

http://www.sej.co.jp

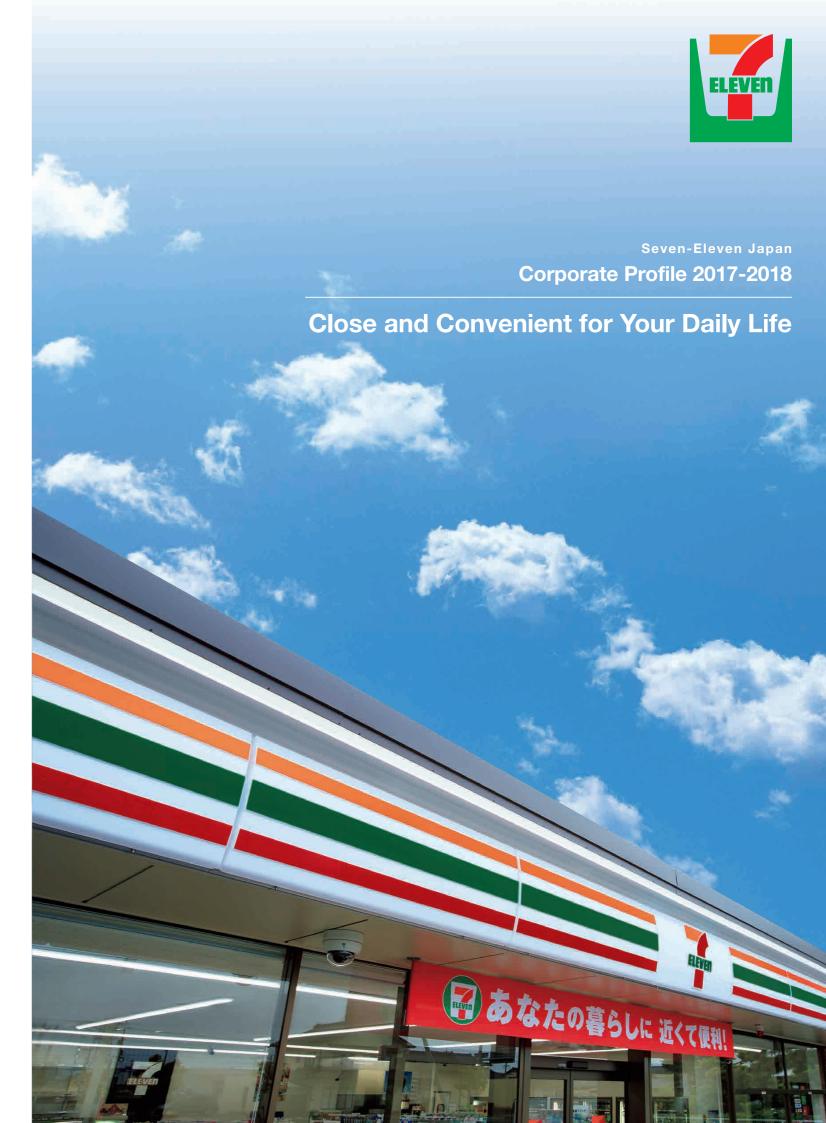


8-8 Nibancho, Chiyoda-ku, Tokyo 102-8455, Japan TEL: +81-3-6238-3711 (Switchboard) © SEVEN-ELEVEN JAPAN CO., LTD., 2017











Message

The conditions in Japan's retail industry are changing significantly. These include demographic and lifestyle changes, such as low birth rate, an aging population, an increase in the number of working women, an increase in single-person households, and an accelerating decline in the number of retail stores.

Under these conditions, Seven-Eleven Japan is facing a major turning point in the role it has to fulfill, which is nothing less than to provide "close-by, convenient" stores that provide products and services essential to our customers' lives, 24 hours a day, all year round, further deepening our role as a lifeline.

These include expanding services such as *Seven Easy Delivery* which offers delivery of meals and everyday items to customers who find it difficult to leave their homes, and *Seven Safe Delivery* a mobile service that delivers merchandise for sale in regions where shopping is inconvenient, as well as *Omni7*, a new way of shopping that integrates the internet and our brick and mortar stores. Our private brand, *Seven Premium*, continues to provide reliable prices and high quality as it marks its 10th year, and we continue to expand our product lineup. Meanwhile, our multi-function copiers have become essential to our administrative and daily life services, while Seven Bank ATMs function as part of the financial infrastructure.

Seven-Eleven Japan's most important mission is to maintain an everyday life with stores that are "close-by, convenient" offering an even more fulfilling lifestyle while coping with the continuous change in Japanese society.

Becoming a Seven-Eleven Japan franchisee means taking on this mission, a task that is both very meaningful and highly rewarding. Seven-Eleven Japan will continue to create a convenience store that is always renewing itself, as we work with our franchisees to support community life.

Seven-Eleven Japan Co., Ltd. President

Kazuki Furuya

Foundation Philosophy

Modernization and Revitalization of Existing Small- and
Medium-Sized Stores
Co-existence and Co-prosperity

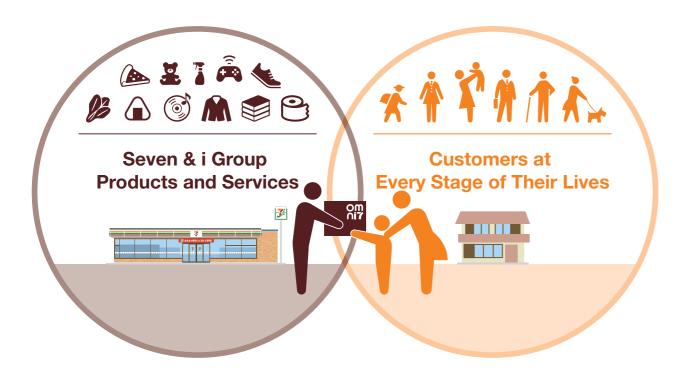


Delivering "Close-by, Convenient" to Every Individual, from Day to Day and Throughout Your Life

Seven-Eleven Japan continues to enhance its value as an essential presence in community life, for everything from shopping for everyday items and payment of utility bills to serving as a lifeline in the event of a disaster.

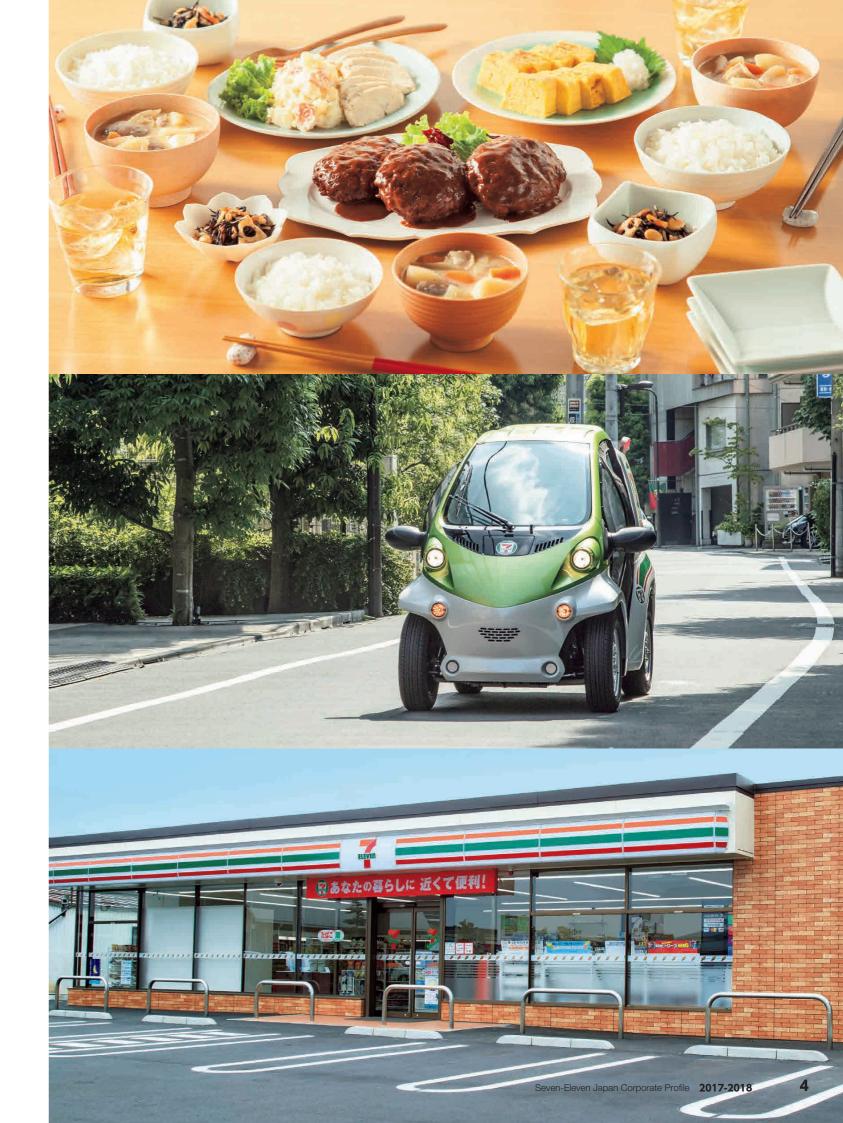
At Seven & i Group, our goal is to respond to a wide range of everyday needs, from daily life to special occasions, and to offer products and services of value to our customers at every stage of their lives. Seven-Eleven Japan is undertaking a central role in the group. One way we are doing this is through *Omni7*, a service that delivers products sold by the group—from magazines and books to department store merchandise—through Seven-Eleven stores and other channels.

