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## Consolidated Financial Results for the First Three Months of the Fiscal Year Ending February 28, 2021 (under IFRS)

July 8, 2020

Company name: **FamilyMart Co., Ltd.**  
 Listing: Tokyo Stock Exchange  
 Securities code: 8028  
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 Scheduled date to file quarterly securities report: July 15, 2020  
 Scheduled date to commence dividend payments: –  
 Preparation of supplementary material on quarterly financial results: Yes  
 Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

(Yen amounts are rounded to the nearest million, unless otherwise noted)

### 1. Consolidated financial results for the first three months of the fiscal year ending February 28, 2021 (from March 1, 2020 to May 31, 2020)

(1) Consolidated operating results (cumulative) (Percentages indicate year-on-year changes.)

	Gross operating revenue		Core operating profit		Profit before tax		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
May 31, 2020	111,763	(15.9)	8,983	(54.0)	4,686	(66.9)	6,787	(67.9)
May 31, 2019	132,913	(16.3)	19,516	47.6	14,170	5.4	21,165	23.1

	Profit attributable to owners of parent		Total comprehensive income		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Three months ended						
May 31, 2020	5,790	(71.5)	22,139	20.0	11.44	–
May 31, 2019	20,311	48.2	18,452	12.0	40.13	–

Note: The core operating profit is disclosed as an earnings indicator, which represents the amount after subtracting cost of sales and selling, general and administrative expenses from gross operating revenue.

### (2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of parent	Ratio of equity attributable to owners of parent	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
As of					
May 31, 2020	2,059,408	607,806	598,075	29.0	1,181.71
February 29, 2020	1,976,116	598,430	586,934	29.7	1,159.70

## 2. Cash dividends

	Dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 29, 2020	–	20.00	–	20.00	40.00
Fiscal year ending February 28, 2021	–				
Fiscal year ending February 28, 2021 (Forecast)		–	–	–	–

Note: Revisions to the forecast of cash dividends most recently announced: Yes

## 3. Consolidated earnings forecasts for the fiscal year ending February 28, 2021 (from March 1, 2020 to February 28, 2021)

(Percentages indicate year-on-year changes.)

	Gross operating revenue		Core operating profit		Profit before tax		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ending February 28, 2021	460,000	(11.0)	57,000	(11.7)	94,000	103.4	60,000	37.8	118.55

Note: Revisions to the earnings forecasts most recently announced: Yes

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates

(i) Changes in accounting policies required by IFRS: None

(ii) Changes in accounting policies due to other reasons: Yes

(iii) Changes in accounting estimates: None

Note: Please refer to “Changes in accounting policies” in “(6) Notes to condensed quarterly consolidated financial statements” of “2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto” on page 15 for details.

(3) Number of issued shares (ordinary shares)

a. Total number of issued shares at end of the period (including treasury shares)

As of May 31, 2020	506,849,252 shares
As of February 29, 2020	506,849,252 shares

b. Number of treasury shares at end of the period

As of May 31, 2020	741,576 shares
As of February 29, 2020	741,180 shares

c. Average number of shares outstanding during the period (cumulative from the beginning of the fiscal year)

For the three months ended May 31, 2020	506,107,811 shares
For the three months ended May 31, 2019	506,112,771 shares

**\* Quarterly financial results reports are exempt from quarterly reviews conducted by certified public accountants or an audit corporation.**

**\* Proper use of earnings forecasts, and other special items**

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable by the Company. Actual business and other results may differ substantially due to various factors.

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## 1. Qualitative Information Regarding Financial Results for the First Three Months

Consolidated financial results for the first three months of the fiscal year ending February 28, 2021 were as follows.

### (1) Information regarding operating results

During the first three months of the fiscal year ending February 28, 2021 (March 1, 2020 to May 31, 2020), the Japanese economy continued to experience extremely harsh conditions for employment, the economy, and consumers' lives due to the effect of the significant global impact of the spread of COVID-19, which led to dramatic changes in consumer spending.

FamilyMart Co., Ltd. (the "Company") has also been affected, with a fall in the number of customer store visits resulting from the increase in people working at home and refraining from going out due to the state-of-emergency declaration. Against the backdrop, in an effort to respond to demand changes and provide stable supplies of products and store operations, we have been contributing to local communities while engaging with customers in each region and continuing our efforts to generate further business growth, while putting the safety of customers, franchisees, and store staff first.

Under these circumstances, during the period under review, the Company prioritized "making steady progress in implementing franchised store support initiatives," while making efforts mainly to "strengthen earnings power," "advance financial and digital strategies," and "provide response to the spread of COVID-19."

#### (Making steady progress in implementing franchised store support initiatives)

For making steady progress in implementing franchised store support initiatives, we are implementing new measures to support franchisees based on co-existence and co-prosperity between head office and franchised stores, in accordance with the "Plan of Action to Support FamilyMart Franchised Stores," announced on April 25, 2019. We have been implementing a series of support initiatives to strengthen the business foundations of franchisees. These include increasing the amount of incentives for operating multiple stores and re-contracting, increasing the amount of compensation for opening stores 24 hours a day, reinforcing measures for preventing disposal losses on unsold items shouldered by stores, and promoting the system whereby at their discretion franchisees may opt to utilize shorter working hours.

