,198	3,659
Allowance for bonuses to Directors and Audit & Supervisory Board Members	22	17
Allowance for sales promotion expenses	244	188
Allowance for loss on future collection of gift certificates	391	335
Gift certificates	14,580	14,915
Other	2,813	1,960
Non-current liabilities	**63,026**	**58,298**
Long-term loans	2,101	845
Lease obligations	7,808	5,927
Allowance for retirement benefits to directors and corporate auditors	4	4
Allowance for loss on guarantee	1,707	3,577
Deposits received from tenants	38,446	36,116
Asset retirement obligations	12,957	11,826
TOTAL LIABILITIES	**208,507**	**196,728**
NET ASSETS		
Shareholder's equity	**533,136**	**527,314**
Common stock	40,000	40,000
Capital surplus	168,637	168,637
Additional paid-in capital	165,621	165,621
Other capital surplus	3,016	3,016
Retained earnings	324,498	318,677
Legal reserve	11,700	11,700
Other retained earnings		
Reserve for deferred gains on property and equipment	1,188	1,171
Retained earnings brought forward	311,609	305,805
Accumulated gains (losses) from valuation and translation adjustments	**11,672**	**12,293**
Unrealized gains (losses) on available-for-sale securities, net of taxes	11,672	12,293
TOTAL NET ASSETS	**544,808**	**539,608**
TOTAL LIABILITIES AND NET ASSETS	**753,315**	**736,336**

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Revenues from operations	**1,255,017**	**1,244,262**
Net sales	1,219,252	1,213,613
Cost of sales	938,084	930,900
Gross profit on sales	**281,167**	**282,713**
Other operating revenues	35,765	30,649
Rental income	28,402	23,619
Other income	7,362	7,029
Gross profit from operations	**316,932**	**313,362**
Selling, general and administrative expenses	**316,879**	**310,285**
Advertising and decoration expenses	19,389	20,653
Salaries and wages	108,794	108,227
Land and building rent	61,687	59,005
Depreciation and amortization	13,654	12,606
Other	113,353	109,792
Operating income	**52**	**3,077**
Non-operating income	**2,551**	**2,127**
Interest income	1,203	1,183
Dividend income	578	633
Other	769	310
Non-operating expenses	**818**	**1,517**
Interest expenses	92	65
Foreign exchange losses	-	561
Other	726	890
Ordinary income	**1,786**	**3,687**
Special gains	**321**	**7,829**
Gain on sales of property and equipment	5	283
Gain on sales of property and equipment related to restructuring	174	4,960
Gain on sales of stocks of subsidiaries and affiliates	62	-
Gain on extinguishment of tie-in shares	-	2,006
Other	79	578
Special losses	**26,047**	**22,353**
Loss on sales of property and equipment	2	55
Loss on disposals of property and equipment	1,239	2,504
Impairment loss	18,641	15,356
Restructuring expenses	4,026	2,791
Provision for loss on guarantee	2,085	1,646
Other	52	0
Income (loss) before income taxes	**(23,939)**	**(10,836)**
Income taxes - current	(3,556)	(5,524)
Income taxes - deferred	(6,586)	508
Net income (loss)	**(13,797)**	**(5,821)**

[Reference] York-Benimaru Co., Ltd.

Nonconsolidated Balance Sheets (Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
ASSETS		
Current assets	**40,968**	**40,572**
Cash and bank deposits	12,445	13,358
Accounts receivable, trade	22	29
Inventories	9,404	9,942
Supplies	24	24
Prepaid expenses	855	831
Deferred income taxes	1,556	1,474
Short-term loans receivable	89	98
Deposits held by subsidiaries and affiliates	5,000	2,500
Accounts receivable, other	8,155	8,891
Payments in advance	2,670	2,679
Other	745	741
Non-current assets	**137,015**	**143,730**
Property and equipment	**98,760**	**104,094**
Buildings	40,693	43,255
Structures	7,488	8,536
Furniture, fixtures and equipment	3,632	3,266
Land	43,773	44,306
Lease assets	1,344	2,712
Construction in progress	1,829	2,016
Intangible assets	**730**	**498**
Goodwill	189	55
Software	513	419
Other	27	23
Investments and other assets	**37,523**	**39,136**
Investments in securities	16,176	17,107
Stocks of subsidiaries and affiliates	170	170
Investments in capital	1	1
Long-term loans receivable	284	311
Long-term prepaid expenses	2,862	2,819
Prepaid pension cost	2,910	3,112
Long-term leasehold deposits	15,549	16,034
Allowance for doubtful accounts	(432)	(422)
TOTAL ASSETS	**177,983**	**184,302**