Seven-Eleven Japan and its franchise partners continue to take on the challenge of making "close-by, convenient" even closer and more convenient.



Seven & i Group Synergies

Seven & i Group is a comprehensive retailer that offers products and services across a diverse range of formats, from our Ito-Yokado superstores and Sogo & Seibu department stores, to our Akachan Honpo baby specialty stores. Our goal as a group is to leverage the resources of each business, supporting each stage of daily life from birth and child rearing to everyday apparel, leisure and care for the elderly.

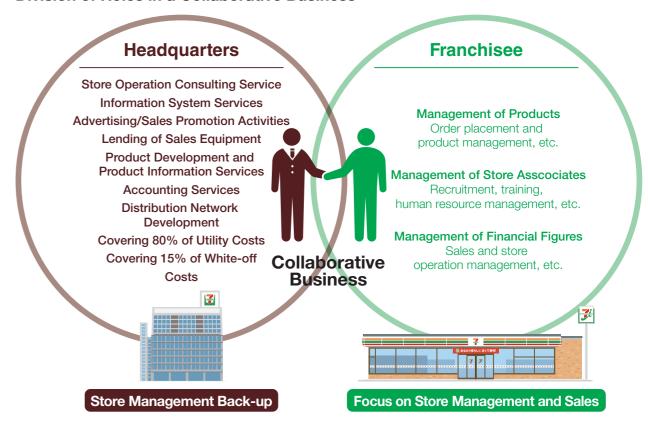




Our Franchise System Is a Collaborative Business That Shares Profit and Risk Equally

Seven-Eleven Japan's franchise business is a collaborative business featuring an equal partnership and clear division of roles between Seven-Eleven Japan and its franchisees. Franchisees can focus on products, people and financial figures, while we support their operations through store design and product development, and by offering our expertise. Our Gross Profit Splitting Method of profit allocation and our Open Account System ensure both profit and risk are equally shared.

Division of Roles in a Collaborative Business



Structures and Systems for Store Operation

Gross Profit Splitting Method

The Gross Profit Splitting Method is where store gross profit (net sales minus net cost of goods sold*1) is split between Seven-Eleven Japan and the franchisee according to a pre-defined percentage.

Open Account System

An Open Account System is a settlement and financing system between the headquarters and the franchisee which is designed to allow franchisees to start their businesses, even with minimal funds, and operate stably.

Guaranteed Minimum Gross Income System

A system to guarantee franchisees a certain amount of franchisee's gross income."2

^{*1} Cost of goods sold is equal to the amount calculated by subtracting the costs of inventory loss, write-off cost and rebates from the gross cost of goods sold.

^{*2} Franchisee's gross income is equal to the amount of the remaining balance after deducting Seven-Eleven Charges from gross profit on sales.



Support Capabilities



A Powerful Partnership Supports Franchisee's Store Management with a Variety of Systems

Seven-Eleven Japan introduced POS registers in its stores in 1982, and was first in the world to utilize POS information in its marketing. Today, in addition to the POS registers, store computers, scanner terminals and graphic order terminals make up a complete store system. Furthermore, Operation Field Counselors (OFCs) visit individual stores to offer detailed advice based on our Tanpin Kanri (Item-by-Item Management) system, while our unique market concentration strategy for opening new stores, along with other proprietary methods, is used to support store operations that are responsive to customers' diverse needs.

Operation Field Counselors (OFCs) Help Create Stores That Sell Better

Our Operation Field Counselors work closely with franchisees to offer consulting even before their stores open. They can be relied on for their intimate knowledge of Seven-Eleven products and their respective local areas. Franchisees can reach out to their OFCs anytime when they have questions about store operations.

Roles of the OFC

Seven-Eleven Japan has approximately 2,700* OFCs active nationwide. Each is responsible for multiple stores, which they visit regularly to offer advice on selecting and displaying merchandise, and to address any issues on the sales floor, thus helping to create a good-selling store.

*As of the end of June 2017.

Creating a **Good-selling Store**

OFCs offer detailed support for decisions on what products to order, how to display them, and how to serve customers.

An Objective Viewpoint

OFCs give precise advices on how to conduct surveys of the local area and how to utilize the information collected.

What Does "OFC" Stand for?

Operation Field Counselor

Working Together with Franchisees

OFCs also offer support for in-store structuring, including work assignments and staff meetings.

Assurance Even for First-timers

OFCs analyze financial figures for each store, based on sales and other data, and support efforts to improve those figures.

Before Store Visit

OFCs attend FC meetings, where the latest information, policies and company direction are shared by top management, information which is then communicated to the stores.

TOPIC

Continuing to Build Skills after Store Opening

Seven-Eleven Japan is constantly improving its product lineup and operational systems, and in addition to intensive training provided to franchisees prior to store opening, we also offer briefings on how to introduce new products, set up promotional materials and use our various systems. This training does not end once a store opens; we constantly offer our franchisees new information and training, staying involved to help make our existing stores even better



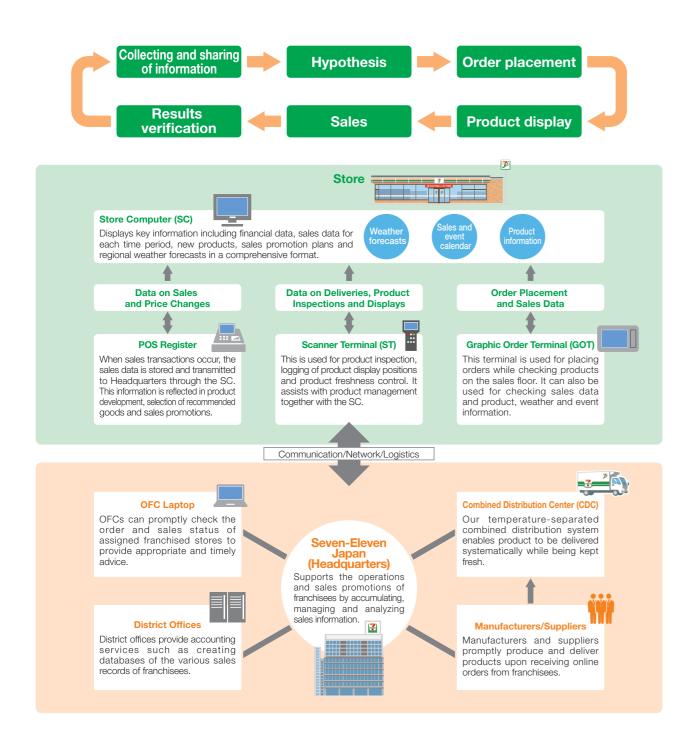
How the Tanpin Kanri (Item-by-Item Management) System Works: Built on Unique Expertise to Support Order Placement for Maximizing Profit

With customer needs constantly changing, the life cycle of the typical product has grown shorter, and the number of products that continue to be sold reliably is increasingly limited.

