

We will proceed with steady and swift reforms to achieve the goals of our updated Medium-Term Management Plan.

Yoshimichi Maruyama

Director, Managing Executive Officer
Chief Financial Officer (CFO)

Drive reforms and bolster global communication skills

The Seven & i Group has been committed to earnest and constructive dialogue with our shareholders and a wide range of stakeholders with the goal of fostering sustainable growth for the Group and enhancing medium- to long-term corporate value. Based on the input and observations received from these dialogues and the evolving business landscape, the Group has been consistently discussing the progress of the Medium-Term Management Plan 2021–2025 (MTMP) during Board of Directors’ meetings, where outside directors now make up the majority, since June 2022. The outcomes of these discussions have been compiled into the “Update to the Medium-Term Management Plan and the Results of the Group Strategy Reevaluation,” which was presented to both internal and external stakeholders in March 2023.

This included a partial revision to the “Ideal Group Image for 2030” developed when we formulated the MTMP, with a greater emphasis on our goal to become a world-class retail group with a focus on food. This transformation is driven by a global growth strategy rooted in our 7-Eleven business and the active utilization of technology to foster innovation in logistics. We have gained a tangible sense of progress towards this ideal image through initiatives such as the acquisition of U.S.-based Speedway LLC and additional investments in our Vietnam business. At the same time, we have also made steady progress in our business portfolio reforms. As a result, despite the cost pressures of inflation driven by factors such as rising energy costs and a weaker yen in FY2022, our consolidated performance surpassed our expectations in terms of both revenues from operations and each profit indicator, leading to record-breaking earnings.

The Group strategy update takes into

account the outcomes of these reforms. Nevertheless, there remains a regrettable disparity between the intrinsic value of the Group and the shareholder value reflected by market capitalization, with some expressing concerns about the perceived sluggishness of the pace of the reforms. As our stakeholders know, this aspect has been strongly pointed out, particularly by international investors, and we must genuinely acknowledge and address this matter. Against this backdrop, the Group is striving to bolster its communication skills while pursuing more thoughtful IR and SR activities, in conjunction with the globalization of our business. For instance, we aim to foster dialogue that considers the nuances of communication culture, going beyond mere post-reporting of executed plans by swiftly sharing our reform direction, plans, and timelines, as we focus on ongoing reforms.

A year to strengthen foundations toward goal achievement

Regarding the progress of our MTMP, our approach involves accomplishing structural reforms during the first three years of the five-year period, concentrating management resources in growth strategy areas. In the latter two years, we will look to enhance strategic investments for new growth as well as shareholder returns.

FY2023, the third year of the MTMP, is considered a foundational period for achieving the targets set in the plan, as the infrastructure invested in starts to come into operation gradually. We acknowledge that this is a critical phase where the true potential for enhancing corporate value will be put to the test, particularly in anticipation of the following two years.

Specifically, as part of our core 7-Eleven business, in North America we are enhancing fresh food offerings through the launch of a production facility for daily items in Virginia, with plans for additional factories to follow. In domestic 7-Eleven operations, the launch of the 7NOW delivery app will make it easier for customers to purchase store products. Additionally, we are advancing the integration of

the Group’s “7iD” customer information platform with various operational systems. Going forward, we aim to achieve cross-promotion between the 7-Eleven app and the Ito-Yokado online supermarket, leveraging the membership data of approximately 28 million individuals across the Group to create synergies and new business opportunities.

In SST operations, where structural reforms have been a focal point, a significant endeavor toward drastic transformation involves strategic investment in large-scale process centers and central kitchens to bolster our food offerings, including pre-cooked meals and frozen foods. These facilities are gradually being brought into operation, marking a substantial stride forward for our SST strategy in the Tokyo metropolitan area, and are expected to contribute to improved profitability.

Planning the optimal financial strategy from three focal points

In connection with these growth investments, we also revised our capital reallocation policy in the MTMP update.

In terms of broad direction, we aim to increase operating cash flow and focus strategic investments in the domestic and international CVS businesses while improving shareholder returns and maintaining financial health.

These three focal points—quantitative expansion, qualitative improvement, and financial



Message from the CFO

soundness—remain unchanged in our financial strategy.

From the perspective of quantitative expansion, we prioritize the growth rate of EPS to better understand earnings growth and have also positioned the expansion of free cash flow as a key indicator. Due to the smooth progress made in building synergies from the integration with Speedway and the enhanced cash generation capacity of our domestic and international CVS businesses, both operating cash flow and free cash flow for FY2022 significantly exceeded our initial projections.

In terms of qualitative improvement, we emphasize return on invested capital (ROIC) spread, which is the difference between ROIC and weighted average cost of capital (WACC), as a key indicator that underpins each company within the Group. Based on current favorable business performance and reevaluation of the Group strategy, we have raised the target values for metrics such as ROE and ROIC in the MTMP.

Financial soundness was temporarily eroded due to the procurement of interest-bearing debt to cover the entire cost of the Speedway acquisition. We therefore set the debt/EBITDA ratio as an indicator to demonstrate to both internal and external stakeholders our commitment to restore financial soundness as quickly as possible. In this regard, we revised our FY2025 target within the MTMP update from lower than 2.0 times to less than 1.8 times.

In this way, our overall financial strategy is advancing towards enhanced capital efficiency and a healthier balance sheet. However, we recognize that we still have room for improvement, especially in terms of qualitative aspects and investment efficiency, to align with global standards.

The successful completion of the significant investment in acquiring Speedway was facilitated by our robust financial foundation at the time (FY2019), characterized by a debt/EBITDA ratio of approximately 1.5 times and a predominant AA

credit rating. Recognizing that the smooth and advantageous funding execution was a major contributing factor, it becomes apparent that restoring financial health is crucial not only to expand future strategic options but also to ensure substantial shareholder returns moving forward.

At the same time, considering management's emphasis on capital efficiency, including metrics such as ROE, we are now entering a phase where we will delve into discussions at a higher level, exploring whether maintaining a debt/EBITDA ratio below 1.8 times strikes the right balance.

Focusing on nurturing talent in support of global management

It is becoming increasingly important to share these financial perspectives with our operating companies. Since our transition to a holding company in 2005, we have played a pivotal role in strengthening collaboration among Group companies and actively fostering synergies. However, in terms of finance, while the emphasis on operating income at the local level is crucial and valued, there remains a challenge in fully embedding the concept of cost of capital. In the context of our ongoing SST business transformation, we have announced a commitment to fund growth investments for the next three years through cash inflows by reducing assets in SST operations and strengthening food infrastructure. This underscores the importance of disciplined capital allocation, taking into account the Group's overall financial position.

This also presents a challenge in terms of cultivating the human resources responsible for driving Group management. In conversations with shareholders and investors, they acknowledge that we have nurtured talent with strong product development and operational capabilities to support our retail operations. However, they also note that we lack the required personnel to handle the capital policy and investment planning for the Group, where overseas operations contribute to the majority of sales, underscoring this as an important area for strategic investment.