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	**32,483**	**33,072**
Accounts payable, trade	18,269	18,677
Short-term loans	77	85
Lease obligations	237	449
Accounts payable, other	5,286	4,258
Accounts payable to parent company	1,171	2,726
Income taxes payable	865	930
Accrued expenses	3,019	3,166
Deposits received	1,552	696
Advance received	260	309
Allowance for bonuses to employees	1,608	1,567
Allowance for bonuses to Directors and Audit & Supervisory Board Members	42	45
Allowance for loss on future collection of gift certificates	12	10
Other	79	149
Non-current liabilities	**8,985**	**11,213**
Long-term loans	139	155
Lease obligations	1,393	2,619
Deposits received from tenants	2,653	3,371
Allowance for retirement benefits to directors and corporate auditors	225	216
Deferred income taxes	2,471	2,511
Asset retirement obligations	1,907	1,989
Other	192	350
TOTAL LIABILITIES	**41,468**	**44,286**
NET ASSETS		
Shareholder's equity	**127,687**	**130,536**
Common stock	9,927	9,927
Capital surplus	12,605	12,605
Additional paid-in capital	12,605	12,605
Other capital surplus	0	0
Retained earnings	105,153	108,002
Legal reserve	2,186	2,186
General reserve	69,397	69,387
Retained earnings brought forward	33,570	36,429
Accumulated gains (losses) from valuation and translation adjustments	**8,827**	**9,479**
Unrealized gains (losses) on available-for-sale securities, net of taxes	8,827	9,479
TOTAL NET ASSETS	**136,514**	**140,016**
TOTAL LIABILITIES AND NET ASSETS	**177,983**	**184,302**

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Revenues from operations	**426,172**	**437,197**
Net sales	418,729	429,064
Cost of sales	319,932	328,413
Gross Profit on sales	**98,797**	**100,650**
Other operating revenues	7,442	8,133
Rental income	4,806	5,011
Commission fee income	2,636	3,121
Gross profit from operations	**106,240**	**108,783**
Selling, general and administrative expenses	**92,185**	**94,713**
Salaries and wages	39,459	41,165
Provision for bonuses to employees	1,608	1,567
Legal welfare expenses	5,668	5,859
Advertising and decoration expenses	6,624	6,655
Land and building rent	9,378	9,601
Store maintenance and repair expenses	4,940	4,692
Depreciation and amortization	4,519	5,148
Utility expenses	5,413	5,422
Other	14,572	14,601
Operating income	**14,054**	**14,070**
Non-operating income	**1,439**	**1,437**
Interest income	96	90
Dividend income	1,309	1,325
Other	33	20
Non-operating expenses	**149**	**205**
Interest expenses	4	3
Maintenance expenses for idle assets	79	125
Other	65	75
Ordinary income	**15,344**	**15,301**
Special gains	**70**	**323**
Gain on sales of property and equipment	5	169
Receipt of stock option income	64	83
Compensation income	-	60
Reversal of allowance for doubtful accounts	-	10
Special losses	**2,124**	**2,187**
Loss on disposals of property and equipment	476	292
Impairment loss	1,647	1,894
Income before income taxes	**13,290**	**13,437**
Income taxes - current	4,361	4,245
Income taxes - deferred	(53)	(157)
Net income	**8,982**	**9,350**

[Reference] Sogo & Seibu Co., Ltd.

Nonconsolidated Balance Sheets (Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
ASSETS		
Current assets	**99,880**	**101,248**
Cash and bank deposits	24,397	34,909
Notes receivable, trade	822	465
Accounts receivable, trade	22,643	19,333
Inventories	23,553	17,335
Real estate for sale	2,475	2,478
Supplies	242	199
Prepaid expenses	3,482	2,921
Deferred income taxes	8,996	7,302
Short-term loans receivable	340	432
Accounts receivable, other	7,958	14,416
Current portion of construction contribution	759	648
Other	4,480	1,231
Allowance for doubtful accounts	(272)	(426)
Non-current assets	**324,262**	**268,061**
Property and equipment	**203,298**	**153,883**
Buildings	68,165	57,363
Structures	966	809
Machinery and equipment	534	565
Furniture, fixtures and equipment	2,634	2,476
Lease assets	2,163	557
Land	128,762	92,050
Construction in progress	70	60
Intangible assets	**23,297**	**23,244**
Rights of leasehold	20,699	20,603
Other	2,598	2,640
Investments and other assets	**97,666**	**90,934**
Investments in securities	3,850	3,761
Stocks of subsidiaries and affiliates	25,166	25,124
Long-term loans receivable	184	156
Long-term leasehold deposits	51,056	51,747
Construction contribution	9,968	2,973
Long-term accounts receivable, other	206	1,187
Receivable in bankruptcy	336	248
Deferred income taxes	5,109	4,916
Other	2,171	1,205
Allowance for doubtful accounts	(383)	(385)
TOTAL ASSETS	**424,143**	**369,310**