This is why Seven-Eleven Japan has introduced a unique system called Tanpin Kanri (Item-by-Item Management), which tracks the movement of individual products and verifies that data while enhancing order accuracy.

Tanpin Kanri Flowchart

An ongoing cycle of hypotheses, order placement and verification ensures solid product management, a key to operational strategy, and enables us to continue responding to customer needs.



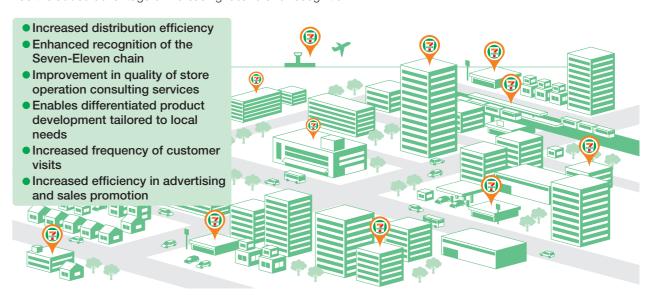
High-density, Diverse Store Opening Formats Offer Attentive Support for Franchised Store Operations

Diverse store opening formats are tailored to how stores are used and to local needs, with openings concentrated within a certain area.

This enhances awareness of Seven-Eleven within that area, balancing efficiency with profitability for each store.

Advantages of Market Concentration Strategy

Seven-Eleven Japan uses the Market Concentration Strategy in which stores are intensively opened within a certain area. This greatly increases the efficiency of store consultations, sales promotion performance and distribution, and has the added advantage of increasing local brand recognition.



Diverse Store Opening Formats

Seven-Eleven Japan has a diversity of store opening formats tailored to local needs. Utilizing our expertise in offering a product assortment corresponding to the specific region or facility where a store will be located offers a greater ability to attract customers.



At stations and station platforms



On college campuses



In hospitals



In major b



Alongside gas stations



At government offices



At suburban locations



12

In airports

Seven-Eleven Japan Corporate Profile 2017-2018 Seven-Eleven Japan Corporate Profile 2017-2018

Product Strengths



Offering Appealing Products That Franchisees Can Feel Confident to Sell

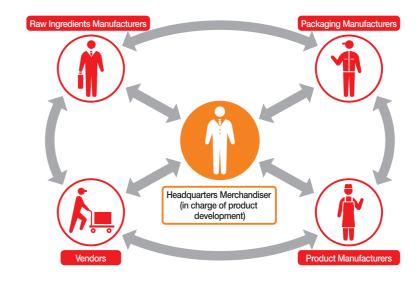
Many of the products on the shelves of Seven-Eleven stores have been developed together with manufacturers and vendors. A typical example is our Fresh Food, which represent approximately one-third of sales. With the cooperation of cooking specialists, our seasonings and food preparation methods incorporate professional techniques. We continue to focus on products developed jointly with manufacturers, including processed foods, cosmetics, underwear, general items and sundries, creating sales floors that build on the unique appeal of Seven-Fleven.

Developing Products that Create New Markets by Assembling Teams That Transcend Industry Borders

Seven-Eleven Japan continuously develops a wide range of products designed to meet the needs of customers. Based on in-store information and market data, we focus on flavor, quality and safety to ensure we develop products that franchisees can be confident in selling to their customers.

Team MD (Merchandising)

Our Team MD system involves developing products together with manufacturers and vendors from a broad range of fields. Optimal teams are assembled across industry borders to enable us to create the ideal product, leveraging our mutual strengths to grow and continue to generate new, original products.



Product Development Structure (for fresh foods)



*Nihon Delica Foods Association: Established in 1979, comprised mainly of rice-based product manufacturers. Currently it has approximately 70 participating member companies including manufacturers of rice products, breads, delicatessen items, noodles and pickles. The Association implements initiatives in areas such as product development, quality control, joint procurement and environmental countermeasures.

TOPIC

Original Products by Region

As further answer to the local needs of our customers, Seven-Eleven Japan has divided the country into 11 regions for local product development. This enables us to offer products that reflect unique local food cultures and familiar flavors.



Tohoku Region

Morioka chilled noodle with spicy hot sauce with



Tokai Region
Warm flat strip noodle
with fragrant broth



Chugoku Region
Hiroshima-style
Okonomiyaki with shrimp,
squid and squid tempura



Kyushu Region
Champon noodles
with rich broth

An Even Wider Selection to Meet Contemporary and Regional Needs

As it marks its 10th anniversary, Seven Premium, Seven & i Group's private brand, is expanding its lineup of products to meet changing lifestyle needs, including the greater role of women in society, an aging population, and an increased awareness of healthy living and the environment. We are focusing even more on original daily fresh food products, and continue to strengthen our product selection.

Seven Premium

As the brand marks its 10th anniversary, we are renewing the Seven Premium logo. This Seven & i Group's private brand generates annual sales of ¥1,150 billion across the Group as a whole.



Original Daily Fresh Foods

Seven-Eleven Japan's popular, original daily fresh foods are created with the goal of focusing on taste and quality to deliver authentic flavors and the taste of home cooking.



Sales Mix

A diverse mix of products allows customers to choose products based on their required uses and purposes. These products are the source of more than 4,500 billion yen in annual sales across the entire chain, as we constantly replace our strong, focused assortment based on a precise understanding of customer needs.

Officially recommended products (excluding cigarettes and magazines)

Approx. **4,800** items

Products in stores

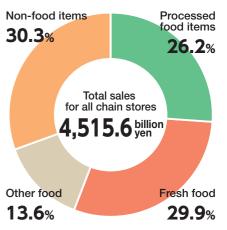
Approx. **2,900** items

Weekly new products

Approx. 100 items

Product replacement during the year Approx. **70**%

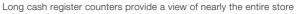
(Results as the end of Feb. 2017)



Easy-to-notice Easy-to-purchase Showcases Make Products More Appealing

Once you have quality products, you then have to display them well. Seven-Eleven Japan has various types of showcases that are designed to display products in different categories, making it possible to design sales floors that attract customers.











TOPIC

Rolling out of New Store Layout That Makes Shopping Even Easier

In 2017, Seven-Eleven Japan embarked on the implementation of the first large-scale change in store layout in its approximately 40-year history. The new layout, which enables counter staff to greet customers as they enter the store, is designed to fit into the community and offer a sense of security.

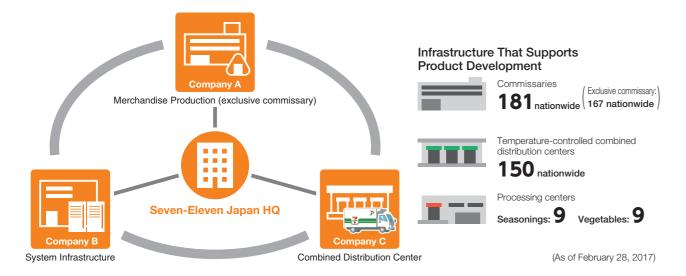


Working with Companies That Have Outstanding Technology to Offer High Quality Products, Safely and Reliably

Seven-Eleven Japan strictly controls every process, from selection of raw ingredients to food preparation, manufacturing and delivery, ensuring that we offer safe, reliable original products that are fresh and delicious. In addition, a production history system allows us to check the history of every raw ingredient.