In consideration of both corporate value and shareholder value

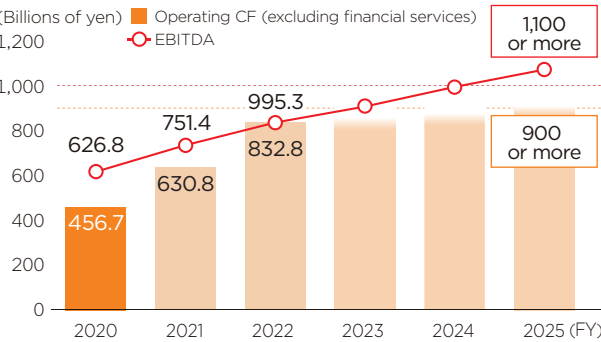
Amid the global rise in prices driven by soaring energy costs and raw material expenses, compounded by the expansion of geopolitical risks, consumer confidence remains clouded by uncertainty.

Against this backdrop, the Group pledges to enhance both corporate value and shareholder value through further growth driven by creating Group synergies centered around food.

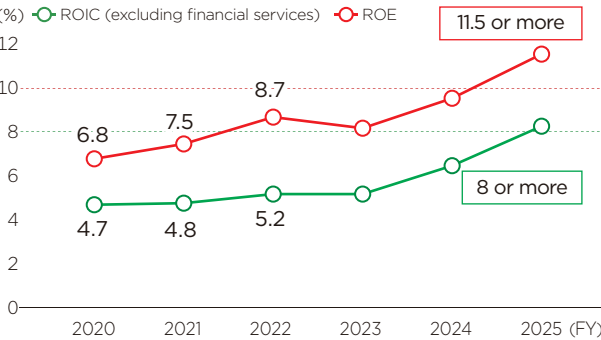
To fulfill this commitment and instill confidence in our ability to do so, the Group will diligently pursue businesses that address the needs and wants of local communities, which are the essence of our retail origins. Additionally, as mentioned earlier, we will create anticipation around the Group by globally showcasing the synergies, strategies, progress, and achievements in food, manifested not only in Japan but across the world. The Seven & i Group will continue striving to generate value that meets and exceeds expectations.

Consolidated financial numerical targets

Quantitative expansion of finance (1)

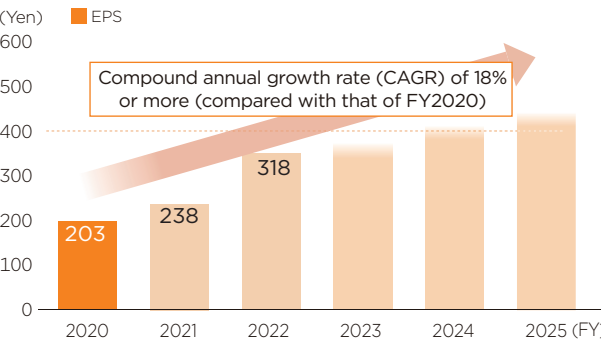


Qualitative improvement of finance

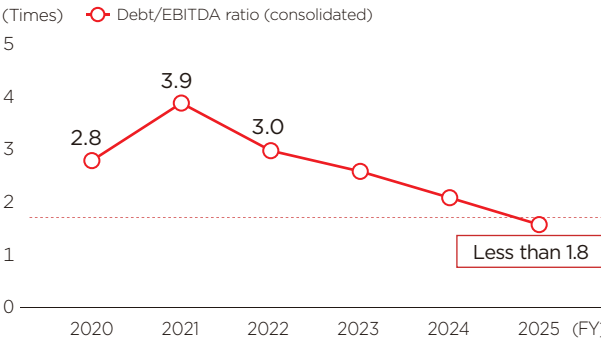


Note: Excludes impact of sale/leaseback transactions

Quantitative expansion of finance (2)



Ensuring of financial soundness



We will leverage our strengths in food achieved through Group synergy to accelerate growth in both existing and new businesses.

Domestic 7-Eleven stores have received high praise for their food offerings. This success is underpinned by extensive food-related capabilities, encompassing procurement, development, and merchandise assortment developed through superstore operations, along with the product appeal of the private brand *Seven Premium*, created by leveraging the Group's advantages. In domestic convenience store operations, we will harness this collective strength to accelerate growth in both existing and new businesses.

In our existing stores, we will continue to bolster our food offerings, with a focus on *Seven Premium* products. Moreover, we will undertake initiatives across business categories in response to recent changes in the social structure and consumer trends. We will also expand our 7NOW delivery service and promote new businesses by utilizing retail media.

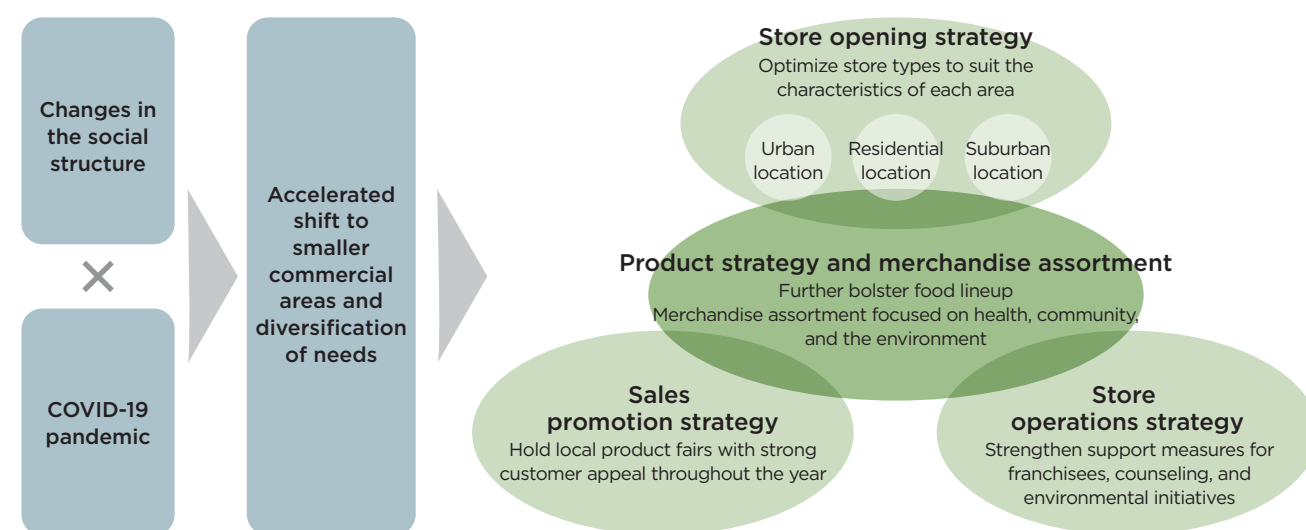
Through these strategies, we aim to grow our operating income to approximately ¥300 billion in FY2025 and enhance our ROIC.



