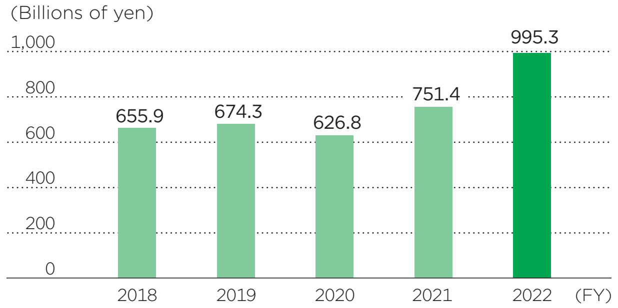
Key Indicators

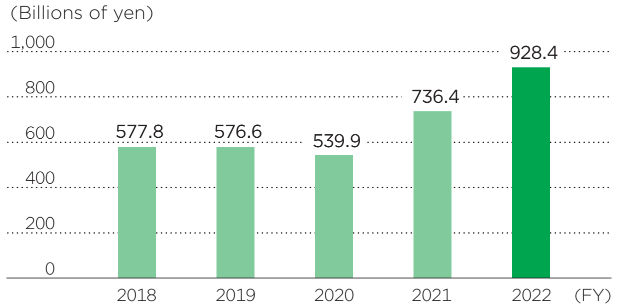
Below are some of the Seven & i Group's key indicators.