Outsourcing Structure

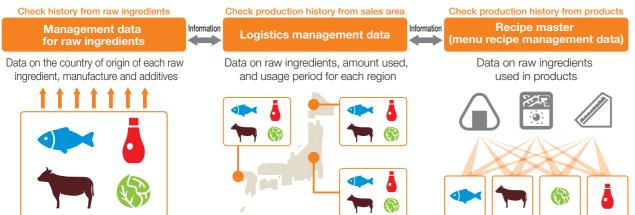
Seven-Eleven Japan outsources all of its production facilities, distribution centers and system infrastructure. We work entirely with independent suppliers to enhance productivity using their own expertise, gain ideas from the customer perspective, and offer excellent, high quality products.



Production History Control System

All raw materials used in our original products are strictly controlled in a production history database. The system provides us the ability to track which ingredients are used in which products, and where the ingredients are used.

Control System for Raw Ingredient Production History



A Distribution Network Built to Maintain Product Freshness and Deliver Products Efficiently to Stores

Franchisees data on orders and sales, along with information on inventory, is shared with manufacturers, who systematically adjust production to meet peak demand. Products are divided into optimal temperature zones to maintain the flavor and quality of each product, then delivered to Combined Distribution Centers for distribution to each store.

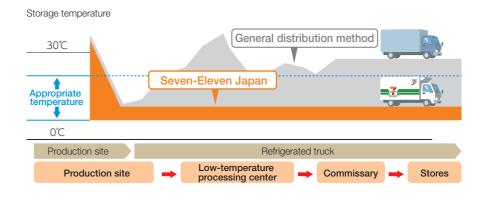
Combined Distribution System for Different Temperature Zones

To maintain the freshness and quality of each individual product, Seven-Eleven Japan has set up combined distribution centers for each optimal temperature zone. Our market concentration strategy allows batch delivery to individual areas accommodating multiple stores. This streamlines the number of deliveries that need to be made, and contributes to reducing CO₂ emissions.

Seven-Eleven Distribution System (Combined Distribution System for Each Temperature Zone) Chilled Produc Rice Product Combined Distribution Cente **Distribution Cente** Sandwiches, salads trees, noodles, mil dairy items, etc. 3 times a day -5°C -20℃ **Dry Combined** Frozen Product Distribution Cente Combined Ambient temperature **Distribution Center** Magazine Distribution Cent ice cubes, etc. 3 to 7 3 to 7 times times a week 6 times a wee

Cold Chain

Seven-Eleven Japan utilizes the "Cold Chain," also known as low-temperature distribution network, to ensure that vegetables are delivered and processed fresh immediately after harvesting. Harvested vegetables are placed in chilled storage on site, loaded onto trucks, and delivered to stores via sorting centers and manufacturers all while under optimal temperature control.



Value Creation Ability



















Seven-Eleven Japan has Enhanced Its Value By Responding to the Needs of Society and the Present

Our Omni-Channel Strategy offers customers an environment to enjoy shopping anytime, anywhere. At its core is Seven-Eleven Japan is working to enhance services that integrate the internet and real stores. From our modern "Demand Inquiry" delivery service to in-store pickup of items purchased online, ATM and administrative services, bill payment, and, in some stores, even duty free services, we respond to contemporary needs and the requests of our customers, pursuing "close-by, convenient" while continuing to offer an even wider range of daily services.

Services Essential to a More Convenient Life

Seven-Eleven Japan offers an extensive range of services to support a convenient life, including multi-function copiers to 24-hour ATMs. We have also introduced our *nanaco* electronic money, and implemented payment services for public utility bills and online shopping.

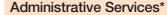
Multi-function Copiers

Print photos from a smartphone or digital camera, or use our copiers as your mobile printer when away from the office. Other uses include ordering tickets for concerts or travel, and issuing administrative documents such as copies of residence certificates and seal registration certificates. Our multi-function copiers are evolving to become even more convenient and easy to use.

Payment can be made using nanaco electronic money.

Insurance Services

Our multi-function copiers can be used to complete procedures for purchasing car insurance available by the day, mandatory vehicle liability insurance for motorcycles, and even the bicycle insurance that has gained considerable attention in recent years.



You can obtain copies of residence certificates, seal registration certificates, family register certificates, copies of relocation history, and various tax statements, in some municipalities even on weekends and holidays.



Copying, Scanning and Printing

In addition to standard photocopies, copiers are also equipped with scanning and printing functions. Photos and documents can be printed from various types of media and from smartphones.

Ticket Issuance

Tickets can be purchased for sporting events, the theater, concerts and other events handled by Seven Ticket and PIA.

Sports/Arts/Travel/
Entertainment/Music/Events

Online Printing

Our printing service makes it possible to print pre-registered documents and images—useful for printing documents when on business trips or outside the office.

Smartphone/PC/Contents

Seven Bank ATM

Seven Bank ATMs are available, in principle, 24 hours a day, 365 days a year, with services in 11 foreign languages, including English, Chinese and Thai. With 23,353 ATMs installed nationwide* accepting cards from more than 590 affiliated financial institutions, Seven Bank ATMs can be used anytime, anywhere, safely by anyone.

*As of the end of February, 2017.



TOPIC

More Points! A Card That Encourages Customer Visits

At Seven-Eleven stores, we accept a variety of credit cards including the Seven Card Plus card, which is now equipped with an electronic money function. The card can be used to accumulate *nanaco* points even when taking advantage of the electronic money function.

nanaco points nanaco is an electronic money system which earns one point for every 100 yen (excluding tax) spent, after which points can be used at a rate of 1 point = 1 yen.



^{*}These require a "My Number" card or a Basic Resident Registration card. Available services may vary depending on local government regulations.

Integrate Group Strengths Omni7 Creates a New Way of Consumption

Omni7 links our Group's convenience stores, general merchandise stores, department stores and specialty stores to offer a comprehensive distribution service. Centered on our Seven-Eleven store network, we deliver the products and services customers want anytime, anywhere, on the internet or in the store.



A Lineup of Original Group Products

The biggest appeal of *Omni7* is the Group's original products. We maintain an attractive lineup of products that can only be ordered through *Omni7*. We are also working to accelerate efforts to build strong partnerships with manufacturers.



Group Stores, Our Service Base

We have implemented services such as product pick-up and product return at our Group stores, centered on Seven-Eleven. Customers can use these services whenever it suits them, whether while shopping or on the way to work. Customers also appreciate the assistance we provide through our Customer Order Management Book (COMB) devices, which help them find and order products.

Bringing Together Group Products from Department and Specialty Stores

Our service expands the way customers can shop, allowing them to see and purchase actual products in the store that they have already checked on the internet, or purchase products online that they may have noticed in a store. Offering attractive, original products from our department stores and specialty stores enables us to develop a new customer base in-store while providing high quality customer service that enhances sales.

Net Supermarket, a Safe Shopping Solution with Even Greater Convenience

Ito-Yokado's *Net Supermarket* enables customers to order whenever they like, 365 days a year. Products delivered daily are selected by professionals in each section, and same-day delivery service is also available. We deliver a new form of convenience by responding to customers' detailed requests, even providing services such as preparing fresh fish.



Customer service using a COMB device



Customer service at a Sogo & Seibu department store



Ito-Yokado's Net Supermarke

An Aging Population Means an Increased Need For Seven-Eleven Delivery Service

With a drop in the number of retail stores and an aging population, Japan's consumption environment is undergoing major changes. Seven-Eleven Japan aims to offer modern "Demand Inquiry" delivery services, where we respond to customer requests by delivering meals through Seven Meal, offer home delivery of products with Seven Easy Delivery, and provide mobile sales through Seven Safe Delivery.

Meal Delivery Service

This home delivery service provides healthy boxed meals prepared under the supervision of a registered dietician, who oversees the menu and the nutritional composition of the meals. We also deliver groceries such as prepared foods, vegetables and meats, as well as everyday items. The service is especially popular among senior citizens, those living alone, and working homemakers.

Seven Meal Offers Good Nutritional Balance

Our goal is to provide food with authentic, home-cooked flavors, offering safe, reliable choices that also taste good, without the use of artificial preservatives or colorings. With delivery available every day, the service also contributes to society by monitoring and communicating with seniors living alone.