Fumihiko Nagamatsu

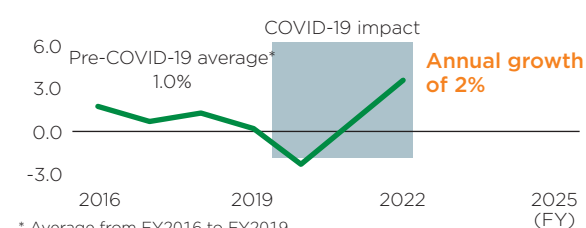
Representative Director and President of SEVEN-ELEVEN JAPAN CO., LTD.
Director and Senior Managing Executive Officer of Seven & i Holdings Co., Ltd.

Growth strategy of domestic convenience store operations



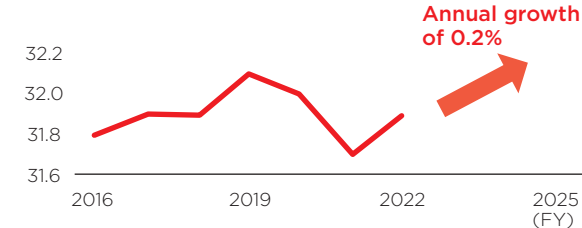
To enhance average daily sales

Growth rate of existing store sales (%)



To boost gross profit margin

Merchandise margin (%)



Existing business

Strengthen food sector

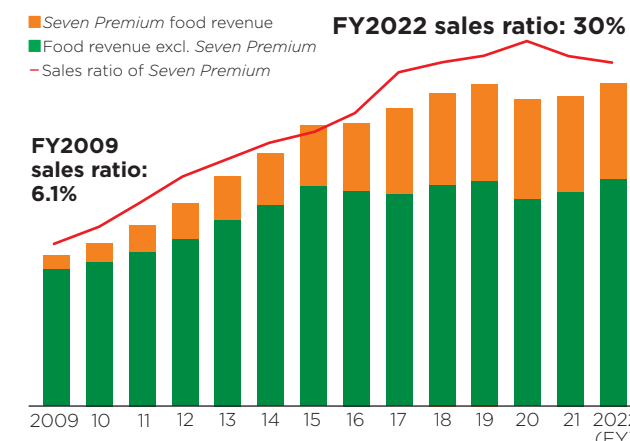
Prioritize food assortment centered on *Seven Premium* to achieve sustained and stable growth

In the food sector, *Seven Premium* has a significant advantage due to its wide range of pricing and value options. The sales ratio has been increasing annually, and even during the recent period of high inflation, average daily sales at existing stores have risen compared to the previous fiscal year.

Building on these achievements, we will continue to strengthen the food sector at existing stores, with a focus on *Seven Premium*. In addition, we will actively

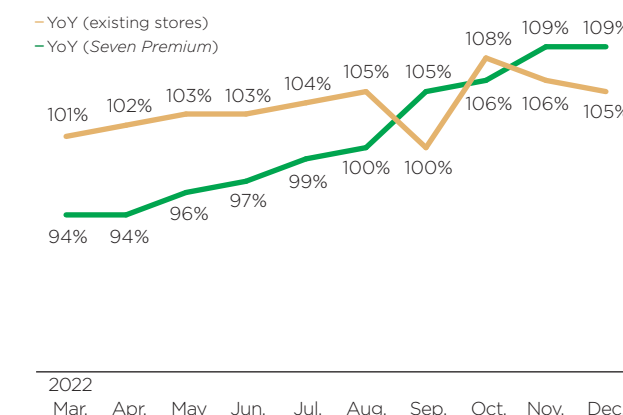
introduce merchandise that promotes health and environmental consciousness, as well as items made from locally sourced ingredients. At the same time, we seek to enhance average daily sales and gross profit margins by striking a balanced approach between an effective store opening strategy tailored to the characteristics of the area, a sales strategy that includes holding appealing events, and a store operation strategy, which also encompasses supporting franchisees.

Increase in composition of *Seven Premium* in food area



Sales growth of existing stores under recent inflationary pressure

Daily sales in existing stores



Impact of our competitive advantage in food

Our strengths in the food cycle	Strengths in food cultivated in superstore operations	<i>Seven Premium</i> development	SEVEN-ELEVEN JAPAN's strong customer support
	<ul style="list-style-type: none"> Overwhelming number of products and SKUs Procurement and supplier network Large-scale sales floor to test products Customer understanding and innovative development capability in food 	<ul style="list-style-type: none"> Combine the Group's strength for development Approximately 70% of personnel are nurtured within superstore operations Private-brand (PB) product range that is 1.7 times larger than the competition 	<ul style="list-style-type: none"> Removing geographical reasons, close to half (46%) of consumers actively choose 7-Eleven Two-thirds of customers choosing SEVEN-ELEVEN JAPAN provide "variety and quality of food" as a reason
	General food SKUs Supermarkets (SM): 15,000 (7 categories)*1 Convenience stores (CVS): 2,000 (4 categories)*2	Number of private-brand food items Company A: 1,330 Company B: (Not specified)	Choice of CVS brand other than location (majority share accounted for by food merchandising) Company A: 46% Company B: (Not specified)
	<small>*1 SM: Fruit and vegetables, meat, fish, daily items, processed food, prepared food, and bakery items</small> <small>*2 CVS: Fruit and vegetables, daily items, processed food, and prepared food</small>	<small>Based on Company research as of June 2022</small>	<small>Based on a survey of contracted companies as of September 2022 Sample size (n) = 1,060</small>

