



October 7, 2021

Consolidated Financial Results for the Six Months Ended August 31, 2021

Seven & i Holdings Co., Ltd.

(URL <https://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 14, 2021

Starting date of paying dividend: November 15, 2021

Preparation of brief summary materials for quarterly financial results: Yes

Holding of quarterly financial results presentation: Yes

(Notes) 1. Percentages represent increase (decrease) from the corresponding period in the prior fiscal year.

2. All amounts less than one million yen have been truncated.

1. Business Results for the Six Months Ended August 31, 2021 (From March 1, 2021 to August 31, 2021)

(1) Results of Operations (Cumulative)

(Millions of yen)

	Revenues from Operations		Operating Income		Ordinary Income	
Six Months Ended August 31, 2021	3,646,449	30.8%	186,170	3.6%	173,450	(1.0)%
Six Months Ended August 31, 2020	2,788,408	(15.8)%	179,738	(12.4)%	175,241	(13.8)%

	Net Income Attributable to Owners of Parent		Net Income per Share		Diluted Net Income per Share	
Six Months Ended August 31, 2021	106,500	46.9%	120.61	(yen)	120.61	(yen)
Six Months Ended August 31, 2020	72,519	(34.5)%	82.14	(yen)	82.13	(yen)

(Note) Comprehensive income:

Six Months Ended August 31, 2021: 238,969 million yen [265.4%] Six Months Ended August 31, 2020: 65,392 million yen [(31.7)%]

(Reference) Group's total sales:

Six Months Ended August 31, 2021: 6,376,464 million yen Six Months Ended August 31, 2020: 5,421,167 million yen

EBITDA:

Six Months Ended August 31, 2021: 341,294 million yen Six Months Ended August 31, 2020: 308,611 million yen

EPS before amortization of goodwill:

Six Months Ended August 31, 2021: 147.24 yen Six Months Ended August 31, 2020: 96.23 yen

*Group's total sales which include the sales of Seven-Eleven Japan, Seven-Eleven Okinawa and 7-Eleven, Inc. franchisees

*For EBITDA and EPS before amortization of goodwill, see "4.Others (5) Formula of Various Management Indicators"

(2) Financial Position

(Millions of yen)

	Total Assets	Net Assets	Owners' Equity Ratio	Net Assets per Share
As of August 31, 2021	8,718,548	3,017,911	32.7%	3,232.10 (yen)
As of February 28, 2021	6,946,832	2,831,335	38.4%	3,022.68 (yen)

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

As of August 31, 2021: 2,854,302 million yen

As of February 28, 2021: 2,668,925 million yen

2. Dividends

Record Date	Dividends per Share (yen)				
	First Quarter	Second Quarter	Third Quarter	Year-end	Annual
Year Ended February 28, 2021	-	47.50	-	51.00	98.50
Year Ending February 28, 2022	-	48.00			
Year Ending February 28, 2022 (forecast)			-	52.00	100.00

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

3. Forecast of Business Results for the Fiscal Year Ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

(Millions of yen)

	Revenues from Operations	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent	Net Income per Share
Entire Year	8,309,000 44.1%	380,000 3.7%	343,500 (3.9)%	190,000 6.0%	215.16 (yen)

(Note) Revision of business results forecast during the current quarterly period: Yes

(Reference) Group's total sales:

Entire Year: 13,812,000 million yen

EBITDA:

Entire Year: 738,300 million yen

EPS before amortization of goodwill:

Entire Year: 292.50 yen

<Reference>

Qualitative Information on Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2022 (from March 1, 2021 to February 28, 2022)

The Company has revised its consolidated financial results forecast for the fiscal year ending February 28, 2022 from the previous forecast announced on July 1, 2021.

