



October 11, 2018

Consolidated Financial Results for the Six Months ended August 31, 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.

Submission date of quarterly securities report scheduled: October 12, 2018

Starting date of paying dividend: November 15, 2018

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

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

1. Business Results for the Six Months ended August 31, 2018 (from March 1, 2018 to August 31, 2018)

(1) Results of Operations (cumulative)

(Millions of yen, except per share amounts)

	Revenues from Operations		Operating Income		Ordinary Income	
Six Months ended August 31, 2018	3,343,538	11.9%	199,610	2.6%	196,890	1.4%
Six Months ended August 31, 2017	2,987,198	4.2%	194,466	7.2%	194,170	6.3%

	Net income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Six Months ended May 31, 2018	101,355	13.3%	114.58	(yen)	114.50	(yen)
Six Months ended May 31, 2017	89,421	167.1%	101.10	(yen)	101.00	(yen)

Notes: 1. Comprehensive income:

Six Months ended August 31, 2018: 84,737 million yen [3.8%]

Six Months ended August 31, 2017: 81,648 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:

Six Months ended August 31, 2018: 5,950,391 million yen [8.2%]

Six Months ended August 31, 2017: 5,499,592 million yen [4.1%]

(2) Financial Position

(Millions of yen, except per share amounts)

	Total Assets	Net Assets	Owners' Equity Ratio	Owners' Equity per Share
As of August 31, 2018	5,718,787	2,616,882	43.2%	2,794.24 (yen)
As of February 28, 2018	5,494,950	2,575,342	44.2%	2,744.08 (yen)

Note: Owners' equity (net assets excluding non-controlling interests and subscription rights to shares) :

As of August 31, 2018: 2,471,706 million yen

As of February 28, 2018: 2,427,264 million yen

2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year ended February 28, 2018	-	45.00	-	45.00	90.00
Year ending February 28, 2019	-	47.50	-	-	-
Year ending February 28, 2019 (forecast)	-	-	-	47.50	95.00

Note: Revision of dividends forecast during the current quarterly period: None

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	
Entire Year	6,683,000	10.7%	415,000	6.0%	408,500	4.5%	210,000	15.9%	237.40	(yen)

Notes:

1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.
2. Revision of business results forecast during the current quarterly period: None

*The forecast of Group's total sales includes the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees:

Entire Year: 11,920,000 million yen [7.9%]

4. Others

- (1) Changes in significant subsidiaries during the period:
(changes in specific subsidiaries accompanying change in scope of consolidation): None
Added: none Excluded: none
- (2) Application of specific accounting for preparing the quarterly consolidated financial statements: None
- (3) 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
- (4) Number of shares outstanding (common stock)
 1. Number of shares outstanding at the end of period (including treasury stock)
As of August 31, 2018: 886,441,983 shares As of February 28, 2018: 886,441,983 shares
 2. Number of treasury stock at the end of period
As of August 31, 2018: 1,871,210 shares As of February 28, 2018: 1,897,782 shares
 3. Average number of shares during the period (cumulative quarterly consolidated period)
As of August 31, 2018: 884,566,647 shares As of August 31, 2017: 884,517,966 shares

NOTICE REGARDING QUARTERLY REVIEW PROCEDURES FOR THE QUARTERLY FINANCIAL RESULTS

This quarterly financial results statement is exempt from the quarterly review procedures based upon the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial results statement, the quarterly review procedure based upon the Financial Instruments and Exchange Act has not been completed.

FORWARD LOOKING STATEMENTS

1. The forecast for the year ending February 28, 2019 is based on Seven & i Holdings' hypotheses, plans and estimates at the date of publication. It is possible that some uncertain factors will cause the Company's future performance to differ significantly from the contents of the forecast.
2. Brief summary for the first quarter of FY2019 will be posted on the Company's website (<http://www.7andi.com/en/ir/library/kh/201902.html>). The presentation materials related to financial results which will be used at the financial results presentation planned to be held on October 12, 2018, will be posted as soon as possible after the presentation.

