

## Seven & i Holdings Transfers Shares in Sogo & Seibu—No Immediate Impact on Rating

The following is Japan Credit Rating Agency, Ltd. (JCR)'s opinion on the announcement by Seven & i Holdings Co., Ltd. (security code: 3382) regarding the transfer of its shares in Sogo & Seibu Co., Ltd.

- (1) Seven & i Holdings Co., Ltd. (the "Company") announced today that it would transfer all its shares in its subsidiary Sogo & Seibu Co., Ltd. to a special purpose company, which is an affiliated entity of Fortress Investment Group LLC. It was decided that Sogo & Seibu's subsidiary, THE LOFT CO., LTD. (shareholding ratio: 75.2%), a household goods retailer, would not be transferred, and the Company will own the shares. The stock transfer is scheduled to take place in February 2023.
- (2) The impact of this transaction on the overall Group's profit and financials is considered to be limited at this point, and JCR does not believe that it will have an immediate impact on the rating. Sogo & Seibu (non-consolidated) posted operating revenue of 456.8 billion yen and an operating loss of 3.5 billion yen, compared with the Group's consolidated operating revenue of 8,749.7 billion yen and operating income of 387.6 billion yen in the fiscal year ended February 2022. The Company's financial structure deteriorated as interest-bearing debt increased due to the acquisition of Speedway stores in the U.S. in May 2021. Although the interest-bearing debt will decrease as a result of this transaction, JCR believes that it is necessary for the Company to continue improving the financial structure.
- (3) This transaction is in line with the Company's policy of reviewing its business portfolio. It is expected that a shift of management resources to the domestic and overseas convenience store operations, a key growth area, will further progress going forward. JCR will continue paying attention to the future developments such as realization of the synergy effects with Speedway and the progress of financial improvement.

Hiroyuki Chikusa, Hiroyoshi Otsuka

### <Reference>

Issuer: Seven & i Holdings Co., Ltd.

Long-term Issuer Rating: AA      Outlook: Stable

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