Consolidated financial results forecast

(Millions of yen)

	Year ending February 28, 2022			
	Newly revised forecast	YOY change (%)	YOY change (amount)	Change from the previous forecast
Group's total sales	13,812,000	25.1%	2,767,125	263,000
Revenues from Operations	8,309,000	44.1%	2,542,281	271,000
Operating Income	380,000	3.7%	13,670	—
Ordinary Income	343,500	(3.9)%	(13,864)	—
Net Income Attributable to Owners of Parent	190,000	6.0%	10,737	—

Revenues from operations forecast by business segment

(Millions of yen)

	Year ending February 28, 2022			
	Newly revised forecast	YOY change (%)	YOY change (amount)	Change from the previous forecast
Domestic convenience store operations	891,000	3.8%	32,223	(7,000)
Overseas convenience store operations	4,721,000	109.5%	2,467,644	350,000
Superstore operations	1,832,000	1.2%	21,115	(12,000)
Department and specialty store operations	708,000	3.4%	23,339	(60,000)
Financial services	204,000	2.5%	5,072	—
Others	20,000	15.5%	2,676	—
Total	8,376,000	43.8%	2,552,072	271,000
Eliminations / corporate	(67,000)	—	(9,790)	—
Consolidated total	8,309,000	44.1%	2,542,281	271,000

Operating income forecast by business segment

(Millions of yen)

	Year ending February 28, 2022			
	Newly revised forecast	YOY change (%)	YOY change (amount)	Change from the previous forecast
Domestic convenience store operations	245,600	5.1%	11,899	—
Overseas convenience store operations	128,800	30.5%	30,135	12,500
Superstore operations	23,800	(19.8)%	(5,881)	—
Department and specialty store operations	(9,200)	—	8,244	(12,500)
Financial services	33,100	(31.2)%	(14,977)	—
Others	(500)	—	70	—
Total	421,600	7.5%	29,490	—
Eliminations / corporate	(41,600)	—	(15,820)	—
Consolidated total	380,000	3.7%	13,670	—

Assumed exchange rates: U.S.\$1 = 108.00 yen 1yuan = 16.00 yen

4. Others

(1) Changes in significant subsidiaries during the period:

(Changes in specific subsidiaries accompanying change in scope of consolidation): Yes

Added: One company(Speedway LLC) 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 other than 1: 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, 2021: 886,441,983 shares As of February 28, 2021: 886,441,983 shares

2. Number of treasury stock at the end of period

As of August 31, 2021: 3,331,177 shares As of February 28, 2021: 3,475,704 shares

3. Average number of shares during the period (Cumulative quarterly consolidated period)

As of August 31, 2021: 883,018,111 shares As of August 31, 2020: 882,894,455 shares

(Note) The Company has introduced the BIP Trust and ESOP Trust, and its shares held by these Trusts are included in the number of treasury shares to be deducted when calculating the number of treasury shares at the end of the fiscal period and the average number of shares during the period.

(5) Formula of Various Management Indicators

1. EBITDA: Operating income + Depreciation and amortization + Amortization of goodwill

2. EPS before amortization of goodwill: (Net income attributable to owners of parent + Amortization of goodwill) / Average number of shares during the period.

(6) Supplementary information

(Adoption of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System)

With respect to items subject to the review of the Non-Consolidated Taxation System conducted to coincide with transition from the Consolidated Taxation System to the Group Tax Sharing System, which was created under the Act on Partial Revision of the Income Tax Act, etc. (Act No. 8 of 2020), the Company and some of its domestic consolidated subsidiaries have not applied the provisions of Paragraph 44 of the Implementation Guidance on Tax Effect Accounting (ASBJ Guidance No. 28 issued February 16, 2018) in accordance with the treatment set out in Paragraph 3 of Practical Solution on the Treatment of Tax Effect Accounting for the Transition from the Consolidated Taxation System to the Group Tax Sharing System (PITF No.39 issued March 31, 2020) and the amounts of deferred tax liabilities and deferred tax assets are based on the provisions of tax laws before the revision.

(Accounting Estimates associated with the spread of novel coronavirus (COVID-19))

On the Group's assumption that the spread of novel coronavirus infection will have the business impact for a certain period after this fiscal year, accounting estimates are reflected in accounting treatment including those used to determine impairment losses.