Financial indicators

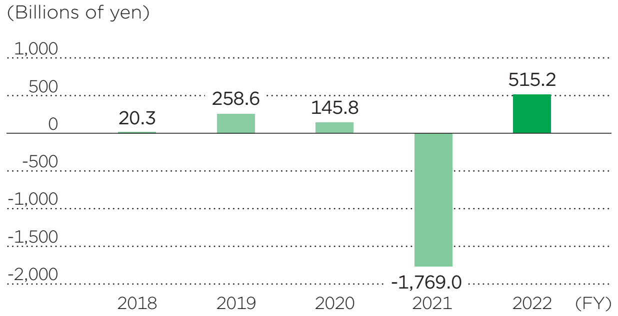
EBITDA



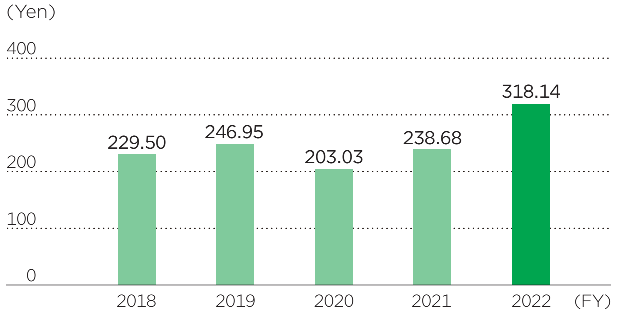
Cash flows from operating activities



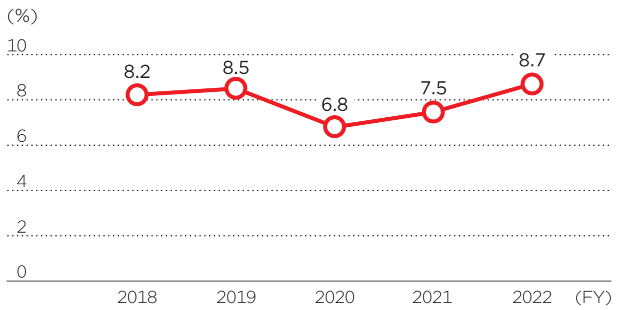
Free cash flows*1



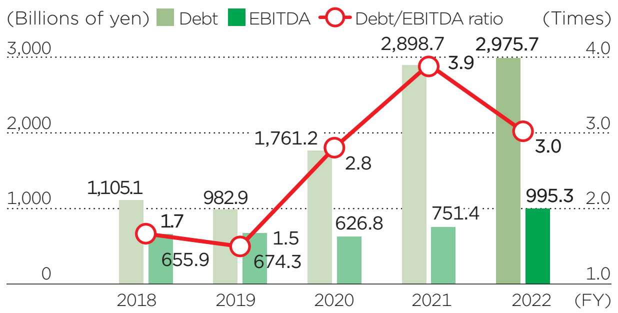
EPS



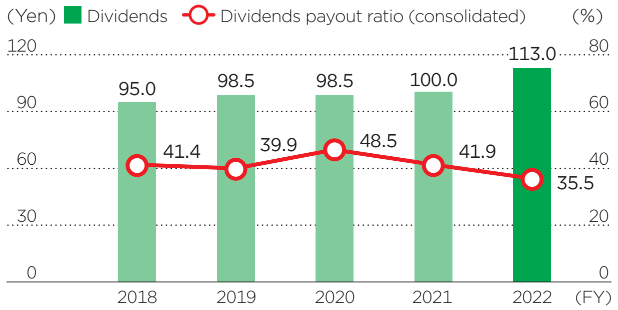
ROE



Debt/EBITDA ratio



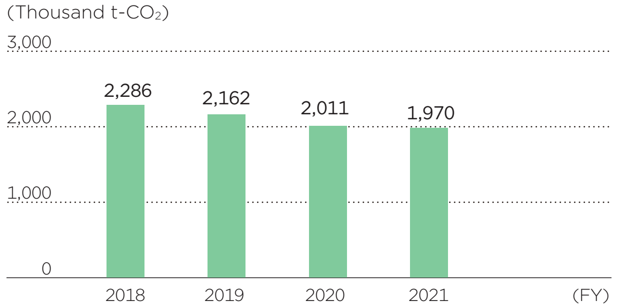
Dividends per share



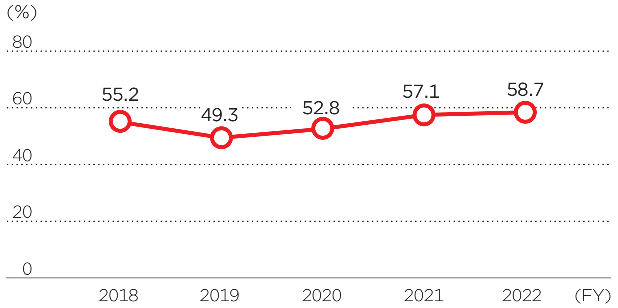
*1 Free cash flows = Cash flows from operating activities + Cash flows from investing activities

Non-financial indicators

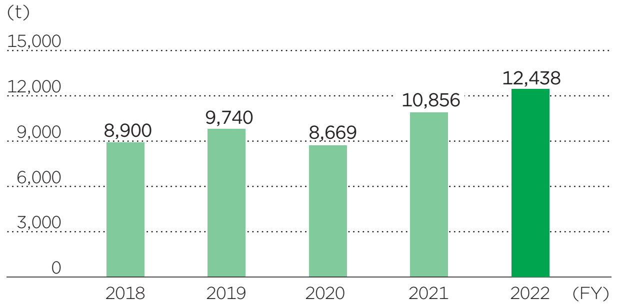
CO_2 emissions from store operations*2



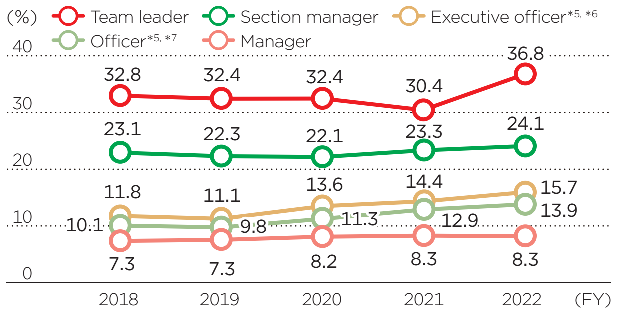
Organic waste recycling rate*3



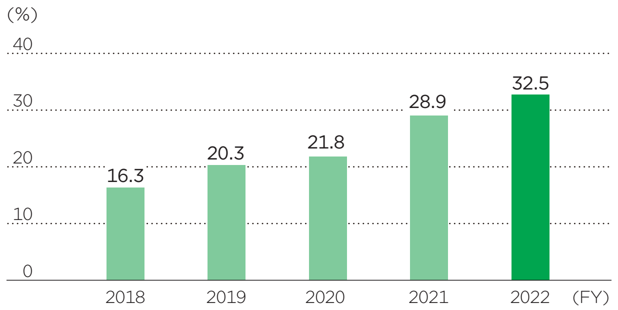
Volume of plastic (PET) bottles collected from collection machines