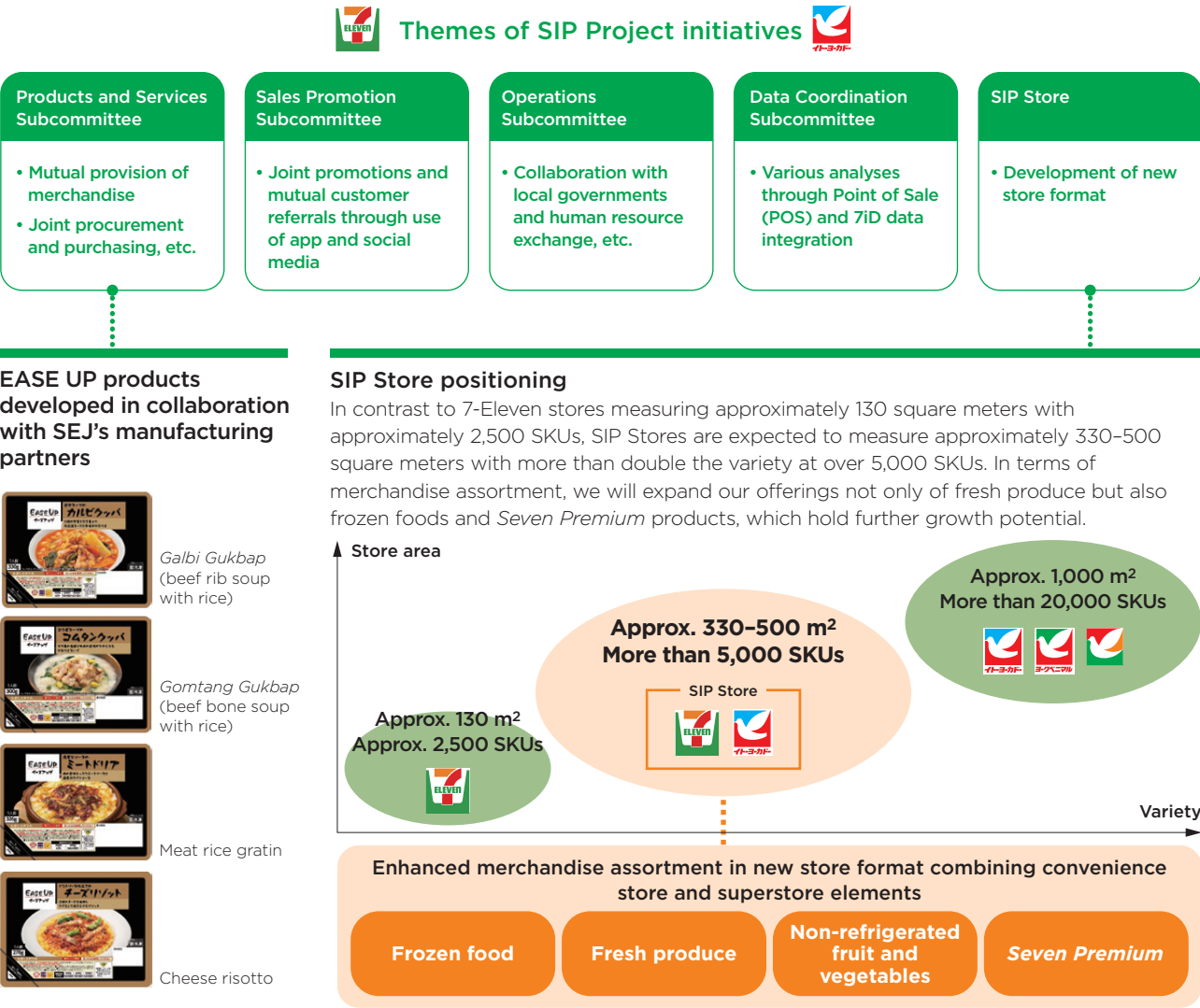
Existing and new businesses

Initiatives across business categories

Promoting the SIP Project with Ito-Yokado to address changes in social structure

SEVEN-ELEVEN JAPAN (SEJ) is intensifying its collaboration efforts with Group companies across diverse business categories to adapt to shifting social dynamics and ensure the sustained growth of its stores. A symbolic case for this is the SIP Project*, which was initiated in August 2022 in partnership with Ito-Yokado (IY) (see diagram below). This project is one of the strategic actions encapsulated within Synergy 2.0 (p. 21) with the aim of harnessing synergistic effects. Within this initiative, the strong procurement and development capabilities of SEJ in fresh and frozen foods, featuring a vast range of Stock Keeping Units (SKUs; the smallest unit for managing products), are combined with the ability to attract customers, drive sales, and develop daily items at more than 21,000 7-Eleven stores across all 47 prefectures nationwide. To illustrate, in the products and services domain, this collaboration enables us to meet the one-stop shopping needs of elderly individuals, working women, and single households through EASE UP, an original frozen food brand developed by IY. It also facilitates the expansion of our product lineup and the joint development of locally produced and consumed products by harnessing the expertise of SEJ's manufacturing partners. In the operational domain, we join forces with IY to host various fairs. Additionally, we have ambitious plans to inaugurate a groundbreaking retail concept store called the SIP Store, which combines convenience store and superstore elements, in Chiba Prefecture during FY2023.

* SIP is an abbreviation denoting the SEVEN-ELEVEN JAPAN/Ito-Yokado partnership.



New business

Expanding the 7NOW delivery service and entering the advertising business

Development of two new businesses that leverage contact with customers based on 7iD

In the area of new business, we aim to expand the 7NOW delivery service and enter the advertising business to increase revenue.

7NOW is a home delivery service that allows customers to order products from 7-Eleven stores through their smartphones and have them delivered in as little as 30 minutes. Since its experimental launch in 2017, the service has evolved, and both the number of users and stores have increased. Upon the release of the 7NOW app in September 2023, we anticipate enhanced integration with 7iD, leading to improved user-friendliness and an increased number of customer touchpoints. We will continue expanding the 7NOW service through initiatives such as these.

Expansion of 7NOW delivery by SEVEN-ELEVEN JAPAN

	FY2023 store expansion initiatives	
	First half	Second half
Improvement in usability	• Integration of 7NOW app with 7iD • Addition of product recommendation feature	
Development of delivery infrastructure	• Strengthening of delivery infrastructure through multiple vendors in one area	• Increase in the number of delivery partners
Store operational efficiency	• Improvement in usability by enabling use of the app in place of the store terminal	

Integration of 7NOW app with 7iD

Improvement in usability

Usability that resembles selecting merchandise in-store

Expansion of customer contact

Data expandability based on 7iD

Strengthening the framework for nationwide expansion in FY2024

TOPIC

Announced future aim and four visions for the 50th anniversary

SEJ celebrated its 50th anniversary in 2023. On the occasion of its 50th anniversary, SEJ has not only expressed its commitment to enhancing its adaptability to change in its future aim but is also actively pursuing four visions to bring this commitment to life.

Future aim

Build a joyful future, together

Paving the way to the next level of convenience for more comfortable living worldwide

SEJ will foster a corporate culture centered on collaboration with all stakeholders that embraces diversity and mutual recognition of each individual's work to generate new values that benefit society. This is the vision SEJ strives for, to build a joyful future, together.

Four visions

- Health**
Provide merchandise and services that contribute to healthy living and society
- Community**
Contribute to the resolution of social issues and community revitalization as infrastructure for daily life
- Environment**
Contribute to the creation of a circular economy by reducing environmental impact
- Human resources**
Realize an environment in which everyone involved in our business can fully leverage their capabilities

Expanding SEVEN-ELEVEN JAPAN's strengths in food globally

Based on Seven & i Group's market analysis both domestically and internationally, convenience store operations have seen an increase in customer visits due to a higher sales ratio of fresh food and other proprietary products. As a result, we intend to further refine SEVEN-ELEVEN JAPAN (SEJ)'s strength in fresh food and expand it globally.

North American convenience store operations/7-Eleven, Inc.

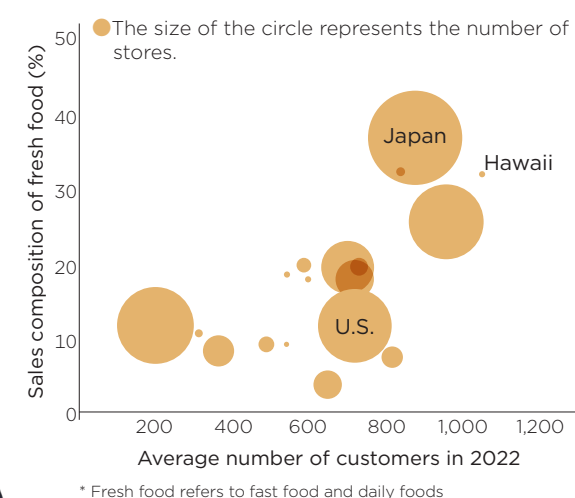
We will achieve sustainable business growth through four strategic initiatives.

