

Seven & i HD Transfers SST Business Group including Ito-Yokado—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the transfer of the food supermarket, specialty store, and other businesses (“SST Business Group”) announced by Seven & i Holdings Co., Ltd. (security code: 3382, “the Company”).

- (1) On March 6, 2025, the Company announced that its board of directors had resolved to enter into an agreement to sell the SST Business Group to a Bain Capital owned special purpose company for JPY 814.7 billion, while rolling over 35% of the equity holdings. As a result, the consolidated subsidiaries belonging to the SST Business Group are scheduled to become equity method affiliates of the Company. This transaction is scheduled to be completed in September 2025.
- (2) The impact of this transaction on the creditworthiness of the entire group is expected to be limited at this stage, and JCR does not believe that it is necessary to immediately revise the ratings. The percentage of operating income of Ito-Yokado and York-Benimaru, the main companies in the SST Business Group, in the entire group's operating income, remains low. The Company has announced its plan to buy back its own shares for a total amount of JPY 2 trillion by the fiscal year ending February 2031 (FY2030), using the cash proceeds from the sale and from 7-Eleven, Inc.'s IPO (scheduled to be carried out by the second half of 2026). JCR will follow the impact on the Company's finances going forward.
- (3) This transaction is in line with the Company's policy of reforming its business portfolio, and will further concentrate the management resources on the domestic and overseas convenience store (CVS) businesses, which are key growth areas. However, operating incomes in both the domestic and overseas CVS businesses are expected to decline for FY2024, and the recovery of both CVS businesses' earnings power is an urgent issue. The Company plans to reform its group management structure and pursue a growth strategy with the CVS business as the core business through various measures, including this transaction. JCR will confirm the progress of these initiatives.
- (4) The Company is carefully examining and considering all strategic options, including proposal from the Canadian CVS giant, Alimentation Couche-Tard Inc., and JCR will continue to monitor the future developments.

Akio Kamimura, Hiroyoshi Otsuka

<Reference>

Issuer: Seven & i Holdings Co., Ltd.

Long-term Issuer Rating: AA Outlook: Stable

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