Attached Materials

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5. Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	February 28, 2018	August 31, 2018
	Amount	Amount
ASSETS		
Current assets	2,340,207	2,262,137
Cash and bank deposits	1,316,793	1,187,513
Notes and accounts receivable - trade	337,938	357,965
Trade accounts receivable - financial services	95,482	95,026
Merchandise and finished goods	173,999	185,721
Work in process	27	34
Raw materials and supplies	2,962	2,782
Prepaid expenses	52,282	53,662
ATM-related temporary payments	96,826	92,916
Deferred income taxes	27,981	26,799
Other	241,356	265,683
Allowance for doubtful accounts	(5,441)	(5,969)
Non-current assets	3,154,734	3,456,549
Property and equipment	1,989,455	2,123,980
Buildings and structures, net	872,271	971,608
Furniture, fixtures and equipment, net	327,961	313,616
Land	725,180	767,581
Lease assets, net	4,899	4,096
Construction in progress	53,677	59,196
Other, net	5,463	7,881
Intangible assets	461,966	611,972
Goodwill	251,233	381,094
Software	61,115	77,087
Other	149,617	153,791
Investments and other assets	703,313	720,595
Investments in securities	175,856	199,483
Long-term loans receivable	14,794	14,453
Long-term leasehold deposits	383,276	378,916
Advances for store construction	573	229
Net defined benefit asset	45,620	48,434
Deferred income taxes	28,375	26,974
Other	58,310	55,428
Allowance for doubtful accounts	(3,493)	(3,323)
Deferred assets	7	100
Business commencement expenses	7	100
TOTAL ASSETS	5,494,950	5,718,787

(Millions of yen)

	February 28, 2018	August 31, 2018
	Amount	Amount
LIABILITIES		
Current liabilities	1,944,007	2,076,530
Notes and accounts payable, trade	420,012	491,084
Short-term loans	127,255	202,530
Current portion of bonds	74,999	50,000
Current portion of long-term loans	82,656	74,206
Income taxes payable	32,211	36,643
Accrued expenses	117,362	123,611
Deposits received	174,382	169,127
ATM-related temporary advances	45,165	38,500
Allowance for sales promotion expenses	19,793	21,610
Allowance for bonuses to employees	14,662	16,011
Allowance for bonuses to Directors and Audit & Supervisory Board Members	345	160
Allowance for loss on future collection of gift certificates	1,590	1,496
Provision for sales returns	89	43
Deposits received in banking business	553,522	564,474
Other	279,957	287,031
Non-current liabilities	975,600	1,025,374
Bonds	305,000	255,000
Long-term loans	393,149	467,379
Deferred income taxes	35,416	42,740
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	988	886
Allowance for stock payments	95	113
Net defined benefit liability	9,185	7,594
Deposits received from tenants and franchised stores	54,806	54,162
Asset retirement obligations	79,412	85,611
Other	97,546	111,885
TOTAL LIABILITIES	2,919,607	3,101,904
NET ASSETS		
Shareholders' equity	2,348,841	2,410,529
Common stock	50,000	50,000
Capital surplus	409,128	409,154
Retained earnings	1,894,444	1,956,045
Treasury stock, at cost	(4,731)	(4,669)
Total accumulated other comprehensive income	78,423	61,176
Unrealized gains on available-for-sale securities, net of taxes	27,897	31,653
Unrealized gains (loss) on hedging derivatives, net of taxes	(92)	43
Foreign currency translation adjustments	46,638	24,590
Remeasurements of defined benefit plans	3,979	4,889
Subscription rights to shares	2,623	2,805
Non-controlling interests	145,454	142,370
TOTAL NET ASSETS	2,575,342	2,616,882
TOTAL LIABILITIES AND NET ASSETS	5,494,950	5,718,787

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

(Millions of yen)

	Six Months ended August 31, 2017	Six Months ended August 31, 2018
	Amount	Amount
Revenues from operations	2,987,198	3,343,538
Net sales	2,368,047	2,707,453
Cost of sales	1,858,556	2,173,075
Gross profit on sales	509,491	534,377
Operating revenues	619,151	636,085
Gross profit from operations	1,128,642	1,170,463
Selling, general and administrative expenses	934,175	970,852
Operating income	194,466	199,610
Non-operating income	6,157	5,953
Interest income	2,562	2,585
Equity in earnings of affiliates	1,306	500
Other	2,288	2,867
Non-operating expenses	6,454	8,673
Interest expenses	3,319	5,669
Interest on bonds	1,211	1,035
Other	1,923	1,968
Ordinary income	194,170	196,890
Special gains	3,770	5,233
Gain on sales of property and equipment	2,014	4,723
Gain on sales of property and equipment related to Restructuring	1,145	14
Other	610	495
Special losses	49,966	45,849
Loss on disposals of property and equipment	9,299	9,047
Impairment loss on property and equipment	14,553	21,864
Amortization of goodwill	-	3,829
Loss on sales of shares of subsidiaries	1,644	3,320
Restructuring expenses	21,712	1,300
Other	2,755	6,486
Income before income taxes	147,974	156,275
Total Income taxes	48,828	53,687
Income taxes - current	49,090	45,051
Income taxes - deferred	(261)	8,636
Net income	99,145	102,587
Net income attributable to non-controlling interests	9,724	1,232
Net income attributable to owners of parent	89,421	101,355