North America-based 7-Eleven, Inc. (SEI), which boasts the leading store share in the U.S. convenience store market, is pursuing four strategic initiatives for further growth: (1) grow proprietary products, (2) accelerate digitalization and delivery business, (3) generate synergies from the SEI and Speedway integration, and (4) grow the business through both M&A and organic new store openings. Going forward, we will focus on increasing the sales ratio of food-related products, aiming to improve average daily sales and merchandise margins, and thereby enhance the business' ROIC.

Joseph M. DePinto
Director and CEO
7-Eleven, Inc.
Director and Senior Managing Executive
Officer
Seven & i Holdings Co., Ltd.



The high composition of fresh food* directly contributes to an increase in the average number of customers



Global convenience store operations/7-Eleven International LLC

We will leverage the strengths of Japan and the United States to drive global growth.

In Japan, North America, and China (Beijing, Tianjin, and Chengdu), 7-Eleven stores are operated by Seven & i Group subsidiaries. In other countries and regions, prominent local corporate groups run 7-Eleven stores as licensees. Although we are experiencing continued growth in various countries and regions, differences in sales have emerged between regions. To address this, we established 7-Eleven International LLC (7IN) to support growth in existing markets, provide strategic investment to existing licensees, and facilitate entry into new markets. 7IN commenced its operations in 2022. We will further strengthen our strategic investments in licensees to enhance our the presence of our convenience store operations in the global market.

Shinji Abe
Co-CEO
7-Eleven International LLC
Director and Executive Officer
SEVEN-ELEVEN JAPAN CO., LTD.
Executive Officer
Seven & i Holdings Co., Ltd.



Ken Wakabayashi
Co-CEO
7-Eleven International LLC
Director and Executive Officer



North American convenience store operations/7-Eleven, Inc.

Expanding the value chain for food to meet increasingly sophisticated needs

In North America, customer demands have become increasingly sophisticated, with a growing desire for fresher and higher-quality food products. Amid these trends, we have been able to achieve improvements in merchandise margins and average daily sales by strengthening the development and sale of proprietary products such as fresh food, special beverages, and private-brand items. Our plan is to increase the share of proprietary products in the sales of existing stores in the United States to approximately 34% by FY2025.



The Lone Star Slider



Ham and cheese sweet bread



Mexican rice and bean burrito

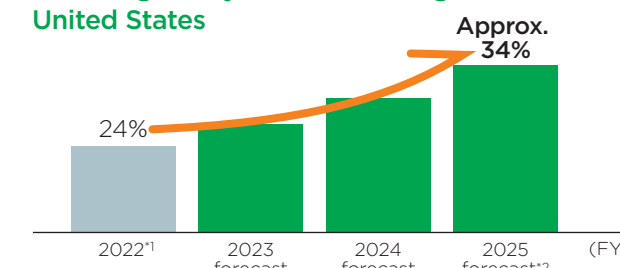


Sesame cold noodle salad

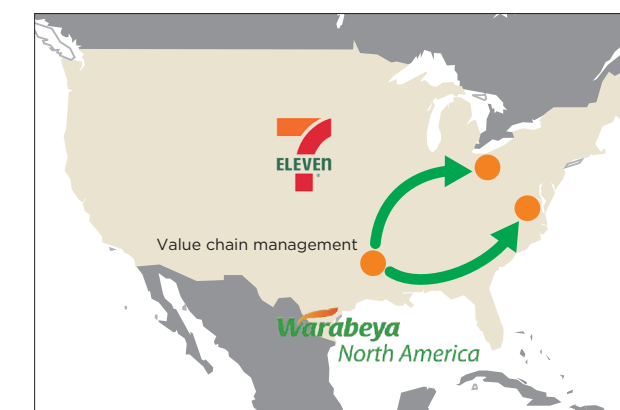
To strengthen our proprietary products, SEI has enhanced collaboration with Warabeya Nichiyo Holdings Co., Ltd., a long-standing partner of SEJ in product development. Warabeya North America, Inc. plans to establish new factories for producing such items as sandwiches in Virginia and Ohio in 2024, and to expand its existing facility in Texas. Further, in 2025, partners from the Nihon Delica Foods Association* are planning to expand into Southern California. We will continue to increase production capacity, and strengthen the food value chain to maintain a sustained improvement in merchandise margins.

* Refers to the 63 manufacturers (as of May 31, 2023) who jointly develop and manufacture proprietary daily products for SEVEN-ELEVEN JAPAN CO., LTD.

Sales ratio of fresh food, special beverages, and private-brand products as a percentage of average daily sales at existing stores in the United States



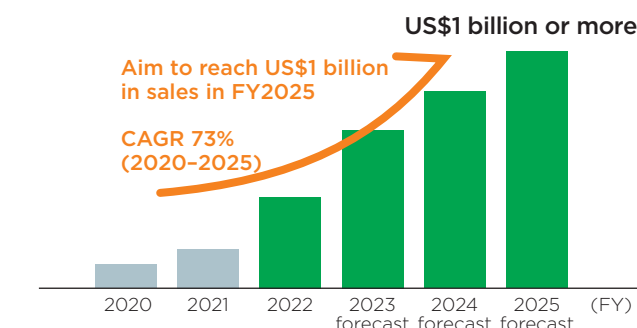
^{*1} The figure for FY2022 excludes results from Speedway stores.
^{*2} The figure for FY2025 includes results from existing SEI stores and Speedway stores that have been fully integrated.



Strengthening 7NOW with a view to achieving annual sales of US\$1 billion

In the 7NOW delivery service, we continuously evolve our service offerings to meet customer needs. This includes achieving swift delivery times of an average of less than 28 minutes in the United States. We will strengthen the subscription-based delivery service, 7NOW GOLD PASS, and introduce it to Speedway stores, further accelerating growth with the aim of reaching US\$1 billion in sales in FY2025.

Annual sales from 7NOW delivery service



Integration synergies delivered faster-than-expected results, leading to major upward revisions of FY2023 targets

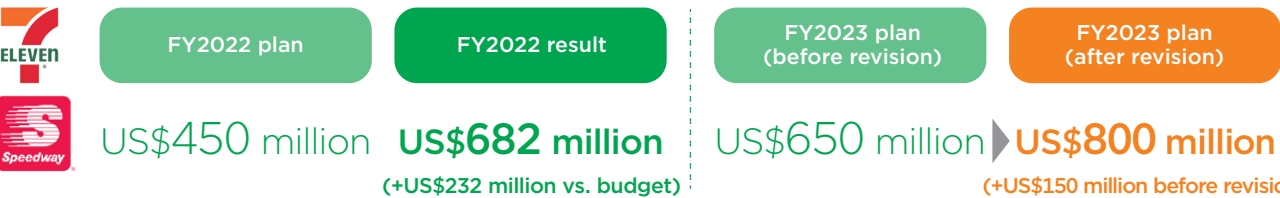
In 2021, SEI acquired Speedway, which has approximately 3,000 stores and operates the third largest convenience store chain in the United States. As a result, its total number of stores in North America now exceeds 13,000. Currently, we have a network of stores in 47 out of the top 50 major cities in the United States, achieving a store density that places stores within a two-mile radius of approximately 50% of the total U.S. population.