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 of the business results is based on the Company's 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. Other materials related in the financial results are available on the Company's website.
(<https://www.7andi.com/en/ir/library.html>)

Attached Materials

Contents

Consolidated Quarterly Financial Statements

(1) Consolidated Quarterly Balance Sheets	2
(2) Consolidated Quarterly Statements of Income and Consolidated Quarterly Statements of Comprehensive Income	4
(3) Consolidated Quarterly Statements of Cash Flows	6
(4) Doubts on the Premise of Going Concern	8
(5) Change in scope of consolidation or equity method application	8
(6) Notes to Consolidated Quarterly Statements of Income	8
(7) Notes to Consolidated Quarterly Statements of Cash Flows	8
(8) Segment Information	9
(9) Business Combination	10
(10) Notes on Significant Changes in the Amount of Shareholders' Equity	11

Consolidated Quarterly Financial Statements
(1) Consolidated Quarterly Balance Sheets

(Millions of yen)

	February 28, 2021	August 31, 2021
	Amount	Amount
ASSETS		
Current assets	3,350,223	2,646,354
Cash and bank deposits	2,189,152	1,471,373
Notes and accounts receivable - trade	318,142	373,072
Trade accounts receivable - financial services	95,010	94,261
Merchandise and finished goods	158,867	224,122
Work in process	80	89
Raw materials and supplies	2,378	2,474
Prepaid expenses	62,009	68,284
ATM-related temporary payments	216,471	79,250
Other	315,465	340,412
Allowance for doubtful accounts	(7,353)	(6,988)
Non-current assets	3,594,022	6,069,978
Property and equipment	2,206,023	3,272,289
Buildings and structures, net	994,096	1,550,354
Furniture, fixtures and equipment, net	330,185	416,435
Land	746,284	1,143,135
Lease assets, net	7,789	7,463
Construction in progress	110,019	123,673
Other, net	17,647	31,226
Intangible assets	645,873	2,054,094
Goodwill	349,882	1,662,416
Software	152,324	182,814
Other	143,666	208,863
Investments and other assets	742,125	743,594
Investments in securities	204,107	211,234
Long-term loans receivable	14,194	14,336
Long-term leasehold deposits	339,405	336,072
Advances for store construction	203	503
Net defined benefit asset	79,888	82,272
Deferred income taxes	44,352	38,504
Other	63,338	63,746
Allowance for doubtful accounts	(3,364)	(3,076)
Deferred assets	2,586	2,216
Business commencement expenses	1,934	1,643
Bond issuance costs	652	572
TOTAL ASSETS	6,946,832	8,718,548

(Millions of yen)

	February 28, 2021	August 31, 2021
	Amount	Amount
LIABILITIES		
Current liabilities	2,782,433	2,970,350
Notes and accounts payable, trade	385,289	529,840
Short-term loans	619,953	624,082
Current portion of bonds	66,917	126,917
Current portion of long-term loans	146,747	143,795
Income taxes payable	21,283	21,589
Accrued expenses	124,070	197,858
Deposits received	236,400	207,452
ATM-related temporary advances	130,167	44,202
Allowance for sales promotion expenses	19,859	21,082
Allowance for bonuses to employees	14,853	15,152
Allowance for bonuses to Directors and Audit & Supervisory Board Members	360	187
Allowance for loss on future collection of gift certificates	933	840
Provision for sales returns	27	30
Deposits received in banking business	741,422	739,012
Other	274,145	298,305
Non-current liabilities	1,333,063	2,730,286
Bonds	565,000	1,705,878
Long-term loans	362,592	515,309
Deferred income taxes	78,879	94,017
Allowance for retirement benefits to Directors and Audit & Supervisory Board Members	774	740
Allowance for stock payments	4,008	3,842
Net defined benefit liability	9,309	13,619
Deposits received from tenants and franchised stores	50,783	50,488
Asset retirement obligations	99,072	136,587
Other	162,644	209,802
TOTAL LIABILITIES	4,115,497	5,700,637
NET ASSETS		
Shareholders' equity	2,647,023	2,706,525
Common stock	50,000	50,000
Capital surplus	409,069	409,061
Retained earnings	2,198,805	2,257,764
Treasury stock, at cost	(10,851)	(10,300)
Total accumulated other comprehensive income	21,902	147,777
Unrealized gains on available-for-sale securities, net of taxes	35,729	42,568
Unrealized gains (losses) on hedging derivatives, net of taxes	1,580	4,121
Foreign currency translation adjustments	(30,835)	86,912
Remeasurements of defined benefit plans	15,427	14,174
Subscription rights to shares	56	56
Non-controlling interests	162,352	163,551
TOTAL NET ASSETS	2,831,335	3,017,911
TOTAL LIABILITIES AND NET ASSETS	6,946,832	8,718,548

