

January 6, 2020
Seven & i Holdings Co., Ltd.

New Year's Address for 2020

Ryuichi Isaka, President and Representative Director of Seven & i Holdings

We have started 2020 with a highly unpredictable international situation and economic environment. For example, there are tense relations between the U.S. and Iran and a strong yen. Nevertheless, if we look at our results during the year-end and New Year period in our Group, we can see that we were able to improve results significantly beyond those of the previous year in our large stores that we have proactively renovated. Looking at the trend of customers during this New Year, we were able to see many two- and three-generation families coming together and then heading out to a nearby shopping center to enjoy shopping and eating. We will be able to capture such business opportunities by clearly responding to current customer needs and the market environment.

The products that usually sell well at 7-Eleven stores, such as side dishes, frozen foods and alcohol, also sold well in general over the year-end and New Year period. Existing store sales growth performed better than the previous year as well. It seems 7-Eleven stores are being used for convenience more than ever before as a familiar store.

The Olympic and Paralympic Games will be held this year. We will be able to share lots of emotion with many people. I expect that this experience will brighten the atmosphere of today's society and have a positive effect on the consumer environment.

Our Group will start a new medium-term management plan this spring to aim for further growth. It is essential we steadily promote the structural reform of our business that we announced in October last year as the path to this growth.

If we personally respond to changes in our customers, our results will be sure to improve. In light of this, please take on the challenge of reform at each of your stores and sales areas.

Various risks came to light in our Group in 2019. A communication gap in our organization was in the background to this. Our organization has become more complex in the course of our growth. As a result, even if we perceived the signs of risks, we were not able to share them within our organization. This led to problems like neglecting such risks. We need to use these reflections in our future organizational reforms and the state of our communications.

We also need to think of cyber security as our top priority. That is exactly the same as the way in which our Group considers safety and security as the top priority with foods. Reflecting on this situation, we launched a new organization in Seven & i Holdings in October last year. With this, when developing digital content and systems, we will look to do so with strict rules.

Growth Strategy for 2020

Tokyo metropolitan area food strategy: We achieved food sales of 570 billion yen in the superstore operations of our group in Tokyo, Saitama, Chiba, and Kanagawa prefectures. We will work to develop new store formats and sharing platforms by bringing together the power of our Group based on the size of our sales here that places us in a leading position. With this, we will proactively respond to the food needs of the Tokyo metropolitan area.

Delivery services: We will strengthen our delivery services to meet the “last mile” needs of our customers. We will promote our delivery services based on centers to capture even more business opportunities. We will do this by utilizing the expertise in Ito-Yokado’s *Net Supermarket*.

Digital strategy: We will further promote CRM strengthening based on 7iD. We will steadily acquire new customers, increase the frequency of store visits by customers and increase the average amount spent by each customer through Group companies strengthening CRM. This will lead to companies sending customers to each other in the future.

Global strategy: 7-Eleven, Inc., which operates 7-Eleven stores in North America, is continuing to grow well. This is against a backdrop of increased sales per store and an aggressive store opening strategy. We are focusing on expanding store opening areas and improving the quality of stores and products through cooperation with Seven-Eleven

Japan in the provision of licenses around the world. We will further enhance the capacity of our Group to grow by leveraging the advantage we have of possessing such an international brand.

Compatibility of economic value and social value: We announced GREEN CHALLENGE 2050 in May last year as part of ensuring compatibility between economic value and social value. We are working on the specific targets we have set for a reduction in our reduction of CO₂ emissions, food loss prevention and food recycling measures, measures directed against plastic waste, and sustainable procurement. We will steadily promote this plan in cooperation with our customers and communities.

I wish to work on these efforts together with you all to improve our results in 2020. Let's all grow together through taking on these challenges and have a great year.

(Summary of the New Year's Address given in the morning assembly on January 6, 2020)