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six Months ended August 31, 2017	Six Months ended August 31, 2018
	Amount	Amount
Net income	99,145	102,587
Other comprehensive income (loss)		
Unrealized gains on available-for-sale securities, net of taxes	445	3,765
Unrealized gains (loss) on hedging derivatives, net of taxes	(69)	130
Foreign currency translation adjustments	(19,387)	(22,596)
Remeasurements of defined benefit plans	1,570	865
Share of other comprehensive income (loss) of entities accounted for using equity method	(55)	(15)
Total other comprehensive income	(17,497)	(17,849)
Comprehensive income	81,648	84,737
Comprehensive income attributable to owners of parent	72,453	84,108
Comprehensive income attributable to non-controlling interests	9,195	628

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six Months ended August 31, 2017	Six Months ended August 31, 2018
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	147,974	156,275
Depreciation and amortization	105,927	108,609
Impairment loss on property and equipment	31,966	22,943
Amortization of goodwill	8,404	15,158
Interest income	(2,562)	(2,585)
Interest expenses and interest on bonds	4,531	6,704
Equity in earnings of affiliates	(1,306)	(500)
Gain on sales of property and equipment	(3,160)	(4,738)
Loss on disposals of property and equipment	9,373	9,047
Loss on sales of stocks of subsidiaries	1,644	3,320
Increase in notes and accounts receivable, trade	(9,890)	(29,233)
Decrease (increase) in trade accounts receivable, financial services	(2,640)	455
Decrease (increase) in inventories	10,358	(502)
Increase in notes and accounts payable, trade	50,641	78,132
Decrease in deposits received	(29,950)	(3,658)
Net decrease in corporate bonds in banking business	(30,000)	(15,000)
Net increase in deposits received in banking business	8,473	10,952
Net change in ATM-related temporary accounts	7,183	(2,760)
Other	(28,162)	853
Subtotal	278,806	353,473
Interest and dividends received	2,146	2,311
Interest paid	(4,562)	(6,416)
Income taxes paid	(41,869)	(40,873)
Income taxes refund	16,936	-
Net cash provided by operating activities	251,457	308,495
Cash flows from investing activities:		
Acquisition of property and equipment	(123,370)	(329,590)
Proceeds from sales of property and equipment	14,151	71,316
Acquisition of intangible assets	(15,507)	(18,050)
Payment for purchase of investments in securities	(8,940)	(23,858)
Proceeds from sales of investments in securities	15,613	5,900
Proceeds from sales of shares in subsidiaries resulting in change in scope of consolidation	108	-
Payment for sales of shares in subsidiaries resulting in change in scope of consolidation	-	(127)
Payment for long-term leasehold deposits	(7,430)	(7,985)
Refund of long-term leasehold deposits	18,274	14,948
Proceeds from deposits from tenants	1,757	1,490
Refund of deposits to tenants	(3,123)	(1,866)
Payment for acquisition of business	(2,482)	(172,327)
Payment for time deposits	(3,523)	(9,562)
Proceeds from withdrawal of time deposits	6,471	6,810
Other	(5,577)	(2,034)
Net cash used in investing activities	(113,578)	(464,936)

(Millions of yen)

	Six Months ended August 31, 2017	Six Months ended August 31, 2018
	Amount	Amount
Cash flows from financing activities:		
Net increase in short-term loans	3,395	74,339
Proceeds from long-term debts	37,617	110,103
Repayment of long-term debts	(48,349)	(42,327)
Proceeds from commercial paper	-	2,281
Payment for redemption of commercial paper	-	(2,281)
Payment for redemption of bonds	(20,000)	(60,000)
Proceeds from share issuance to non-controlling shareholders	344	0
Dividends paid	(39,772)	(39,785)
Dividends paid to non-controlling interests	(3,929)	(3,939)
Other	(11,222)	(6,712)
Net cash provided (used) in financing activities	(81,916)	31,677
Effect of exchange rate changes on cash and cash equivalents	(930)	(6,873)
Net increase (decrease) in cash and cash equivalents	55,032	(131,637)
Cash and cash equivalents at beginning of period	1,209,497	1,300,383
Decrease in cash and cash equivalents due to deconsolidation	-	(7)
Cash and cash equivalents at end of period	1,264,529	1,168,739

(4) Doubts on the Premise of Going Concern

None

(5) Notes to Consolidated Quarterly Statements of Income

1. The Company recorded amortization of goodwill of 3,829 million yen on valuation of stocks of subsidiaries and affiliates on FCTI, Inc.'s share on its financial statement of the second quarter of the consolidated fiscal year ended February 28, 2018, it is determined that there has been a decrease in its substantial value.
2. A breakdown of Restructuring expenses listed below.