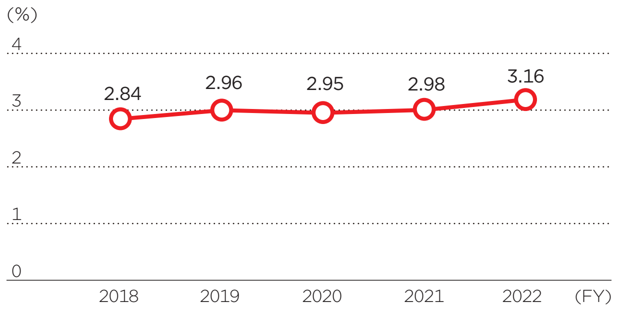
Percentage of female managers*4



Ratio of eco-friendly materials*8 in containers for original merchandise



Percentage of employees with disabilities*9



*2 The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for 12 companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Life Foods Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., IY Foods K.K., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Barneys Japan Co., Ltd., Seven & i Food Systems Co., Ltd., and THE LOFT CO., LTD.). For the calculation methods, please refer to the environmental data of each operating company described in Data Section of the CSR Data Book.
https://www.7andi.com/en/sustainability/report/2022.html

*3 The period of the calculations was from April to March. The period of the calculations from April of the year to March of the following year is presented as the fiscal year ended February (FY). Totals are for the six food-related operating companies (SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD., and Seven & i Food Systems Co., Ltd.).

*4 Total for eight companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., Seven & i Food Systems Co., Ltd., and Seven Bank, Ltd.).

*5 The total for six Group companies (Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., and Sogo & Seibu Co., Ltd.) as of May 31 of each year.

*6 Excluding executive officers who are directors

*7 Officers represent the total of directors, Audit & Supervisory Board members, and executive officers.

*8 Biomass, biodegradable and materials, and paper, etc.

*9 The rate for each fiscal year is the rate as of June 1 of the year. The percentage of workers with disabilities is for the five qualified Group companies: Seven & i Holdings Co., Ltd., SEVEN-ELEVEN JAPAN CO., LTD., Ito-Yokado Co., Ltd., Seven & i Food Systems Co., Ltd., and Terube Ltd. (special subsidiary for employees with severe disabilities).

Financial Highlights

Seven & i Holdings Co., Ltd.
For the fiscal years ended February 28 or 29

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
For the fiscal year:											Millions of yen
Revenues from operations	4,991,642	5,631,820	6,038,948	6,045,704	5,835,689	6,037,815	6,791,215	6,644,359	5,766,718	8,749,752	11,811,303
Operating income	295,685	339,659	343,331	352,320	364,573	391,657	411,596	424,266	366,329	387,653	506,521
Net income attributable to owners of parent	138,064	175,691	172,979	160,930	96,750	181,150	203,004	218,185	179,262	210,774	280,976
Capital expenditures*1	334,216	336,758	341,075	399,204	384,119	347,374	539,328	360,909	377,299	439,630	431,961
Depreciation and amortization*2	155,666	147,379	172,237	195,511	207,483	213,167	221,133	226,475	235,504	292,561	376,097
Cash flows from operating activities	391,406	454,335	416,690	488,973	512,523	498,306	577,878	576,670	539,995	736,476	928,476
Cash flows from investing activities	(340,922)	(286,686)	(270,235)	(335,949)	(371,602)	(240,418)	(557,497)	(318,047)	(394,127)	(2,505,566)	(413,229)
Cash flows from fi nancing activities	10,032	(55,227)	(79,482)	(2,312)	(78,190)	(168,510)	(5,324)	(213,204)	690,542	937,077	(270,373)
Free cash flows*3	50,484	167,648	146,454	153,023	140,921	257,888	20,381	258,623	145,868	(1,769,089)	515,247
At fiscal year-end:											
Total assets	4,262,397	4,811,380	5,234,705	5,441,691	5,508,888	5,494,950	5,795,065	5,996,887	6,946,832	8,739,279	10,550,956
Owners' equity*4	1,891,163	2,095,746	2,299,662	2,372,274	2,336,057	2,427,264	2,521,395	2,601,594	2,668,925	2,980,956	3,474,547
Per share data:											Yen
Net income	156.26	198.84	195.66	182.02	109.42	204.80	229.50	246.95	203.03	238.68	318.14
Net assets	2,140.45	2,371.92	2,601.23	2,683.11	2,641.40	2,744.08	2,850.42	2,946.83	3,022.68	3,375.50	3,933.93
Cash dividends	64.00	68.00	73.00	85.00	90.00	90.00	95.00	98.50	98.50	100.00	113.00
Financial ratios:											
Owners' equity ratio*4	44.4%	43.6%	43.9%	43.6%	42.4%	44.2%	43.5%	43.4%	38.4%	34.1%	32.9%
Debt/equity ratio (times)*4	0.45	0.45	0.41	0.44	0.45	0.41	0.44	0.38	0.66	0.97	0.86
Return on equity (ROE)*4	7.6%	8.8%	7.9%	6.9%	4.1%	7.6%	8.2%	8.5%	6.8%	7.5%	8.7%
Return on total assets (ROA)	3.4%	3.9%	3.4%	3.0%	1.8%	3.3%	3.6%	3.7%	2.8%	2.7%	2.9%
Dividend payout ratio	41.0%	34.2%	37.3%	46.7%	82.3%	43.9%	41.4%	39.9%	48.5%	41.9%	35.5%