Since the integration, we have primarily focused on creating synergies in four key areas: merchandise, scale, fuel logistics, and digital strategies. For instance,

we have yielded tangible results by introducing SEI's private-brand products into Speedway to enhance merchandise assortment, realizing cost reductions by leveraging SEI and Speedway's purchasing power, and expanding SEI's delivery business into Speedway. Since the effects of the synergies have been growing faster than initial projections, we have raised the target for integration-related income for FY2023 from US\$650 million to US\$800 million.

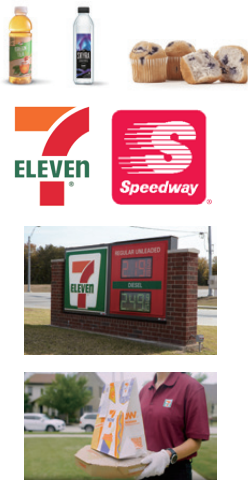
By ensuring the realization of integration synergies with Speedway, we will realize income growth for SEI.

Speedway integration synergies drive SEI's income growth



Milestones completed in FY2022

Merchandise related	Optimized assortment with vault and center of store resets
Harnessed economies of scale	Leveraged scale through national contracts
Cost leadership	Completed organizational right-sizing
	Transitioned in-house maintenance to more than 3,600 7-Eleven stores
Integration of fuel logistics	Expanded speedway fuel transportation coverage to 390 7-Eleven stores
Integration of digital strategies	Launched delivery in more than 1,200 stores



Enhancing our share in the fragmented North American market

The convenience store market in the United States is highly fragmented, with stores belonging to small chains, including independently-owned stores with 10 or fewer locations, accounting for approximately 63% of the total, in stark contrast to the Japanese market where the top three companies occupy over 90%.

Given this environment, SEI will continue to pursue strategic M&A and new store openings, leveraging the strength of its proprietary products, in order to expand market share, improve the efficiency of store operations, and enhance logistics infrastructure.

Global convenience store operations/7-Eleven International LLC

Drive ongoing growth through enhanced business engagement and the transfer of business innovation methods from Japan and the United States

In the countries where we are already operating, we aim to enhance our engagement in business operations and increase income through strategic investment in our licensees.

As one of our initiatives, we have decided to provide additional investment in Vietnam, where future economic growth and population expansion are expected. In Vietnam, we opened our first store in 2017, and as of the end of FY2022, we have expanded to 79 stores. We will focus on concentrated store openings in strategic target areas based on urban planning, while leveraging the business innovation methods of SEJ and SEI, with the goal of expanding to a scale of 500 stores by FY2028. We will also collaborate with our Japanese business partners to build a value chain, expanding our market share through differentiation with high-quality proprietary products. We will use our efforts in Vietnam as a model case and expand into other countries and regions.

Store development

- Realize concentrated store openings based on urban planning
- Localize the expertise of SEJ and SEI for local customers

	Store development (planned)	
	FY2022 (Result)	79
	FY2023	115
	FY2026	275
	FY2028	500

Additional investment in Vietnam



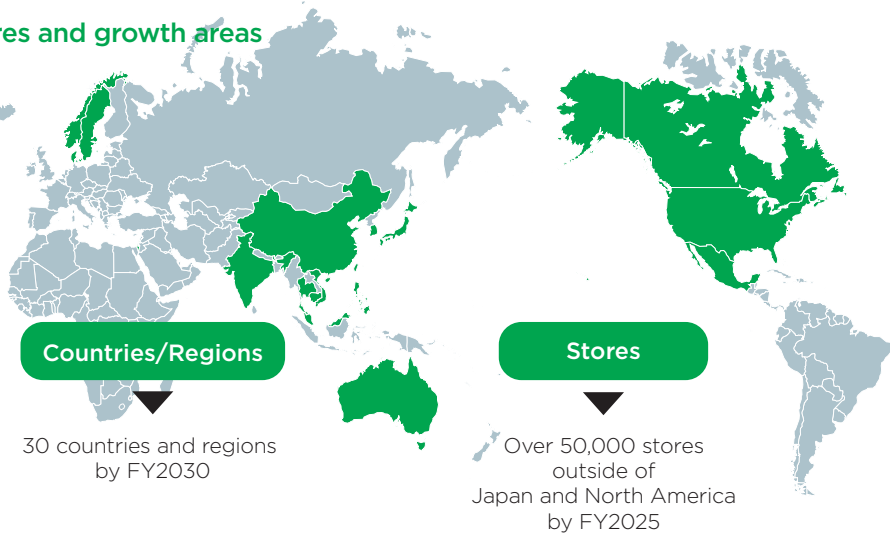
Driving continuous investment with a focus on global growth potential

The 7-Eleven convenience store network is the largest in the global market. As of January 31, 2023, 7-Eleven stores operated in 19 countries and regions, with ample opportunity to generate significant growth through new store openings.

7IN will therefore actively promote expansion into new markets. We aim to expand our network to over 50,000 stores outside of Japan and North America by FY2025 and extend our presence to 30 countries and regions by FY2030.

Global expansion of 7-Eleven stores and growth areas (as of January 31, 2023)

North America		Asia-Pacific	
U.S.	12,854	Japan	21,323
Mexico	1,886	South Korea	14,179
Canada	606	Thailand	13,838
		Taiwan	6,683
Europe/Middle East		China	4,450
Denmark	176	Philippines	3,400
Norway	134	Malaysia	2,472
Sweden	81	Australia	738
Israel	1	Singapore	460
		Vietnam	79
		Cambodia	44
		India	22



Promote business structure reforms aligned with the Group's growth strategy centered around food Aiming to achieve EBITDA of over ¥85 billion in superstore operations in FY2025

In superstore operations (SST operations), we have particular strengths in food in terms of merchandise assortment, procurement, supplier network, product innovation, and private brands (*Seven Premium*) that support the Group's overall competitiveness. These strengths will become increasingly important competitive advantages propping up the Group's growth.

While SST operations contribute to the entire Group, enhancing profitability and capital efficiency is an urgent priority. To this end, we are implementing various structural reform measures in the Tokyo metropolitan area. We have made strategic store closures, optimized personnel policies, and enhanced productivity through the use of IT. Going forward, in addition to harnessing the benefits of these reforms, we will pursue further transformation initiatives toward regrowth.

