September 30, 2016

To whom it may concern,

Company Name: Seven & i Holdings Co., Ltd.
Representative: Ryuichi Isaka
President & Representative Director
(Code No. 3382/First Section of the Tokyo Stock Exchange)

Notice Regarding Impairment Loss and Revision of Forecast

Seven & i Holdings Co., Ltd. has plans to announce its financial results for the second quarter of the fiscal year ending February 28, 2017 on October 6, 2016. However, in the process of revising the profit plan in superstore operations and department store operations, the Company has newly recognized impairment loss on stores in both segments, and impairment of goodwill in relation to department store operations in its financial results for the second quarter of the fiscal year ending February 28, 2017.

Therefore, the Company hereby announces that the consolidated financial results forecast for the fiscal year ending February 28, 2017 announced on August 2, 2016 have been revised as follows.

1. Revision of Second Quarter (Cumulative) Consolidated Financial Results Forecast for the Fiscal Year ending February 28, 2017 (March 1, 2016 to August 31, 2016)

(Millions of yen)

	Revenues from operations	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previously announced forecast (A)	3,035,000	182,000	180,500	83,000	93.87 yen
Revised forecast (B)	2,866,000	181,500	182,500	33,500	37.88 yen
Change (B-A)	(169,000)	(500)	2,000	(49,500)	(55.99) yen
Change (%)	(5.6)	(0.3)	1.1	(59.6)	—
(Reference) Previous fiscal year's results	2,994,992	172,459	170,686	84,521	95.60 yen

2. Revision of Full-Year Consolidated Financial Results Forecast for the Fiscal Year ending February 28, 2017
(March 1, 2016 to February 28, 2017)

(Millions of yen)

	Revenues from operations	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share
Previously announced forecast (A)	6,137,000	379,000	376,000	172,000	194.53 yen
Revised forecast (B)	5,770,000	353,000	351,000	80,000	90.46 yen
Change (B-A)	(367,000)	(26,000)	(25,000)	(92,000)	(104.07) yen
Change (%)	(6.0)	(6.9)	(6.6)	(53.5)	—
(Reference) Previous fiscal year's results	6,045,704	352,320	350,165	160,930	182.02 yen

3. Revision of Forecast Revenues from Operations and Operating Income by Segment
(March 1, 2016 to February 28, 2017)

(1) Revenues from operations

(Millions of yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B-A)	Change (%)	(Reference) Previous fiscal year's results
Convenience store operations	2,725,000	2,460,000	(265,000)	(9.7)	2,675,890
Superstore operations	2,125,000	2,070,000	(55,000)	(2.6)	2,060,516
Department store operations	886,000	843,000	(43,000)	(4.9)	884,716
Food services	87,000	82,600	(4,400)	(5.1)	83,839
Financial services	205,000	203,000	(2,000)	(1.0)	192,487
Mail order services	129,000	129,000	—	—	158,732
Others	58,000	57,000	(1,000)	(1.7)	61,582
Total before eliminations	6,215,000	5,844,600	(370,400)	(6.0)	6,117,765
Eliminations / corporate	(78,000)	(74,600)	3,400	—	(72,061)
Consolidated total	6,137,000	5,770,000	(367,000)	(6.0)	6,045,704

(2) Operating income

(Millions of yen)

	Previously announced forecast (A)	Revised forecast (B)	Change (B-A)	Change (%)	(Reference) Previous fiscal year's results
Convenience store operations	315,400	309,000	(6,400)	(2.0)	304,110
Superstore operations	25,300	11,500	(13,800)	(54.5)	7,234
Department store operations	8,200	4,000	(4,200)	(51.2)	3,832
Food services	2,100	300	(1,800)	(85.7)	917
Financial services	51,400	52,000	600	1.2	49,697
Mail order services	(10,500)	(10,500)	—	—	(8,451)
Others	4,600	5,000	400	8.7	5,559
Total before eliminations	396,500	371,300	(25,200)	(6.4)	362,898
Eliminations / corporate	(17,500)	(18,300)	(800)	—	(10,578)
Consolidated total	379,000	353,000	(26,000)	(6.9)	352,320

4. Reason for Revision of Financial Results Forecast

With the approval of the 11th Annual Shareholders' Meeting held on May 26, 2016, the Company has been formulating a medium-term management plan under a new management structure to increase corporate value over the medium to long term and realize sustainable growth. Now, in the process of revising the profit plan for superstore operations and department store operations, to reduce inventory assets in superstore operations the Company decided on a sales plan expected to reduce gross profit on sales in the second half of the fiscal year ending February 28, 2017 by 11.0 billion yen due to the impact of sales price changes. In addition, the Company will newly recognize impairment loss related to stores in both segments and impairment of goodwill in department store operations in the second quarter financial results for the fiscal year ending February 28, 2017. As a result, operating income and net income attributable to owners of parent are expected to be lower than the previous forecast.

The announcement of the financial results for the second quarter of the fiscal year ending February 28, 2017 is planned for October 6. At the same time, the Company is preparing to announce the medium-term management plan for increasing corporate value related to the Group growth strategy and structural reform of business.

Breakdown of Main Impairment Loss

	Details	Amount
Ito-Yokado	Impairment loss related to stores	15.0 billion yen
Sogo & Seibu	Impairment loss related to stores	12.2 billion yen
Consolidated	Impairment of goodwill related to department store operations	33.4 billion yen
Total		60.6 billion yen

(1) Ito-Yokado

Based on the structural reform of business announced on October 8, 2015 and March 8, 2016, Ito-Yokado Co., Ltd. proceeded to improve productivity by closing stores with low profitability, invigorating sales spaces by introducing tenancies, and right-sizing head office staff. In addition, it improved profitability through efforts to reduce selling, general and administrative expenses, primarily by reducing sales promotion expenses.

However, with operating income continuing to underperform the initial target due to prolonged adversity in the consumption environment, Ito-Yokado has sought to reduce inventory assets. To this end, it has decided on a sales plan expected to reduce gross profit on sales in the second half of the fiscal year ending February 28, 2017 by 11.0 billion yen due to the impact of sales price changes. As a result, Ito-Yokado has revised downward its operating income forecast for the fiscal year ending February 28, 2017 and has newly recognized impairment loss related to stores of 15.0 billion yen in its financial results for the second quarter of the fiscal year ending February 28, 2017.

(2) Sogo & Seibu

Sogo & Seibu Co., Ltd., is proceeding with store closures and calls for voluntary retirement in line with the structural reform of business announced on October 8, 2015, March 8, 2016, and August 2, 2016. However, due to continued deterioration in the gross profit margin associated with a downturn in apparel sales, Sogo & Seibu has revised downward its operating income forecast for the fiscal year ending February 28, 2017, and has newly recognized impairment loss of 12.2 billion yen with regard to fixed assets related to stores in its financial results for the second quarter of the fiscal year ended February 28, 2017.

(3) Consolidated

Sogo & Seibu's business results have been lower than the initially formulated plan. The Company will therefore revise its business plan, and as a result of carefully examining the recoverable price, has decided to recognize impairment of goodwill of 33.4 billion yen in its financial results for the second quarter of the fiscal year ending February 28, 2017.

Furthermore, the yen has appreciated significantly compared with the assumed exchange rate at the time of the previous forecast. The projected full-year exchange rates have now been changed from 115.00 yen to 106.00 yen against the US dollar and from 19.00 yen to 16.00 yen against the Chinese yuan.

Note) The financial results forecast made by the Company's judgment based on currently available information. It is therefore possible that various factors could cause the Company's future performance to differ significantly from the contents of the forecast.