Seven Easy Delivery

Using our Seven Easy Delivery service, customers can purchase products instore or order via telephone and have their purchases delivered to their homes or other specified location via our eco-friendly, super-compact COMS electric vehicles, which curb CO_2 emissions, or via electric power-assisted bicycles.

Seven Safe Delivery

This mobile store service uses special sales vehicles that are stocked with rice balls, meal boxes, bread, drinks and other products to serve smaller neighborhoods that have fewer retail stores. The specialized small trucks are divided into four temperature zones to accommodate different foods and beverages, from room temperature to frozen, and are equipped to carry more than 150 items, including everyday sundries.



Example of a meal provided by Seven Mea



vehicle



Selling from a mobile store

TOPIC

Creating a Safe Society Through Cooperation with Local Government

Seven-Eleven Japan works with communities to promote efforts toward local production and local consumption, encouraging tourism, preserving the environment, and assisting with child-rearing and supporting the elderly. To do this, we work in cooperation with local governments in many areas to enter into Comprehensive Regional Vitalization Partnership Agreements as well as special agreements for monitoring senior citizens. We will continue to cooperate with efforts to revitalize and create safe, secure local communities.



Comprehensive Agreement signing ceremony with the city of Nagoya

The Seven-Eleven Memorial Foundation—A Regional Contribution Effort Begun by Our Franchisees

Based on funds raised by customers as well as funds donated by Seven-Eleven Japan, the Seven-Eleven Memorial Foundation works to support environmental civic activities and engages in activities to conserve the natural environment. In addition to supporting environmental civic groups, the Foundation itself participates in such activities by soliciting volunteers from among Seven-Eleven Japan employees and franchisees.



In-store collection

The Great East Japan Earthquake Reconstruction Activities: The Green for Tohoku! Seven-Eleven Project

Hoping to aid in the reconstruction of areas affected by the Great East Japan Earthquake, and in turn revive the future of those areas for their children, we deliver tree and flower seedlings to elementary schools affected by the disaster in Miyagi, Fukushima and Iwate prefectures. Employees from Seven-Eleven Japan and our franchisees work alongside the school children to plant the trees and flowers.



Forest Preservation Activities: Seven-Eleven Forest Project

In addition to forest preservation activities from planting and thinning trees to cutting underbrush, we also recycle wood by utilizing timber from thinning to make donation boxes, helping to preserve forests and prevent global warming.



Safety Station Activities—Efforts to Ensure Safety and Security in Local Communities

Safety Station Activities involve the use of Seven-Eleven stores which are open 24 hours a day, 365 days a year as a base of safety and security in local communities. We work in collaboration with police stations, police boxes, traffic safety associations and fire departments, as well as with juvenile support centers and PTAs, to create a sound environment for children to grow.

Special public emergency telephones are installed in Seven-Eleven stores within Tokyo's 23 wards for use in case of a natural disaster. In addition, our wireless LAN service, 7SPOT, is open to the public to enable people to register and check information concerning the safety of loved ones in our stores.

robberies and shoplifting







under the age of 18

Strengthening of the voluntary crime prevention structure to address

• Reporting to the police/fire department (110/119) in the event of a disaster, accident or emergency illness.

 Serving as an emergency evacuation center for women and children. Providing assistance for the elderly and challenged and establishing contact. • Transmitting/providing safety information for people in the neighborhood.

Strengthening of Strictly banning all sales of alcoholic beverages and cigarettes to minors. **Efforts Toward** Strictly banning the sale and/or perusal of adult magazines by those under the Healthy Cooperating to decrease juvenile delinquency by preventing disruptive Upbringing of behavior in neighborhoods with Seven-Eleven stores. Youths

酒類・たばこは 販売いたしません

Warnings and notices on POS registers

Energy and Resource Conservation Activities That Balance Environmental Preservation and Cost Reductions for Franchisees

Seven-Eleven Japan has obtained ISO 14001:2015 environmental management system certification, and is working to reduce its environmental impact across every process, from procurement of raw ingredients to product development and manufacturing, delivery, sales, consumption, and final disposal. We are also engaged in other activities including development of eco-friendly products, efforts to conserve energy and resources, and the reduction and recycling of packaging and waste.

Energy-saving Initiatives

To promote more eco-friendly stores, Seven-Eleven Japan has been engaged in converting store lighting to LED fixtures. By converting from fluorescent tubes to LED illumination, we have achieved substantial energy savings. We are also working to expand these efforts to include store signages and sign poles outside our stores.

Introduction of LED Illumination







Store signage: 17,309 stores

Sign poles: 15,912 stores

In-store lighting: 17,912 stores

Encouraging Installation of Solar Panels

In order to proactively tackle environmental issues, we are installing solar power generation panels on our stores.



Solar power generation panels: **8,018** store

*Number of stores is as of May 31, 2017.

Reviewing Plastic Bag Specifications

Since 1999, Seven-Eleven Japan has been reducing the thickness and weight of plastic bags. Stores feature posters encouraging customers to reduce the use of plastic bags, and customers are reminded again at the cash register, where staff choose the appropriate size of bag for the type of items purchased, attaching a sticker directly on items when no bag is needed, part of our effort to conserve resources and reduce waste.

TOPIC

Efforts to Save Energy and Reduce CO₂ **Emissions in Distribution and in Stores**

Seven-Eleven Japan promotes efforts to save energy and reduce CO2 emissions in distribution and in our stores. Working with Toyota Motor Corporation and Mitsubishi Fuso Truck and Bus Corporation, we are introducing delivery vehicles powered by hydrogen energy and electricity, through which we will contribute to achieving a low-carbon society.



A fuel-cell truck powered by hydrogen energy

Crime and

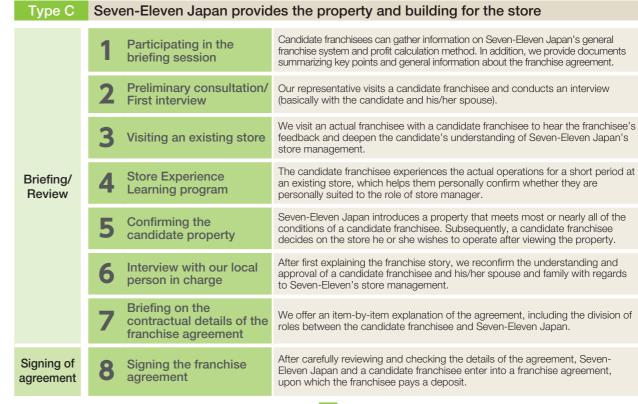
Countermeasures

Safety Measures

Disaster

From Franchise Agreement to Store Opening

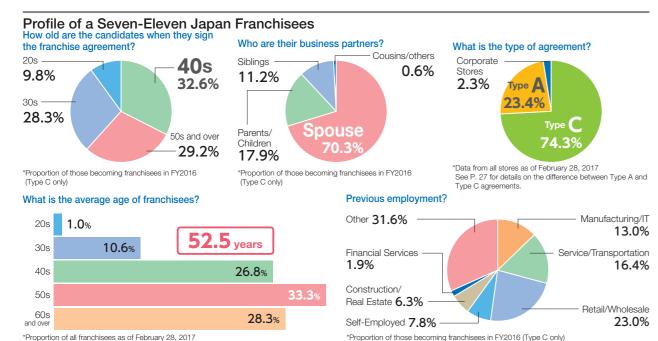
Type A	Franchisee provides the property and building for the store		
	1	Visiting a potential franchisee	A Recruit Field Counselor (RFC) briefs a potential franchisee and provides documents summarizing key points and general information about the franchise agreement.
	2	Location/Trade area/ Market research	We implement in-depth research regarding location and trade area to determine whether a potential franchisee can open a store as our franchisee, and analyze and review the outcome from multiple perspectives.
Briefing/ Research/ Review	3	Overview of our system	We provide a detailed explanation of our unique store management methods and overall operations until a potential franchisee is satisfied.
	4	Internal review	We obtain cash planning and financial data documents from a potential franchisee, and review the details.
	5	Briefing on the contractual details of the franchise agreement	We explan every point of the agreement, including the division of roles between franchisee and Seven-Eleven Japan.
Decision- making	6	Deliberation and decision-making by a candidate franchisee	A potential franchisee carefully examines the details and decides whether to enter into the franchise agreement with us.
Signing of agreement	7	Signing the franchise agreement	After carefully reviewing and checking the details of the agreement, Seven- Eleven Japan and a potential franchisee enter into the franchise agreement, upon which the franchisee pays a deposit.
Building the store	8	Store layout and design	The construction and design department of Seven-Eleven Japan implements the design, and a candidate franchisee confirms and then signs the construction agreement.