*1 Capital expenditures include long-term leasehold deposits and advances for store construction.
*2 In the fiscal year ended February 28, 2014, the Company and its domestic consolidated subsidiaries (except for certain operating companies) changed the depreciation method for property and equipment from the declining-balance method to the straight-line method.
*3 Free cash flows = Cash flows from operating activities + Cash flows from investing activities
*4 Owners' equity = Net assets - Non-controlling interests - Subscription rights to shares

Notes:
- For the balance sheets for the fiscal year ended February 28, 2014, the business results of the mail order service business are included in the scope of consolidation.
- ROE and ROA are calculated based on the average of owners' equity and total assets at the beginning and end of each fiscal year.
- For total assets, the Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) effective from the fiscal year ended February 29, 2020. The results for the fiscal year ended February 28, 2018 and the fiscal year ended February 28, 2019 are those after retrospective application.
- For the statements of cash flows, ASU No. 2016-18 "Statement of Cash Flows: Restricted Cash" has been applied from the fiscal year ended February 29, 2020 by overseas subsidiaries that adopt U.S. GAAP. Accordingly, cash and cash equivalents from the fiscal year ended February 28, 2019 include restricted cash.
- "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020) and other standards have been applied from the fiscal year ended February 28, 2023.
- For total assets, ASU No. 2016-02 "Leases (Topic 842)" has been applied from the fiscal year ended February 28, 2023.

Analysis of Business Results

1. Revenues from operations and operating income

Revenues from operations for the fiscal year under review amounted to ¥11,811,303 million, an increase of ¥3,061,550 million from the previous fiscal year (or 135.0% of the previous fiscal year). Operating income was ¥506,521 million, an increase of ¥118,868 million from the previous fiscal year (or 130.7% of the previous fiscal year).

Revenues from domestic CVS operations were ¥890,293 million (102.0% of the previous fiscal year), and operating income was ¥232,033 million (103.9% of the previous fiscal year).

While the shift to smaller trading areas accelerated and differences in customer needs by stores became more apparent due to the COVID-19 pandemic, SEVEN-ELEVEN JAPAN CO., LTD., has continued to implement initiatives aimed at increasing the number of customers who visit 7-Eleven stores to purchase the desired products by integrating three measures: expanding the lineup of high-value-added products, changing the sales floor layout to increase the number of items handled, and sales promotions that create an event atmosphere. In response to rapidly growing demand for delivery services, we have strengthened our 7NOW service, which delivers products ordered via smartphone to a designated location in as little as 30 minutes, by increasing the number of stores providing the service to approximately 3,800 as of the fiscal year under review.

In addition to these efforts, during the consolidated fiscal year under review, we introduced new fast food products to broaden our customer base, increased the number of stores handling the "Traceable Vegetables" produce brand of Ito-Yokado Co., Ltd., and conducted aggressive sales promotion campaigns such as a variety of fairs. Thanks to these initiatives together with a recovery in human flow, favorable weather, and other factors, same-store sales increased from the previous fiscal year. Operating income was ¥232,873 million (104.4% of the previous fiscal year), despite the continued increase in utilities expenses due to soaring fuel cost adjustment unit prices. Total sales of all stores in the chain (the sum of sales from directly managed stores and franchisees) amounted to ¥5,148,742 million (104.0% of the previous fiscal year).

Revenues from the overseas CVS operations were ¥8,846,163 million (170.3% of the previous fiscal year), and operating income was ¥289,703 million (181.2% of the previous fiscal year).