**(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, 2020	Six Months Ended August 31, 2021
	Amount	Amount
Revenues from operations	2,788,408	3,646,449
Net sales	2,172,207	2,992,507
Cost of sales	1,671,315	2,402,566
Gross profit on sales	500,891	589,941
Operating revenues	616,201	653,941
Gross profit from operations	1,117,093	1,243,882
Selling, general and administrative expenses	937,354	1,057,712
Operating income	179,738	186,170
Non-operating income	4,770	6,807
Interest income	1,578	1,945
Equity in earnings of affiliates	-	1,392
Other	3,192	3,469
Non-operating expenses	9,267	19,527
Interest expenses	4,419	5,640
Interest on bonds	626	7,469
Equity in losses of affiliates	1,438	-
Commitment fee	-	3,185
Other	2,782	3,232
Ordinary income	175,241	173,450
Special gains	3,805	13,618
Gain on sales of property and equipment	827	3,596
Gain on sales of property and equipment related to restructuring	-	1,975
Subsidy income	2,642	3,277
Gain on sales of investments in securities	160	3,126
Other	175	1,642
Special losses	61,550	27,240
Loss on disposals of property and equipment	4,429	6,533
Impairment loss	10,934	8,607
Loss related to novel coronavirus(COVID-19)	35,306	8,516
Restructuring expenses	5,410	697
Other	5,469	2,885
Income before income taxes	117,496	159,828
Total Income taxes	37,556	47,176
Income taxes - current	29,521	34,486
Income taxes - deferred	8,035	12,689
Net income	79,940	112,652
Net income attributable to non-controlling interests	7,420	6,152
Net income attributable to owners of parent	72,519	106,500

Consolidated Quarterly Statements of Comprehensive Income

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
	Amount	Amount
Net income	79,940	112,652
Other comprehensive income		
Unrealized gains (losses) on available-for-sale securities net of taxes	4,269	6,877
Unrealized gains (losses) on hedging derivatives, net of taxes	(210)	2,540
Foreign currency translation adjustments, net of taxes	(18,279)	118,048
Remeasurements of defined benefit plans, net of taxes	(318)	(1,274)
Share of other comprehensive income (loss) of entities accounted for using equity method, net of taxes	(8)	124
Total other comprehensive income (loss)	(14,547)	126,317
Comprehensive income (loss)	65,392	238,969
Comprehensive income (loss) attributable to owners of parent	58,156	232,375
Comprehensive income (loss) attributable to non-controlling interests	7,235	6,594

(3) Consolidated Quarterly Statements of Cash Flows

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
	Amount	Amount
Cash flows from operating activities:		
Income before income taxes	117,496	159,828
Depreciation and amortization	116,435	131,608
Impairment loss	12,063	8,856
Amortization of goodwill	12,437	23,516
Interest income	(1,578)	(1,945)
Interest expenses and interest on bonds	5,046	13,109
Equity in losses (earnings) of affiliates	1,438	(1,392)
Gain on sales of property and equipment	(827)	(5,571)
Subsidy income	(2,642)	(3,277)
Loss on disposals of property and equipment	4,441	6,534
Loss (gain) on sales of investments in securities	(160)	(3,126)
Decrease (increase) in notes and accounts receivable, trade	7,440	(19,480)
Decrease (increase) in trade accounts receivable, financial services	6,827	748
Decrease (increase) in inventories	12,001	(9,558)
Increase (decrease) in notes and accounts payable, trade	30,377	65,011
Increase (decrease) in deposits received	(20,068)	(29,032)
Net increase (decrease) in corporate bonds in banking business	(20,000)	-
Net increase (decrease) in deposits received in banking business	41,232	(2,410)
Net decrease (increase) in ATM-related temporary accounts	41,622	51,272
Other	(14,551)	(17,772)
Subtotal	349,033	366,917
Interest and dividends received	1,379	3,652
Interest paid	(4,683)	(5,926)
Proceeds from settlement of interest rate swaps	-	5,880
Proceeds from subsidy income	2,532	3,277
Income taxes paid	(52,759)	(39,543)
Income taxes refund	-	6,544
Net cash provided by operating activities	295,501	340,802
Cash flows from investing activities:		
Acquisition of property and equipment	(135,576)	(173,121)
Proceeds from sales of property and equipment	3,224	33,535
Acquisition of intangible assets	(20,442)	(38,867)
Payment for purchase of investments in securities	(16,456)	(2,058)
Proceeds from sales of investments in securities	9,688	95,845
Payment for purchase of shares in subsidiaries resulting in change in scope of consolidation	(42,872)	(2,251,792)
Payment for long-term leasehold deposits	(3,509)	(5,275)
Refund of long-term leasehold deposits	15,318	11,733
Proceeds from deposits from tenants	1,119	1,768
Refund of deposits from tenants	(1,626)	(1,921)
Payment for acquisition of business	(5,159)	(6,657)
Payment for time deposits	(2,414)	(993)
Proceeds from withdrawal of time deposits	1,245	1,553
Other	(5,302)	(7,732)
Net cash used in investing activities	(202,762)	(2,343,981)