Common Processes

Training for candidate franchisees		Store opening preparation	Ceremony	Congratulations! Your store has opened!
School training (5 days)	10 In-store experience (5 days)	11 Preopening preparations	12 Turn-key	13 Store opening
Lecture-type training using textbooks and videos. The practice also involves handling actual store equipments.	Candidate franchisees experience store operations and customer service at one of the regional company-operated Seven-Eleven store. Our trainers are providing the appropriate instructions.	A candidate franchisee communicates with store staff and shares information. He or she also visits the neighbors to greet them and inform them of the store opening.	This is a ceremony that will be conducted the day before the store opening. A franchisee is presented with the key to the store along with a training completion certificate.	A franchisee is now fully prepared to welcome their first customers. After opening, our OFC offers a wide range of support to a franchisee.



Franchisee FAQs

Can I open a store independently without prior experience?

Yes, you can. Approximately half of new franchisees do not have retail experience. You will receive training before the store opening, and continuous support and advice on running the store from our Operation Field Counselors (OFCs), so please rest assured.

Can I take holidays even though the store is open 24 hours a day?

Yes, you can. In order to take holidays regularly, it is important that you train your staff thoroughly and trust them to do their jobs.

Q How long does it take to open a store?

A On average, it takes about 5-7 months, but in some cases, stores were opened in as little as three months after attending the briefing.

What do I do in the unlikely event of an accident, injury or illness?

Seven-Eleven Japan has a mutual aid collective insurance program for franchisees, which, if you join, provides various types of insurance coverage. For details, please ask the person in charge at one of our briefings for potential franchisees held locally.

Q Can I choose where to locate my store?

Yes, we will consider your preferences and provide you with information on candidate properties, which you can take into consideration.

Q Can foreigners become franchisees?

Yes, they can. We currently have many foreign franchisees operating successful businesses. They need to be able to speak, read and write everyday Japanese, and they need to present their permanent residency or other required status of residence.

Seven-Eleven Japan Corporate Profile 2017-2018

Terms & Conditions of Franchise Agreement

Type of agreement	Type A	Type C	
Management formation	Independent business owner	Independent business owner	
Agreement term	15 years	15 years	
Ownership or lease of the land and buildings	Owned or leased by a franchisee	Owned or leased by Seven-Eleven Japan	
Utilities paid by	Seven-Eleven Japan: 80% Franchisee: 20%	Seven-Eleven Japan: 80% Franchisee: 20%	
Deposit on signing the agreement Break down Training fee Store opening preparation charge Store opening investment	3,120,000 yen ⁻¹ 2 1,080,000 yen ⁻¹ 3 1,500,000 yen	2,580,000 yen ⁻¹ 2 540,000 yen ⁻¹ 2 540,000 yen ⁻¹ 3 1,500,000 yen We can introduce a financial institution if required for planning financing.	
Seven-Eleven Charge	An amount equal to the gross profit on sales ² multiplied by 45% [43% for 24-hour operation stores] Incentives granted for stores that have operated for five years or longer [Seven-Eleven Charge is reduced based on certain conditions] After September 2017, a special reduction of 1% of the gross profit on sales	An amount equal to the gross profit on sales 2 multiplied by a sliding charge rate [For 24-hour stores, the gross profit on sales is reduced by 2%] Incentives granted for stores that have operated for five years or longer [Seven-Eleven Charge is reduced based on certain conditions] After September 2017, a special reduction of 1% of the gross profit on sales	
Guaranteed Minimum Gross Income System	Franchisee's Gross Income ¹³ For stores open 24 hours, 22 million yen per year [19 million yen per year for stores not open 24 hours]	Franchisee's Gross Income ⁻³ For stores open 24 hours, 20 million yen per year [17 million yen per year for stores not open 24 hours]	

^{*1} This amount includes consumption tax. *2 This is the gross profit obtained by deducting the cost of goods sold from the amount of sales.

Loan Banking Partners

(As of June 30, 2017)

City Banks	SMBC, Resona, Saitama Resona, Mizuho, Tokyo-Mitsubishi UFJ		
Regional Banks	● Hokkaido region: Hokkaido, Hokuyo ● Tohoku region: Iwate, Akita, Toho, 77 Bank, Yamagata, Shonai ● Kanto, Koshinetsu and Tokai regions: Bank of Yokohama, CHIBA, Chiba Kogyo, Keiyo, Ashikaga, JOYO, Gunma, Musashino, Yamanashi Chuo, HACHIJUNI, DAISHI, HOKUETSU, SHIZUOKA, SURUGA, HYAKUGO, Juroku ● Hokuriku region: Hokkoku ● Kansai region: Bank of Kyoto, SHIGA, NANTO, Kiyo, MINATO, Kinki Osaka ● Chugoku and Shikoku regions: Chugoku, Hiroshima, MOMIJI, YAMAGUCHI, Tottori, Awa, IYO ● Kyushu region: BANK OF FUKUOKA, NISHI-NIPPON CITY, KITAKYUSHU, BANK OF SAGA, The Eighteenth bank, SHINWA, Higo, OITA, MIYAZAKI		
Others	ICHII Shinkin, FUKUOKA-HIBIKI		

Breakdown of Deposit on Signing the Agreement

Training fee

Store opening preparation charge

Store opening Investment

(including consumption tax of 40,000 yen) (including consumption tax of 80,000 yen)

(consumption tax not applied)

(including consumption tax of 40,000 yen)

Candidate franchisee expenses for

classroom tuition and hands-on training for

10-day training program (including meal

(including consumption tax of 40,000 yen)

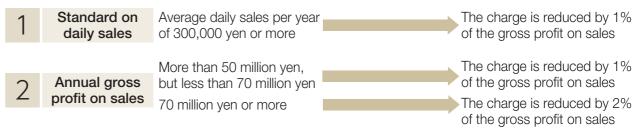
This charge covers preparatory expenses required for opening implemented by Seven-Eleven Japan to prepare the store for a smooth opening by a franchisee. These preparations range from store planning prior to the agreement to product

(consumption tax not applied)

The above is the minimum amount to be prepared by a franchisee as the franchisee's capital to cover part of the cost of products stocked at the time of opening, cash for change, costs for store fixtures, equipment and consumables, and 500,000 yen in franchise guarantee deposits. (A franchisee makes payment of the above amount to Seven-Eleven Japan, and costs beyond the above are procured by Seven-Eleven Japan and financed a franchisee.)

Incentive Charge

The Seven-Eleven Charge is reduced according to the set criteria on a monthly basis after the number of days have accumulated up to five full years of operation, beginning from the day the store first opened. The incentive charge is applicable from the day after the month that completes five full years.



^{*}The incentive charge is calculated and allocated on a monthly basis. If the annual standard is achieved, charge applied in months when the standard was not achieved is adjusted (reduced) and refunded in the 13th month. If the annual standard is not achieved, charges are applied irrespective on applicable months, but charges are not added on the 13th month.

Content of the Franchise Agreement

Marketing activities	Seven-Eleven Japan covers the advertisement expenses for sales promotion.
Accounting/Bookkeeping services	 Seven-Eleven Japan makes payments for franchisees and provides store operation information materials.
System to guarantee income of franchisees (Gross profit on sales minus Seven- Eleven Charges)	Applicable to stores that are open 24 hours a day For Type A agreement, 22 million yen per year For Type C agreement, 20 million yen per year *Franchisees' profits are the amount which is subtracting store operation expenses from gross income.
Others	 Seven-Eleven Japan covers 80% of utility costs. Seven-Eleven Japan covers 15% of the cost of write-off (disposing of unsold items). Seven-Eleven Japan partially covers non-life insurance premiums. Seven-Eleven Japan implements quarterly inventory checks.