(Millions of yen)

	February 28, 2017	February 28, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	**225,109**	**203,460**
Accounts payable, trade	34,595	28,808
Short-term loans	134,900	127,332
Accounts payable, other	8,300	10,132
Lease obligations	752	310
Accrued expenses	2,774	2,722
Income taxes payable	558	536
Consumption taxes withheld	99	-
Advance received	1,590	2,297
Gift certificates	15,202	14,899
Deposits received	8,885	6,882
Allowance for bonuses to employees	1,394	1,271
Allowance for bonuses to Directors and Audit & Supervisory Board Members	26	23
Allowance for sales promotion expenses	5,926	4,609
Allowance for loss on future collection of gift certificates	1,404	1,244
Allowance for store closing losses	4,801	1,940
Asset retirement obligations	3,493	121
Other	404	329
Non-current liabilities	**105,206**	**97,078**
Long-term loans	91,830	85,717
Long-term accounts payable, other	203	59
Lease obligations	1,973	647
Deposits received from tenants	6,655	5,869
Allowance for retirement benefits to directors and corporate auditors	8	10
Allowance for environmental obligations	340	340
Allowance for store closing losses	593	467
Allowance for business liquidation losses	535	243
Allowance for loss on guarantee	-	309
Asset retirement obligations	3,036	2,863
Other	30	547
TOTAL LIABILITIES	**330,315**	**300,539**
NET ASSETS		
Shareholder's equity	**92,672**	**67,705**
Common stock	10,000	20,000
Capital surplus	53,998	53,130
Additional paid-in capital	39,317	49,317
Other capital surplus	14,681	3,813
Retained earnings	28,674	(5,425)
Other retained earnings		
Retained earnings brought forward	28,674	(5,425)
Accumulated gains (losses) from valuation and translation adjustments	**1,154**	**1,066**
Unrealized gains (losses) on available-for-sale securities, net of taxes	1,154	1,066
TOTAL NET ASSETS	**93,827**	**68,771**
TOTAL LIABILITIES AND NET ASSETS	**424,143**	**369,310**

Nonconsolidated Statements of Income

(Millions of yen)

	Year ended February 28, 2017	Year ended February 28, 2018
	Amount	Amount
Revenues from operations	**760,692**	**685,888**
Net sales	747,951	674,368
Cost of sales	595,044	536,034
Gross profit on sales	**152,907**	**138,333**
Operating revenues	12,740	11,519
Gross profit from operations	**165,647**	**149,853**
Selling, general and administrative expenses	**161,306**	**144,772**
Advertising and decoration expenses	25,467	22,274
Salaries and wages	41,770	37,370
Land and building rent	40,523	36,625
Depreciation and amortization	10,566	8,927
Utility expenses	8,473	7,472
Other	34,504	32,101
Operating income	**4,341**	**5,081**
Non-operating income	**545**	**434**
Interest and dividend income	373	321
Other	172	112
Non-operating expenses	**2,293**	**2,261**
Interest expenses	902	940
Other	1,390	1,321
Ordinary income	**2,593**	**3,254**
Special gains	**326**	**164**
Gain on sales of property and equipment related to restructuring	-	90
Receipt of stock option income	52	74
Gain on sales of investment securities	57	-
Other	217	-
Special losses	**38,031**	**41,457**
Loss on disposals of property and equipment	2,415	2,721
Impairment loss	17,537	1,617
Restructuring expenses	16,336	36,505
Valuation loss on investments in securities	1,424	-
Other	316	613
Income before income taxes	**(35,111)**	**(38,038)**
Income taxes - current	(3,820)	(9,989)
Income taxes - deferred	(2,864)	1,924
Net income	**(28,426)**	**(29,973)**