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
	Amount	Amount
Cash flows from financing activities:		
Net increase (decrease) in short-term loans	214,868	4,094
Proceeds from long-term debts	94,367	262,026
Repayment of long-term debts	(41,824)	(134,765)
Proceeds from commercial paper	169,347	80,322
Payment for redemption of commercial paper	(169,347)	(80,322)
Proceeds from issuance of bonds	-	1,170,137
Payment for redemption of bonds	(60,000)	-
Proceeds from share issuance to non-controlling shareholders	183	162
Purchase of treasury shares	(4)	(12)
Dividends paid	(45,089)	(45,089)
Dividends paid to non-controlling interests	(3,997)	(3,864)
Payment for changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(770)	(1,723)
Other	(12,109)	(7,814)
Net cash provided by financing activities	145,624	1,243,151
Effect of exchange rate changes on cash and cash equivalents	(1,687)	42,551
Net increase (decrease) in cash and cash equivalents	236,676	(717,476)
Cash and cash equivalents at beginning of period	1,354,856	2,183,837
Cash and cash equivalents at end of period	1,591,533	1,466,360

(4) Doubts on the Premise of Going Concern

None

(5) Change in scope of consolidation or equity method application

(Significant change in the scope of consolidation)

During the second quarter of the current fiscal year, the Company's consolidated subsidiary, 7-Eleven, Inc. established its wholly-owned subsidiary, SEI Speedway Holdings, LLC, which acquired the shares and other interests from Marathon Petroleum Corporation.

Due to the acquisition, the company has included Speedway LLC and other 20 companies in the scope of consolidation.

This change in the scope of consolidation is expected to have significant impact on the consolidated financial statements for the fiscal year to which the second quarter of the current fiscal year belongs.

The overview of the impact is increase in total assets on the consolidated balance sheets and increase in net sales on the consolidated statements of income, etc.

(6) Notes to Consolidated Quarterly Statements of Income

I. A breakdown of Subsidy income is as follows.

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
Subsidy income related to COVID-19	-	1,834
Subsidies for employment adjustment	2,642	1,443
Total	2,642	3,277

II. A breakdown of Loss related to novel coronavirus (COVID-19) is as follows.

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
Fixed cost during temporary closure(Salaries and wages, Land and building rent, etc)	21,886	6,806
Cost of support to franchisees	4,675	1,493
Cost of infection prevention and control	5,354	-
Others	3,389	216
Total	35,306	8,516

Note: In addition to the above, 7-Eleven, Inc. and other entities also provide support to franchisees. In accordance with U.S. GAAP, etc.,

the franchise commission included in "Operating revenues" was reduced by 8,284 million yen for the six months ended August 31, 2020.

The "Cost of infection prevention and control" was recorded as "Special losses" for the six months ended August 31, 2020, because it was extraordinary expenses. However, it has been considered to be recurring expenses and has been recorded as "Selling, general and administrative expenses" for the six months ended August 31, 2021.