Support System for Store Staff Members

Franchisees' mutual aid system

- Compensation paid in the case of the franchisees' and their spouses' death, accident and sickness, post-retirement, and condolence money, sympathy money for medical care and reserves for benefits packages for full-time employees.
- Compensation paid if staff members are injured on duty or on the way to work.

Incentives for Franchisees

Incentive system for multistore operations

- When a franchisee who has operated a Seven-Eleven store for over five years opens one or more new stores, the incentive charge for stores open over five years is applied to the new store from the beginning of its operation.
- When a franchisee operates two or more Seven-Eleven stores, a reduction of 3% of the gross profit on sales from the Seven-Eleven Charge is applied to the second and subsequent stores.

System supporting the independence of employees

- From January 1, 2000 onward, whenever an employee with more than three years of overall operating experience opens a new store or succeeds an existing store as a franchisee or partner, the incentive charge for stores open over five years are applied to the store.
- For individuals with more than three but less than five years of operating experience, he or she can take advantage of this support system in the month following that in which a total of five years of work experience has been achieved. This is applied both before and after opening the new store.
- For individuals with more than five years of work experience, he or she is entitled to utilize this system when the store is opened.

expenses and accommodation fees).

^{*3} This amount equals the gross profit on sales after deducting the Seven-Eleven Charge. Note: Further information on the agreement are explained in the Key Points Overview of the Franchise Agreement and in the Agreement.

^{*}Incentives for stores under consigned management become applicable after five full years have passed from the date the store became a Type C store and fulfilled the necessary criteria, because the period of consignment is not included in the number of days of operation

^{*}However, there are also other conditions, such as working more than 20 hours a week, and opening the new store within one year of leaving the previous store where the individual worked as an employee.

11

62,935 stores

Japan

China

Taiwan

Norway

Sweden

Denmark

154

185

183

United Arab

in 17 countries and regions

Emirates

19,588

2,377

5,161

South Korea 8.943

8,454

1,868

652

U.S.A.

Mexico

Canada

2,186

2,087

416 10,007

660

3

Malaysia

Philippines

Singapore

Thailand

Vietnam

Australia

1,054

819 911

682

Total Revenue from Operations

Operating Income

Ordinary Income

833,743 million yen 243,493 million yen 251,265 million yen

Net Income

(Age group unit: %)

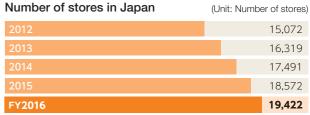
2011

Total Sales of All Chain Stores (in Japan)

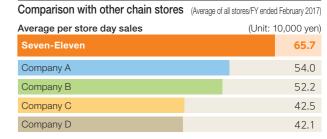
144,151 million yen 4,515,605 million yen

Company A*

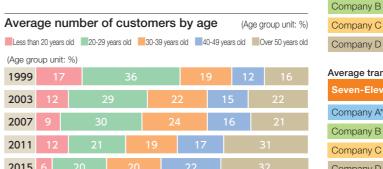




Frequency of visits Others 16% On a daily basis 18% 2 to 3 times a month -4 to 5 times a week Customers 10% visiting 13% more than **58**% - 2 to 3 times a week Once a weel 16% 28% Source: Customer survey conducted by Seven-Eleven Japan (FY2015) *Rounded off to the nearest tenth



Average number of customers per day (Unit: number of customers)

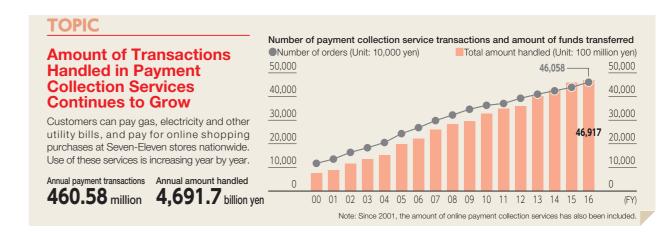


Source: Customer survey conducted by Seven-Eleven Japan (FY2015)



*For Company A, number of customers and transaction size are for existing stores

19,588 stores in 46 prefectures in Japan Hokkaido 961 138 410 Niigata Wakayama 76 Toyama 129 Osaka 1.146 Ishikawa 130 52 Aomori 131 684 Fukui 67 lwate 389 946 Okayama 297 231 Miyagi 187 48 326 87 Saga Shimane Kyoto Akita Yamagata 175 Oita 158 Hiroshima 569 185 Yamaguchi 314 Fukushima 423 Miyazaki 178 Tottori 19 Kumamoto 312 457 Gunma Tochiai 423 Kagoshima 187 635 Ibaraki Shizuoka 701 Saitama 1.157 Tokyo **2,523** Tokushima 89 449 Nagano 99 Gifu 170 Chiba 1,063 Okinawa Ehime 99 Aichi 1.017 Kanagawa 1.371 Stores scheduled to open in FY2019 Kochi 34 Mie 140 Yamanashi 206



Group Total Sales

franchised stores (for the fiscal year ended February, 2017)

Total number of customers visiting stores

Total number of group stores

As of the end of February, 2017 (Outside Japan, as of the end of

Business categories and major companies

(As of the end of June, 2017)

Domestic Convenience Store Sector

Seven-Eleven Japan Co., Ltd. Seven-Meal Service Co., Ltd.

Seven Net Shopping Co., Ltd.

7dream.com

SEVEN-ELEVEN HAWAII, INC. SEVEN-ELEVEN (CHINA) INVESTMENT CO.,

SEVEN-ELEVEN (BEIJING) CO., LTD. SEVEN-ELEVEN (CHENGDU) CO., LTD. SEVEN-ELEVEN (TIANJIN) CO., LTD.

Overseas Convenience Store Sector

7-Eleven, Inc.

Superstore Sector

Ito-Yokado Co., Ltd. (including store operated by Marudai Co., Ltd.)

York-Benimaru Co., Ltd.

York Mart Co., Ltd.

SHELL GARDEN CO., LTD.

K.K. Sanei

Life Foods Co., Ltd.

IY Foods K.K.

York-Keibi Co., Ltd. Seven Farm Co., Ltd.

Ito-Yokado (China) Investment Co., Ltd.

Chengdu Ito-Yokado Co., Ltd.

Hua Tang Yokado Commercial Co., Ltd.

DAIICHI CO., LTD.

Tenmaya Store Co., Ltd.

Department Store Sector

Sogo & Seibu Co., Ltd.

SEIBU

IKEBUKURO SHOPPING PARK CO., LTD.

Gottsuobin Co., Ltd.

Financial Services Sector

Seven Bank, Ltd.

Seven Financial Service Co., Ltd.

Seven Card Service Co., Ltd. Seven CS Card Service Co., Ltd.

Bank Business Factory Co., Ltd.

Specialty Store Sector

Akachan Honpo Co., Ltd.

THE LOFT CO., LTD.

Seven & i Food Systems Co., Ltd. Restaurants (Denny's)

Meal provision service In-store and specialty store

Nissen Holdings Co., Ltd.

Barneys Japan Co., Ltd.

Oshman's Japan Co., Ltd.

Francfranc Co., Ltd.*

Tower Records Japan Inc.

*Name changed from BALS CORPORATION on September

Other Sector

Seven & i Net Media Co., Ltd.

SEVEN & i Publishing Co., Ltd.

Seven Culture Network Co., Ltd.

Seven & i Create Link Co., Ltd.

Seven & i Asset Management Co., Ltd.

IY Real Estate Co., Ltd.

Yatsugatake Kogen Lodge Co., Ltd.

Terube Ltd.