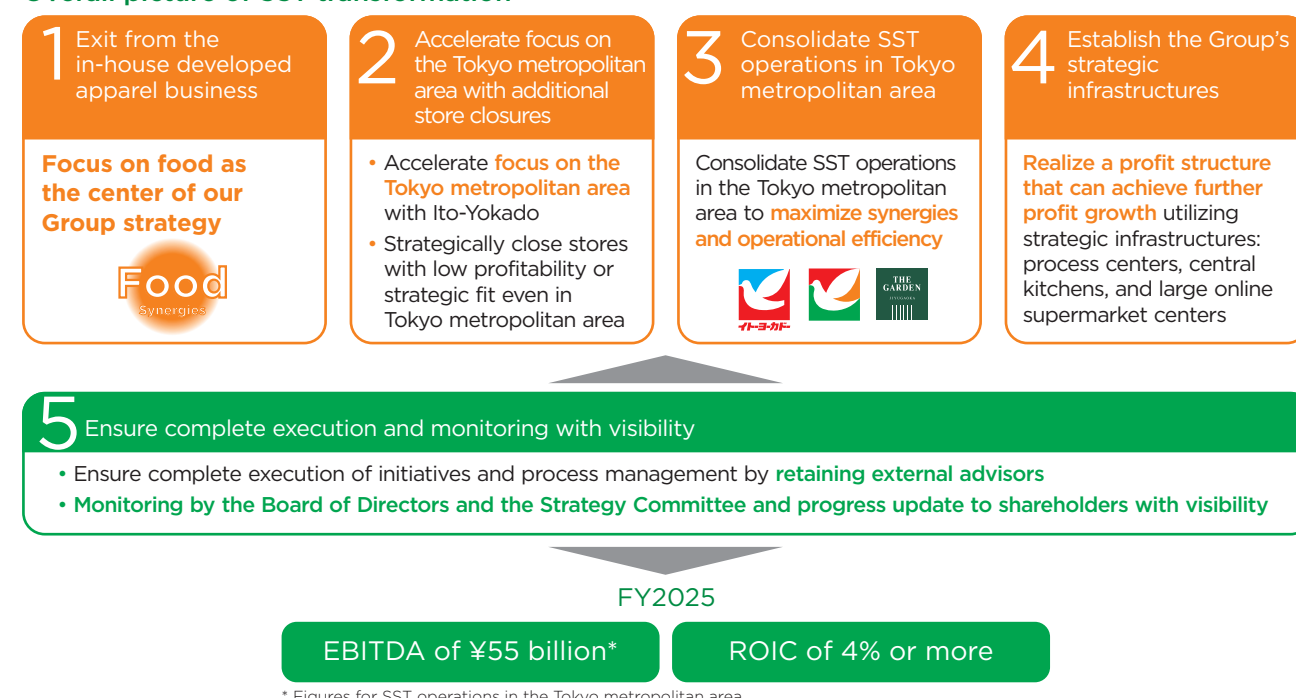
In the Tokyo metropolitan area, we will undertake four drastic transformation initiatives over a period of three years: (1) Exit from the in-house developed apparel business and focus on food; (2) Accelerate focus on the Tokyo metropolitan area with strategic store closures; (3) Merge Ito-Yokado and York and consolidate SST operations in the Tokyo metropolitan area; and (4) Establish the Group's strategic infrastructures in terms of process centers, central kitchens, and large online supermarket centers. As a fifth measure, we will appoint external advisors to ensure the successful completion of these initiatives. They will manage the transformation process while the Board of Directors and the Strategy Committee will monitor progress to ensure transparency and objectivity. In SST operations in the Tokyo metropolitan area, our goal for FY2025 is to achieve EBITDA of ¥55 billion or more and return on invested capital (ROIC) of 4% or more.

Seiichiro Ishibashi

Managing Executive Officer, Head of Superstore Operations
Seven & i Holdings Co., Ltd.



Overall picture of SST transformation



Reform of profit structure

Enhancement of value chain

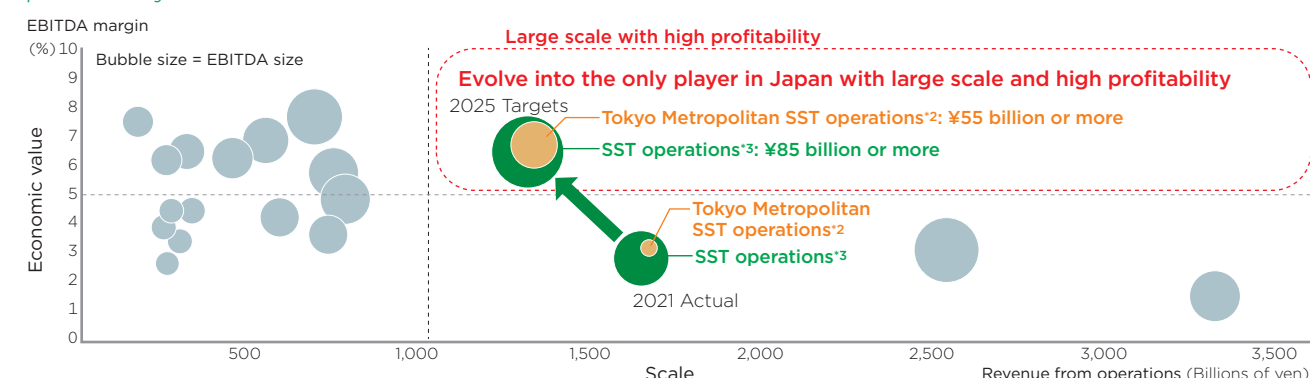
Become the only player in the domestic supermarket/general merchandise store sectors in terms of scale and profitability

In SST operations, we will embark on reform of the value chain by integrating production and sales and focus on appealing to the price and quality that customers desire in an effort to provide new value. In the Tokyo metropolitan area, we will further enhance the immediate consumables category by developing and manufacturing differentiated, prepared dishes at our central kitchens. We will also make use of our process centers to provide high-quality fresh meat,

seafood, and meal kits, thereby enhancing efficiency in store operations. At the same time, we will look to reduce costs and reform the profit structure through centralization of merchandise development and head office costs. By successfully accomplishing these transformations, we aim to establish a unique position in the supermarket/general merchandise store sector in terms of scale and profitability.

Uplift of profitability of the entire SST segment*1

Comparison of domestic supermarket/general merchandise store sector and SST operations by profitability and scale



*1 For companies with multiple segments, each segment is shown as one bubble.

*2 Tokyo Metropolitan SST operations encompass Ito-Yokado Co., Ltd. (including York Co., Ltd.), and SHELL GARDEN CO., LTD.

*3 SST operations encompass Ito-Yokado Co., Ltd. (including York Co., Ltd.), SHELL GARDEN CO., LTD., and York-Benimaru Co., Ltd.

