

January 4, 2021

Seven & i Holdings Co., Ltd.

New Year's Address for 2021

Ryuichi Isaka, President & Representative Director, Seven & i Holdings Co., Ltd.

The spread of COVID-19 has prompted different customer purchasing behavior than usual this year-end/New Year's season. I would like to take this opportunity to once again express my gratitude to our Group employees who have dealt with a situation that has been more stressful than ever and worked to ensure the safety of our customers.

In 2020, the values and behavior of customers in Japan changed significantly due to the COVID-19 pandemic. I do not think these changes are temporary. Instead, I believe we find ourselves at a major turning point and that the changes will bring about a paradigm shift in society. In the midst of these major changes in society and customer lifestyles, each of our group companies took another look at the reasons for their existence in society, reconsidering the past ways of doing business and the mode thereof. This year will be one in which we take action accordingly. In 2021, with the uncertainty presented by the COVID-19 pandemic, customer consciousness of safeguarding their daily lives will grow. We must make sure that we are not caught up in price competition but rather take action leveraging the strengths of our Group.

Moreover, due to COVID-19, the role and value of food as an important element of family harmony and as a basic part of healthy living have increased all the more. Food products account for roughly 5 trillion yen or 60% of the domestic sales of the Seven & i Group. Expanding the provision of value in the field of food is also our mission. Last June, we established York. Co., Ltd. as a new company to serve as the core of our Tokyo metropolitan area food strategy. We will build up our food initiatives as a pillar of growth through the provision of high-quality products and a flexible store opening strategy by developing new store formats and preparing a group-wide infrastructure that includes distribution functions.

Our growth strategy also includes digital transformation (DX). DX is an undertaking for providing a new value experience to employees that brings creativity to the job through overwhelming efficiency of store operations and for delivering unprecedented convenience and other new experiences and value to customers. Each company is working on new efforts to address the last one mile, for which there is increasing demand from customers. We will leverage the customer contact points and delivery functions of the Seven & i Group, which possesses 22,000 stores. In so doing, we can offer overwhelming convenience when it comes to the Buy Online Pick-up in Store (BOPIS) service, which allows customers to order online and pick up the products at their nearest store. We have already begun testing Denny's deliveries in the Shinagawa area of Tokyo making use of the delivery functions of Seven-Eleven. Furthermore, taking advantage of our Group-wide platform, we plan to launch experimental delivery of popular food products from the Seibu Ikebukuro store this spring.

Additionally, demand for a sustainable society is growing worldwide as a result of the pandemic and frequent occurrence of natural disasters. Two years ago, we announced our GREEN CHALLENGE 2050, which sets specific targets in four fields closely tied to our business, and we have begun our efforts to achieve a sustainable society. Let's make this year one in which we promote efforts in an even steadier fashion to strengthen our ties with local communities and customers.

Changes in social values and customer behavior are occurring at a blinding pace right now. We must have human resources with specialized knowledge and skills in order to respond to those changes. We will not only bring in the necessary human resources from outside but to also train human resources within the Group. The Group will grow together with those employees who are eager to continue learning on their own.

Our society is currently faced with many challenges. However, each of those challenges presents a precious opportunity for society and our Group to create sustainable growth. Let's make 2021 a year of health and vitality so that every individual in the Group can experience new growth.

(Summary of New Year's Address for the Group employees on January 4, 2021)