III. A breakdown of Restructuring expenses is as follows.

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
Impairment loss	1,128	249
Early retirement benefit	2,679	138
Store closing losses	1,061	-
Others	541	308
Total	5,410	697

Note: The "Gain on sales of property and equipment related to restructuring" of 1,975 million yen has been recorded separately under "Special gains" for the six months ended August 31, 2021.

(7) Notes to Consolidated Quarterly Statements of Cash Flows

Reconciliation of Cash and cash equivalents as of August 31, 2020 and 2021 between the amounts shown in the consolidated balance sheets and the consolidated statements of cash flows are as follows.

(Millions of yen)

	Six Months Ended August 31, 2020	Six Months Ended August 31, 2021
Cash and bank deposits	1,515,354	1,471,373
Certificate deposits including in securities account	80,000	-
Restricted cash	7,285	7,685
Time deposits with maturities and certificate deposits in excess of three months	(11,107)	(12,698)
Cash and cash equivalents	1,591,533	1,466,360

(8) Segment Information

I. Six Months ended August 31, 2020 (From March 1, 2020 to August 31, 2020)

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 and specialty store operations	Financial services	Others			
Revenues from operations									
Revenues									
1. Customers	427,983	1,080,810	884,250	308,886	83,827	2,605	2,788,364	44	2,788,408
2. Intersegment	724	1,005	4,619	1,324	16,406	5,078	29,159	(29,159)	-
Total	428,708	1,081,815	888,869	310,210	100,234	7,684	2,817,523	(29,114)	2,788,408
Segment income(loss)	118,313	41,888	17,768	(10,514)	25,012	(1,088)	191,380	(11,642)	179,738

Notes:

- The adjustments on segment income(loss) of (11,642) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- 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, 2021 (From March 1, 2021 to August 31, 2021)

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 and specialty store operations	Financial services	Others			
Revenues from operations									
Revenues									
1. Customers	444,891	1,886,759	898,003	331,049	82,496	3,194	3,646,395	53	3,646,449
2. Intersegment	914	1,061	3,186	1,382	14,102	6,211	26,858	(26,858)	-
Total	445,805	1,887,821	901,190	332,432	96,598	9,406	3,673,254	(26,805)	3,646,449
Segment income(loss)	123,341	57,197	11,024	(7,771)	20,409	314	204,516	(18,346)	186,170

Notes:

- The adjustments on segment income(loss) of (18,346) million yen are eliminations of intersegment transactions and certain expense items that are not allocated to reportable segments.
- Segment income(loss) is reconciled with the operating income in the Consolidated Quarterly Statements of Income.

2. Information on Reportable Segment change

The Company consulted and announced its new five-year Medium-Term Management Plan at the Board of Directors of the Company held on July 1, 2021.

To promote the Medium-Term Management Plan, as a result of examining consistency with its priority strategies, the Company resolved to change the reportable segment classification from the second quarter ended August 31, 2021 as follows:

Segment information for the second quarter ended August 31, 2021 has been reclassified into the new segment classification.

1. Domestic convenience store operations

“Domestic convenience store operations” are mainly supervised by Seven-Eleven Japan CO., LTD. (“SEJ”) and comprise of SEJ and its associated companies. Overseas group companies (in China and Hawaii) have been reclassified to overseas convenience store operations.

2. Overseas convenience store operations

“Overseas convenience store operations” are mainly supervised by 7-Eleven, Inc. (“SEI”) and comprise of SEI and its associated companies as well as overseas group companies supported, promoted and supervised by SEJ and SEI.

3. Superstore operations

“Superstore operations” operate a retail business that provides a comprehensive range of daily life necessities such as food and other daily necessities which are frequently consumed, comprising of Ito-Yokado Co., Ltd., York-Benimaru Co., Ltd., York Co., Ltd., SHELL GARDEN CO., LTD. and the associated companies.

4. Department and specialty store operations

“Department and specialty store operations” operate a retail business that collects and provides various and high-dollar merchandise and services as well as advanced and unique merchandise and services. Sogo & Seibu Co., Ltd., Akachan Honpo Co., Ltd., THE LOFT CO., LTD., Seven & i Food Systems Co., Ltd., Barneys Japan Co., Ltd., Nissen Co., Ltd. and the associated companies belong to this segment.