7-Eleven, Inc., in North America has striven to ensure stable store operations despite the emergence of some problems in the U.S. market, such as supply constraints arising from labor shortages and logistics disruptions. It has also been strengthening development and sales of original products with high quality and profitability (fresh food, proprietary beverages, and private-brand products) as well as the 7NOW delivery service, which is available at approximately 5,700 stores.

Although consumption showed signs of weakness as prices soared, U.S. domestic same-store merchandise sales in dollar terms exceeded those in the previous fiscal year during the fiscal year under review, and operating income amounted to ¥396,568 million (176.4% of the previous fiscal year). Total sales of all stores in the chain (the sum of sales from directly managed stores and franchisees) amounted to ¥10,442,360 million (161.5% of the previous fiscal year).

The process related to the integration with the Speedway business acquired in May 2021 is progressing well, and the synergy benefit was approximately U.S.$682 million for the fiscal year under review, much higher than the originally planned amount of U.S.$450 million. In addition, we have established the Cost Leadership Committee to conduct a fundamental review of our cost structure, and will promote further improvement of profitability by implementing appropriate decision-making mechanisms, raising awareness of cost management, etc.

Revenues from the SST operations were ¥1,449,165 million (80.0% of the previous fiscal year), and operating income was ¥12,107 million (64.4% of the previous fiscal year).

Ito-Yokado Co., Ltd., a general merchandise store operator, has been pursuing a regrowth strategy that includes closing unprofitable stores, optimizing personnel, and improving productivity through the use of IT.

In the consolidated fiscal year under review, same-store sales, including tenants, increased over the previous fiscal year mainly due to sales growth by tenants, since human flow recovered, and unlike in the previous fiscal year, there were no restrictions on operating hours and the number of people shopping in a store at one time. However, operating income was ¥408 million (25.2% of the previous fiscal year) due to deteriorating gross profit margins for food products and an increase in utilities expenses resulting from a sharp rise in adjusted unit prices for fuel.

As for York-Benimaru Co., Ltd., a food supermarket, same-store sales decreased from the previous fiscal year mainly due to a drop in food sales, which had been brisk since the pandemic started. However, thanks primarily to the merger on March 1, 2022 with Life Foods Co., Ltd., which manufactured and sold delicatessen food at York-Benimaru stores, merchandise gross profit margins improved, resulting in operating income of ¥18,013 million (122.5% of the previous fiscal year).

Revenues from the department and specialty store operations were ¥463,739 million (65.1% of the previous fiscal year), and operating income was ¥3,434 million (compared with operating loss of ¥8,153 million in the previous fiscal year).

In the department store business, same-store sales increased year on year, mainly due to a recovery in apparel sales and strong sales of luxury brand products as, unlike in the previous fiscal year, there were no restrictions on operating hours and the number of people shopping in a store at one time. In the restaurant business, same-restaurant sales showed an improving trend chiefly because, unlike in the previous fiscal year, there were no restrictions on operating hours and on serving alcoholic beverages, and the number of people dining in restaurants was on the rise. Despite this, the business recorded an operating loss.

Based on our business portfolio approach, we have entered into an agreement to transfer all of the issued shares of Sogo & Seibu Co., Ltd., held by the Company to Sugi Godo Kaisha, a special-purpose company which is a related entity of Fortress Investment Group LLC, and are in negotiations to execute the agreement. (This transfer was completed on September 1, 2023.)

Revenues from the financial services operations were ¥194,295 million (99.9% of the previous fiscal year), and operating income was ¥37,140 million (98.9% of the previous fiscal year).

At the fiscal year-end the number of domestic ATMs operated by Seven Bank, Ltd., stood at 26,889, up 695 from a year earlier. The average number of ATM use per day per ATM was 101.1 (up 4.4 from the previous fiscal year) due to growth in the number of cash charge transactions associated with various cashless payments and a pickup in the number of transactions at savings and deposit financial institutions, resulting in a year-on-year increase in total ATM use during the fiscal year under review. At the fiscal year-end, Seven Bank had cash and deposits (including cash for ATM loading) of ¥1,024.3 billion.

2. Non-operating income/expenses and ordinary income

Non-operating income/expenses amounted to a loss of ¥30,633 million (net amount), compared with a loss of ¥29,081 million (net amount) in the previous fiscal year. This was mainly due to an increase in interest expenses on bonds for 7-Eleven, Inc.