PIA CORPORATION

Corporate Profile

Organization Chart

Name Seven-Eleven Japan Co., Ltd. **Executives** Representative Kazuki Furuya, President Date of Establishment November 20, 1973 Capital 17.2 billion yen Number of Employees 8,562

(Capital, number of employees as of February 28, 2017) Akira Masuda

(As of May 31, 2017)

Representative		
President Kazuki Furuya		
Directors		
Director & Managing Executive Officer		

Ryouji Sakai Director & Managing Executive Officer Director & Managing Executive Officer Keiko Fujimoto

Director & Executive Officer Shizuma Noda Director & Executive Officer Seiichiro Ishibashi Director & Executive Officer Toshihiko Omura

Director & Executive Officer Hisashi Ohashi Ryuichi Isaka

Auditors Auditor Hisashi Seki

Executive Officers Executive Officer Shigeki Kimura Shinji Abe Executive Officer Yoshio Watanabe Executive Officer Junko Sugiyama Executive Officer Seiichi Aovama Executive Officer Shigeto Fujita Executive Officer Kazumi Ishimaru Executive Officer Takehiko Masuo Executive Officer Kenji Hisanabe Executive Officer Executive Officer Keisuke Yamaguchi Executive Officer Seiichi Tamura Executive Officer Ken Wakabayashi

Executive Officer Shinji Uchida

Takashi Ogura Auditor

(As of the May 31, 2017)

History

1973

Nov. York Seven Co., Ltd. was established.

An area service and license agreement was concluded with The Southland Corporation in the U.S.A. (currently 7-Eleven, Inc., the same shall apply hereafter).

1974

May The first Seven-Eleven store (Toyosu store, Koto Ward, Tokyo) was opened.

1975

Jun. Launched 24-hour operations (Toramaru store, Koriyama City, Fukushima).

1976

May The number of stores exceeded 100.

Sep. Vendors integrated and combined distribution system launched.

1978

Jan. The company name was changed to Seven-Eleven Japan Co., Ltd.

Aug. Order placement via Terminal Seven was launched.

1979

Oct. Seven-Eleven Japan was listed on the second section of the Tokyo Stock Exchange.

1980

Nov. The number of stores exceeded 1,000.

1981

Aug. Seven-Eleven Japan was alternatively listed on the first section of the TSE.

1982

Oct. Point of sales (POS) system was launched.

Order placement via electric order book (EOB) was launched.

1984

Feb. The number of stores exceeded 2,000.

1985

May Computers that provide graphic information were introduced.

Aug. Bidirectional cash registers were introduced.



In November 1973, an area service and license agreement was concluded with The Southland Corporation in the U.S.A. (currently 7-Eleven, Inc.).

Seven-Eleven Japan Corporate Profile 2017-2018

1987

Mar. Three-times-daily combined distribution system for rice products was introduced.

Apr. The number of stores exceeded 3,000.

Oct. Payment collection service for TEPCO electricity bills was

1988

Mar. Payment collection service for TOKYO GAS bills was launched.

Nov. A temperature-control system that maintains a 20°C temperature for rice products was introduced (commissaries – delivery trucks – display cases).

1989

Nov. Handling of prepaid cards was launched.

Dec. Hawaii operations purchased from The Southland Corporation.

1990

Jun. The number of stores exceeded 4,000.

Sep. The 4th Generation Integrated Store Information System was introduced.

1991

Mar. Acquired the shares of The Southland Corporation and participated in management.

May ISDN (integrated service digital network: NTT) was introduced.

1993

Feb. The number of stores exceeded 5,000.

Oct. Seven-Eleven Midori no Kikin (Green Foundation) was established

1994

Apr. Large-scale ice cream cases were introduced.

Oct. Chilled open showcases were introduced.

1995

Jun. Payment collection service for mail-ordered sales was introduced.

1996

Mar. Weather information service was introduced.

1997

Nov. The 5th Generation Integrated Store Information System using satellite communications was introduced.



Seven-Eleven Toyosu store, the first in Japan.

1998

Oct. A Magazine Subscription Reservation Service was introduced.

1999

Mar. Sales of suppliment drinks were launched.

Nov. E-shopping Books was launched.

Payment collection service for online shopping bills was launched.

2000

Feb. E-commerce business 7-dream.com was established (the service was launched in July 2000).

Aug. Seven-Meal Service Co., Ltd. meal delivery service was established (service was launched in September 2000).

2001

Apr. IY Bank Co., Ltd. (currently Seven Bank, Ltd.) was established through a joint capital investment with Ito-Yokado.

May Installation of IY Bank (currently Seven Bank, Ltd.) ATMs was started.

Aug. Sale of original Fresh Food products made without preservatives and artificial coloring was started.

2002

May Installation of open showcases both for hot and cold foods was started.

Nov. A ticketing service using multi-function copiers was started.

2003

 $\boldsymbol{\mathsf{Aug.}}$ The number of stores exceeded 10,000.

2004

Jan. SEVEN-ELEVEN (BEIJING) CO., LTD., a joint company, was established.

Apr. The first 7-Eleven store in Beijing, China, was opened.

May Started operation of barrier-free stores.

 $\label{eq:Nov.} \textbf{Nov.} \ \ \textbf{Optical fiber communications were introduced}.$

The first multi-function copiers capable of printing photos taken by digital camera were installed.

2005

Feb. 7-Eleven, Inc. became a subsidiary of Seven-Eleven Japan.

Sep. Seven & i Holdings Co., Ltd. was established and listed on the first section of the TSE.

Nov. 7-Eleven, Inc. became a wholly owned subsidiary.

2006

May Full-scale introduction of the 6th Generation Integrated Store Information System.

2007

Mar. Seven-Eleven achieved the world's largest number of chain stores as a retail business.

Apr. Proprietary electronic money service, nanaco, was introduced.

Aug. Seven Premium was introduced.

Oct. In-store fried fast foods were launched.

Dec. Information media and retail business Nittele Seven Co., Ltd. was established.

2008

Apr. SEVEN-ELEVEN CHINA CO., LTD. was established.

2009

Jan. Seven Culture Network Co., Ltd. was established.

Jun. 24-hour test-marketing of OTC drugs was launched.

Dec. Seven Net Shopping was launched.

Business and capital tie-up with PIA CORPORATION was started.

2010

Feb. Installation of multi-function copiers capable of handling administrative services such as issuance of copies of residence and seal registration certificates was started (by some regional governments).

Mar. Seven-Eleven Midori no Kikin was incorporated as a general incorporated foundation and was renamed Seven Eleven Memorial Foundation

Jun. Credit card payment system was launched.

Dec. The number of stores worldwide exceeded 40,000. SEVEN-ELEVEN (CHENGDU) CO., LTD. was established.

2011

Mar. Trademark right to "Seven-Eleven" was acquired in Japan.

May Contents, logos and packaging of original products were completely renewed.

Shopping assistance mobile truck, Seven Safe Delivery, was launched.

Full-scale power-saving measures such as LED lighting were introduced for in-store lighting and storefront signs

2012

Jan. Total sales amount of all chain stores exceeded 3 trillion

May Seven Lifestyle brand was launched.

Jul. A delivery service using super-compact electric vehicles, Seven Easy Delivery, was launched.

Oct. SEJ Asset Management & Investment Company was established.

2013

Jan. SEVEN CAFÉ was launched.

Feb. The number of stores in Japan exceeded 15,000.

Mar. The number of stores worldwide exceeded 50,000.

Nov. 40th Anniversary of Seven-Eleven Business.

Dec. The first Seven-Eleven stores in Chongqing, China were opened.

2014

Oct. SEVEN CAFÉ Donuts was launched.

Dec. Tax exemption service was launched.

2015

Feb. Total sales of all chain stores exceeded 4 trillion yen.

Oct. The first Seven-Eleven stores in the United Arab Emirates were opened.

Nov. Omni7 was launched.

2016

Feb. First Seven-Eleven store equipped with a hydrogen station was opened.

Jul. The number of stores worldwide exceeded 60,000.

2017

Mar. Seven-Eleven's corporate colors were the first to be registered in Japan as a trademark based solely on color.

Seven-Eleven Japan Corporate Profile 2017-2018

Jun. Seven-Eleven opened its first store in Vietnam.