5. Financial services

“Financial services” operate a banking business, credit card business and leasing business, including Seven Bank, Ltd., its associated companies, Seven Financial Service Co., Ltd., Seven Card Service Co., Ltd. and Seven CS Card Service Co., Ltd.

6. Others

“Others” operate the businesses not belonging to the above five reportable segments, including Seven & i Create Link Co., Ltd. which operates a group-wide real estate business, Seven Culture Network Co., Ltd. involving in culture-studying school business, and Yatsugatake Kogen Lodge Co., Ltd. operating a management business for hotel and holiday home. Peace Deli Co., Ltd. has been reclassified to the segment “Superstore operations” as this entity newly involves in acquisition and management functions of food-related infrastructures for the group companies belonging to the segment “Superstore operations.” Seven & i Asset Management Co., Ltd. has been reclassified to the segment “Department and specialty store operations” since this entity is required to increase the real estate values of department stores in a more integrated way. To improve the profitability and the financial base, Sogo & Seibu Co., Ltd. (“Sogo & Seibu”), merged with Seven & i Asset Management Co., Ltd. with Sogo & Seibu as the surviving company in September 2021.

The Company and SEVEN & i Financial Center Co., Ltd. are not included in any of the above segments, as they are classified as corporate operations.

3. Information on Assets by Reportable Segment

(Significant increase in assets due to acquisition of subsidiaries)

Speedway LLC and other 20 companies have been included in the scope of consolidation in the second quarter ended August 31, 2021 due to acquisitions of shares and other interests.

As a result, assets in Overseas convenience store operations at the second quarter ended August 31, 2021 have been increased by 1,793,518 million yen from the fiscal year ended February 28, 2021.

4. Impairment of Fixed Assets and Goodwill by Reportable Segment

(Significant changes in the amount of goodwill)

Speedway LLC and other 20 companies have been included in the scope of consolidation in the second quarter ended August 31, 2021 due to acquisitions of shares and other interests.

As a result, the amount of goodwill in Overseas convenience store operations has been increased by 1,303,340 million yen.

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

(Reference)

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

Six Months Ended August 31, 2020 (From March 1, 2020 to August 31, 2020) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	1,668,804	1,072,478	47,125	2,788,408	-	2,788,408
2. Intersegment	579	147	44	771	(771)	-
Total	1,669,384	1,072,626	47,170	2,789,180	(771)	2,788,408
Operating income (loss)	136,648	42,916	336	179,901	(162)	179,738

Six Months Ended August 31, 2021 (From March 1, 2021 to August 31, 2021) (Millions of yen)

	Japan	North America	Others	Total before eliminations	Eliminations	Consolidated total
Revenues from operations						
Revenues						
1. Customers	1,713,678	1,876,145	56,626	3,646,449	-	3,646,449
2. Intersegment	648	206	40	894	(894)	-
Total	1,714,327	1,876,351	56,666	3,647,344	(894)	3,646,449
Operating income (loss)	128,053	57,890	392	186,336	(166)	186,170

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.

(9) Business Combination

Six Months Ended August 31, 2021 (From March 1, 2021 to August 31, 2021)

Business combination by acquisition

As of August 3, 2020, the Company's consolidated subsidiary, 7-Eleven, Inc. executed an agreement with U.S. company Marathon Petroleum Corporation ("MPC"), to acquire the shares and other interests of the companies operating the convenience store and fuel retail businesses of MPC mainly under the Speedway brand (excluding certain fuel retail operations with direct dealers and other certain businesses) (hereinafter, the agreement is referred to as the "Transaction Agreement," and the acquisition is referred to as the "Transaction"). 7-Eleven, Inc. acquired the shares and other interests of the companies as of May 14, 2021 through SEI Speedway Holdings, LLC established as the Company's wholly-owned subsidiary. In parallel, the Company entered into a 15-year gasoline supply agreement for the acquired stores with MPC.

Although the business to have been acquired in the Transaction consists of multiple companies, we only disclose the information of one representative company in "(1) Name and main business of the acquired company" and "(6) Ratio of voting rights acquired."