As a result, ordinary income increased ¥117,316 million from the previous fiscal year to ¥475,887 million.

3. Special gains/losses and income before income taxes

Special gains/losses came to a loss of ¥73,126 million (net amount), compared with a loss of ¥46,716 million (net amount) in the previous fiscal year. This was mainly due to an increase in impairment losses.

As a result, income before income taxes increased ¥90,906 million from the previous fiscal year to ¥402,761 million.

4. Income taxes (including income taxes—deferred) and net income attributable to owners of parent

Income taxes amounted to ¥110,591 million, up ¥21,977 million from the previous fiscal year. The effective rate of income taxes after application of deferred tax accounting was 27.5%.

As a result, net income attributable to owners of parent increased ¥70,202 million from the previous fiscal year to ¥280,976 million. Net income per share was ¥318.14, an increase of ¥79.46 from ¥238.68 in the previous fiscal year.

Analysis of Financial Position

1. Assets, liabilities, and net assets

At the fiscal year-end, total assets amounted to ¥10,550,956 million, up ¥1,811,676 million from a year earlier.

Current assets totaled ¥3,060,653 million, up ¥455,879 million from a year earlier, mainly due to an increase of ¥250,219 million in cash and deposits.

Property and equipment increased ¥1,109,402 million chiefly on account of an increase in right-of-use assets resulting from the adoption of Accounting Standards Update (ASU) No. 2016-02, Leases (Topic 842) in the overseas CVS operations. Intangible assets increased ¥224,670 million, mainly due to an increase in goodwill resulting from exchange rate fluctuations. In addition, investments and other assets increased ¥22,463 million, mainly due to increases in municipal bonds and corporate bonds acquired by Seven Bank, Ltd. As a result, non-current assets increased ¥1,356,536 million from the end of the previous fiscal year to ¥7,489,195 million.

Total liabilities increased ¥1,311,247 million from a year earlier to ¥6,902,794 million.

Current liabilities totaled ¥3,265,089 million, an increase of ¥784,363 million from the end of the previous fiscal year, mainly because the current portion of bonds payable advanced ¥295,823 million.

Non-current liabilities increased ¥526,883 million from the end of the previous fiscal year to ¥3,637,704 million, largely due to an increase in lease obligations resulting from the adoption of ASU No. 2016-02, Leases (Topic 842) in the overseas CVS operations despite a ¥188,178 million decline in bonds payable.

Total net assets increased ¥500,429 million from a year earlier to ¥3,648,161 million.

Retained earnings increased ¥213,336 million from the end of the previous fiscal year, mainly due to an increase of ¥280,976 million resulting from recording of net income attributable to owners of parent and a decrease of ¥89,787 million resulting from payment of dividends.

Foreign currency translation adjustments increased ¥286,908 million, mainly due to translation of the financial statements of 7-Eleven, Inc.

As a result, net assets per share amounted to ¥3,933.93, up ¥558.43 from a year earlier, and the owners' equity ratio decreased to 32.9% from 34.1% at the end of the previous fiscal year.

2. Cash flows

Cash and cash equivalents increased ¥259,897 million from the end of the previous fiscal year to ¥1,674,787 million, mainly due to cash flow generated by high operating profitability primarily in the domestic and overseas CVS operations, despite expenditures for new store openings and store renovations chiefly in the domestic and overseas CVS operations.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥928,476 million (126.1% of the previous fiscal year). The ¥191,999 million increase over the same period last year was mainly due to a ¥90,906 million increase in income before income taxes and an ¥83,535 million increase in depreciation and amortization, while there was a ¥44,247 million decrease in deposits received.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥413,229 million (16.5% of the previous fiscal year). The main reason for the decrease of ¥2,092,336 million from a year earlier was a decrease of ¥2,295,104 million in payment for purchase of shares in subsidiaries resulting in change in scope of consolidation, which occurred in the previous fiscal year due to the acquisition of Speedway in the overseas CVS operations.

Cash flows from financing activities

Net cash used in financing activities totaled ¥270,373 million (compared with net cash provided by financing activities of ¥937,077 million in the previous fiscal year). The change from the previous fiscal year was mainly because ¥1,192,710 million in proceeds of the issuance of bonds by 7-Eleven, Inc. was recorded in the previous fiscal year.