Promoting the Group's Last Mile measures with a large online supermarket center

As one of the Group's Last Mile measures, we opened a new center in Yokohama for the Ito-Yokado online supermarket in summer 2023. The new center will function as a base with delivery areas for approximately 30 Ito-Yokado stores around and locations up to roughly 30 kilometers from the center. Opening a large

center like this will not only expand delivery area based around existing stores but also make it possible to deliver to places in the Tokyo metropolitan area where there are no Ito-Yokado stores nearby. We will continue to respond to ever-growing customer demands and raise convenience.

Realizing common Group infrastructure for food with Peace Deli

Peace Deli, a food manufacturing subsidiary established in 2021 as common Group infrastructure, plays a crucial role in strengthening our food offerings. Peace Deli Nagareyama Kitchen started operation in March 2023, processing fresh meat, seafood, and meal kits that are supplied to Ito-Yokado and York stores in the Tokyo metropolitan area. Plans are in place to commence operation of Peace Deli Chiba Kitchen in February 2024. This kitchen will include a central kitchen for processing and manufacturing prepared dishes and a process

center for handling fresh produce. From both the Nagareyama and Chiba kitchens, we plan to supply merchandise not only to Ito-Yokado and York stores but also to 7-Eleven stores as well as merchandise exclusively for the Ito-Yokado online supermarket.



Peace Deli Nagareyama Kitchen
(Chiba Prefecture)

We will advance our integrated retail and finance strategies centered on 7iD to deepen relationships with customers.

In financial services, we will continue to focus on expanding our ATM platform strategy as well as our e-money and credit card businesses. Additionally, under the Group financial strategy, we seek to develop distinctive financial services based on 7iD, an ID that customers can use across the Group, and to provide new value.

As part of such efforts, we have decided to consolidate Seven Card Service Co., Ltd., into Seven Bank, Ltd. in order to pursue synergies through the integrated management of banking and non-banking businesses. This will enable us to meet diverse needs through the integrated management of banking, credit card, and e-money services.

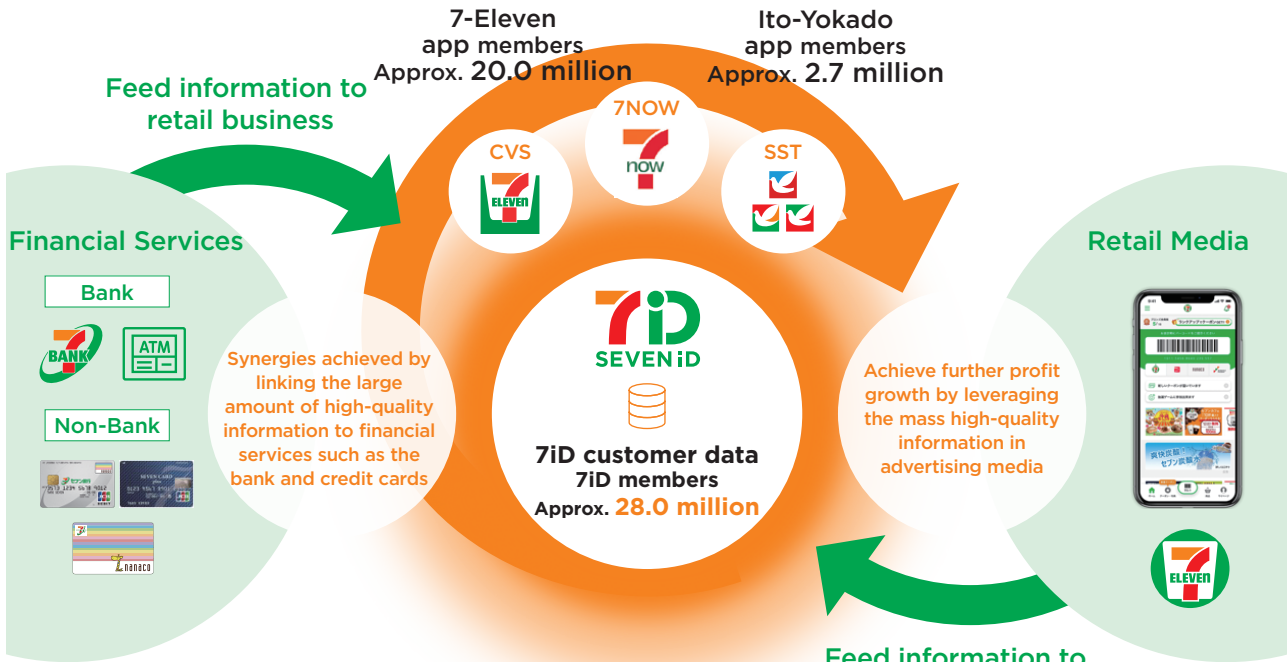
Moving forward, we will continue to leverage four key strengths of the Group, namely the best customer base in Japan, attractive economic points of contact, overwhelming payment volume, and ownership of core financial functions, in order to offer distinctive financial services.



Tsuyoshi Kobayashi
Managing Executive Officer, Head of Financial Services
Seven & i Holdings Co., Ltd.

Growth strategy of financial services (summary)

Enhance customer relations through an integration of retail and financial services through 7iD



Note: As of February 28, 2023

Future development Provide services that leverage strengths

Leverage the Group's management assets to expand financial services unique to retailing

Strengths		Approach and measures
Best customer base in Japan	Customers per day in domestic stores Approx. 22.2 million ^{*1} 7iD members Approx. 28.0 million ^{*1}	Room to further increase the attractiveness of the economic zone and significantly expand the cross-use rate ^{*2} and spending per customer
Attractive economic points of contact	Convenience stores + supermarkets Approx. 22,000 stores ^{*1}	Possible to provide a unique economic zone strategy through product offerings without relying on point competition
Overwhelming payment volume	Annual money flow of Approx. 22.0 trillion	By expanding the ratio of in-house payments through such means as the e-money card nanaco, it is also possible to use payment fees that would be paid to other companies as resources for marketing
Ownership of core financial functions	<input type="checkbox"/> Bank <input type="checkbox"/> Credit card <input type="checkbox"/> E-money	In expanding financial services in the future, it is possible to pursue rapid development by leveraging existing assets

^{*1} As of February 28, 2023
^{*2} Purchases by a single customer both in a physical store or an e-commerce platform, or across multiple business formats within the Group.

Combining 7iD with payment services to boost revenue in retail and financial sectors

- (1) Gross profit from increased retail sales
Effects of higher spending per 7iD member by connecting payment services
- (2) Cost reduction from internalization of commission fees
Effects of increasing the ratio of commissions retained internally rather than paying them externally by expanding the ratio of in-house payments
- (3) Increased merchant fees due to increased external use
Effects of revenue from merchant fees (increased gross profit) due to increased external use of 7iD payment services by increasing the attractiveness of 7iD outside the Group
- (4) Increased financial fees
Effects of an increase in the number of users of financial services entering through the use of ATMs and 7iD payment services

Moreover, through these four areas, we can enhance retail and financial data centered on 7iD, and utilize it for business strategies based on a deeper understanding of our customers.

Scale of the Group's financial services in terms of money flow

(1), (2), (3), and (4) represent the areas we can expect revenue growth by combining retail and financial services.