1. Overview

(1) Name and main business of the acquired company

Name: Speedway LLC

Details of business: Operation of convenience store business and fuel retail business

(2) Main reason for the business combination

The growth of the Company's convenience store business centered around 7-Eleven, Inc. in the North American market, where solid economic growth is expected, is positioned as an important growth engine for our Group, and we have been proactively leveraging the positive effects of acquisitions, expansion of our store network and optimization of our supply chain. By carrying out the Transaction, we intend to achieve the following objectives:

(a) Strategic expansion of store network

By combining the powerful 7-Eleven brand that has been cultivated thus far with Speedway's solid brand, we will add economies of scale in the North American market, and furthermore, by utilizing the product strength and operational know-how of the business cultivated by 7-Eleven, Inc. in the U.S. to increase merchandise sales and improve gross profit margin, we expect that it will be possible to further reduce costs, strengthen the customer base, and realize further innovation and an even greater increase in corporate value.

(b) Financial effect

We anticipate synergies and a tax savings due to beneficial tax treatment in the U.S. Furthermore, the Company plans to increase investment efficiency by using sale and leaseback transactions concerning stores acquired by 7-Eleven, Inc. pursuant to the Transaction. Following the Transaction, both the operating income and EBITDA of the business of the Group in the U.S. are expected to be more than two and half times those of 7-Eleven, Inc. in 2020.

(c) ESG Leadership

In May 2019, the Group, including 7-Eleven, Inc. as a global retailer representing Japan, announced the “GREEN CHALLENGE 2050,” the Company’s environmental declaration. The Group is committed to achieving the declaration’s four themes:

(i) reducing CO₂ emissions to achieve a carbon-free society; (ii) measures to realize a circular economy with respect to plastics; (iii) measures for food loss and recycling; and (iv) sustainable procurement to achieve a society that coexists with nature. Following the Transaction, the Group, including 7-Eleven, Inc. as a leading global retailer, reaffirms that it remains committed to the environmental declaration as part of its ESG efforts, and it will further accelerate these efforts in the North American market through expansion of its network and presence. 7-Eleven, Inc., as a chance of the Transactions, will set mutual and shared targets for 2027 to reduce CO₂ emissions, to utilize more ecofriendly packaging and sustainable food supplies, and to drive reduction in plastic usage for both newly acquired stores and existing stores and aim to enhance long-term corporate value.

(3) Date of the business combination

May 14, 2021

(4) Legal form of the business combination

Acquisition of shares and other interests

(5) The acquired company’s name after the business combination

The names of the companies will not change subsequent to the business combination.

(6) Ratio of voting rights acquired

100%

(7) Reason for selecting the acquired company

The Company’s subsidiary acquired the shares and other interests of the companies in exchange for cash.

2. Period of performance of the acquired company included in the consolidated financial statements

From May 14, 2021 to June 30, 2021

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

Consideration for acquisition: Cash	\$21,045,909 thousand	(¥2,328,309 million)
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Acquisition cost:	\$21,045,909 thousand	(¥2,328,309 million)
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4. Details and amounts of main acquisition-related costs

Payment for financial and legal investigations	\$73,348 thousand	(¥8,114 million)
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5. Amount, reason for recognition, and period and method of amortization of goodwill

(1) Amount of goodwill

\$11,781,074 thousand (¥1,303,340 million)

The amount above is provisional since the purchase price allocation has not been finalized and fair value measurement of identifiable assets and liabilities at the acquisition date has not been finalized.

(2) Reason for recognition of goodwill

Future excess earning power expected from future business development.

(3) Period and method of amortization of goodwill

Straight-line method over 20 years

6. Total amounts and principal breakdowns of assets received and liabilities assumed on the effective date of the business combination

Current assets	\$992,862 thousand	(¥109,840 million)
Non-current assets	\$10,187,929 thousand	(¥1,127,090 million)
Total assets	\$11,180,792 thousand	(¥1,236,931 million)
Current liabilities	\$1,355,656 thousand	(¥149,976 million)
Non-current liabilities	\$560,299 thousand	(¥61,985 million)
Total liabilities	\$1,915,956 thousand	(¥211,962 million)

Note: Converted at the rate of \$1 = ¥110.63 (as of May 13, 2021).

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

None