(Millions of yen)

	Six Months ended August 31, 2017	Six Months ended August 31, 2018
Impairment loss	17,413	1,078
Loss on sales of property and equipment	2,504	-
Store closing losses	1,001	203
Early retirement benefit	272	12
Loss on disposals of property and equipment	73	0
Others	448	5
Total	21,712	1,300

(6) Segment Information

I. Six Months ended August 31, 2017 (From March 1, 2017 to August 31, 2017)

1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Revenues from operations										
Revenues										
1. Customers	471,966	957,832	937,635	325,801	82,803	207,336	3,822	2,987,198	-	2,987,198
2. Intersegment	730	116	5,195	4,389	18,537	1,286	7,734	37,988	(37,988)	-
Total	472,696	957,948	942,830	330,190	101,341	208,622	11,557	3,025,187	(37,988)	2,987,198
Segment income (loss)	131,087	33,437	6,666	875	25,821	834	2,119	200,841	(6,375)	194,466

Notes:

1. The adjustments on segment income (loss) of (6,375) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. Segment income (loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

2. Impairment of Fixed Assets and Goodwill by Reportable Segment

No significant items to be reported.

II. Six Months ended August 31, 2018 (From March 1, 2018 to August 31, 2018)

1. Information on Revenues from Operations and Income (Loss) by Reportable Segment

(Millions of yen)

	Reportable segments							Total	Adjustments (Note 1)	Consolidated total (Note 2)
	Domestic convenience store operations	Overseas convenience store operations	Superstore operations	Department store operations	Financial services	Specialty store operations	Others			
Revenues from operations										
Revenues										
1. Customers	485,560	1,356,901	944,258	282,453	88,987	181,918	3,444	3,343,524	14	3,343,538
2. Intersegment	683	1,032	4,261	3,398	19,130	814	8,049	37,370	(37,370)	-
Total	486,243	1,357,934	948,520	285,851	108,117	182,733	11,493	3,380,895	(37,356)	3,343,538
Segment income	127,833	36,259	9,409	96	28,349	3,794	1,332	207,076	(7,465)	199,610

Notes:

1. The adjustments on segment income of (7,465) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
2. Segment income is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

2. Impairment of Fixed Assets and Goodwill by Reportable Segment

(Significant changes in the amount of goodwill)

In the Overseas convenience store operations segment, the Company's consolidated subsidiary 7-Eleven, Inc. acquired stores and other assets constituting most of convenience store business and gasoline retail business of U.S. company Sunoco LP. As a result of the consolidation, the amount of goodwill increased by 154,116 million yen (US\$1,390,445 thousand) in the second quarter consolidated accounting period.

The amount above is provisional since the purchase price allocation has not been finalized.

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

By recording amortization of goodwill in "Financial services" in the second quarter of the consolidated fiscal year ended February 28, 2018, there has been a significant change in the amount of goodwill. In accordance with the application, the amount of goodwill was reduced by 3,829 million yen in "Financial services".

(Reference)

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

Six Months ended August 31, 2017 (From March 1, 2017 to August 31, 2017) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	1,956,408	975,540	55,249	2,987,198	-	2,987,198
2. Intersegment	351	116	14	482	(482)	-
Total	1,956,760	975,657	55,263	2,987,681	(482)	2,987,198
Operating income (loss)	161,718	32,129	613	194,461	4	194,466

Six Months ended August 31, 2018 (From March 1, 2018 to August 31, 2018) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	1,907,300	1,377,649	58,588	3,343,538	-	3,343,538
2. Intersegment	398	203	-	601	(601)	-
Total	1,907,699	1,377,853	58,588	3,344,140	(601)	3,343,538
Operating income	164,459	34,554	591	199,605	5	199,610

Notes:

1. The classification of geographic area segments is determined according to geographical distances.
2. "Others" consists of the business results in the People's Republic of China, etc.

(7) Notes on Significant Changes in the Amount of Shareholders' Equity

None