#### (Strengthening earnings power)

To strengthen earnings power, in April 2020 we launched regional limited versions (seven versions in total) of "POKECHIKI," a strong seller since its introduction in May 2019, in a move decided by a popularity vote among franchisees. The regional limited versions use ingredients and seasonings and so forth that provide a distinctive local flavor, which has proved popular. In Frappe, which is made using the new coffee machines whose store-wide roll-out was completed in the fiscal year ended February 29, 2020, we grew sales mainly among female customers by expanding our lineup with special attention to texture and appearance, such as Gishshiri Manzoku! Choco-Mint Frappe, a collaboration product with a popular ice cream. From March 2020, we also rolled out a series of bentos (boxed lunches) featuring soy meat in response to increasing health consciousness and diverse food needs.

#### (Advancing financial and digital strategies)

In advancing financial and digital strategies, the FamiPay smartphone app with barcode payment function launched in July 2019 had reached a total of 5 million downloads as of February 2020. From March 2020, the FamiPay charge function for linking with a bank account became available. We are working to expand the functionality to create an all-in-one app that makes daily shopping convenient and enjoyable.

#### (Providing response to the spread of COVID-19)

In providing a response to the spread of COVID-19, we conducted a ¥100 sale of FAMICHIKI and provided free content to children using multifunction copying machines as emergency measures to support consumers' lives. At FamilyMart stores nationwide, we continued operations while taking steps to prevent the spread of COVID-19, such as free distribution of droplet infection prevention

sheets and masks to store staff. Moreover, we provided various kinds of support including payment of disaster condolence money to stores where infected people were identified, covering the cost of store disinfection to assist with the restart of operations, and implementing special measures for franchised stores whose business environment had deteriorated due to decreased revenue. In addition, we provided relief supplies through collecting donations at our stores, food bank activities, and response to requests for support from medical institutions, accommodation facilities for infectious disease recovery, and local governments.

In addition to the above, we also engaged in the following initiatives.

(Sustainability)

As part of the “FamilyMart Environmental Vision 2050,” which sets out our medium- to long-term goals for 2030 and 2050, from March 2020 we switched from plastic to wooden stirrers for espresso machine coffee, and in April 2020 we started phasing in strawless lids for iced coffee. Looking ahead, we will continue promoting initiatives for realizing a sustainable society.

(Health and Productivity Management)

The Company has been making a focused effort on Health and Productivity Management, having formulated the Health Charter in October 2019, based on the consideration that the health of employees and other people involved with the Company’s business is the foundation of the future that we envisage. As a result, the Company was selected as one of the 2020 Certified Health & Productivity Management Outstanding Organizations (“White 500”) in March 2020.

(Overseas business)

On May 27, 2020, the Company entered into an agreement to transfer all of the shares of Central FamilyMart Co., Ltd. (“CFM”), an entity accounted for using equity method operating a convenience store business in Thailand in which the Company had a 49% stake, to Central Food Retail Company Limited, a wholly owned subsidiary of Central Retail Corporation Limited that is a business partner of the Company. The share transfer was completed on the same date. As a result, CFM will cease to be an entity accounted for using equity method of the Company in the fiscal year ending February 28, 2021. However, the FamilyMart brand’s convenience store business in Thailand is continuing its operation through CFM.

The total number of stores operated in Japan was 16,613 (including 924 stores operated by three domestic area franchisers) as of May 31, 2020. The total number of stores operated overseas, primarily in East Asia, was 8,032 and the aggregate number of FamilyMart chain stores worldwide totaling both domestic and overseas stores was 24,645 as of the same date.

As a result, gross operating revenue for the period under review decreased by 15.9% year on year to ¥111,763 million, core operating profit (Note) decreased by 54.0% to ¥8,983 million, profit before tax decreased by 66.9% to ¥4,686 million and profit attributable to owners of parent decreased by 71.5% to ¥5,790 million.

On March 30, 2020, the Company received an administrative order from the Consumer Affairs Agency for violating Article 5, item (i) of the Act against Unjustifiable Premiums and Misleading Representations (the “Premiums and Representations Act”). The Company takes this administrative order seriously, and will ensure that the content is made known to all officers and employees. We will also review the internal training related to the Premiums and Representations Act, as well as our systems for preventing a recurrence, strengthening our management system through these and other efforts to strengthen compliance and prevent a recurrence.

Note: Core operating profit, which represents the amount after subtracting cost of sales and selling, general and administrative expenses from gross operating revenue, is an earnings indicator unique to the Company, and is not required to be disclosed under IFRS.

## (2) Explanation of financial position

## (i) Assets, liabilities and equity

Assets were ¥2,059,408 million, an increase of ¥83,292 million compared with the end of the fiscal year ended February 29, 2020. This was primarily due to increases in cash and cash equivalents and other financial assets.

Liabilities were ¥1,451,602 million, an increase of ¥73,916 million compared with the end of the fiscal year ended February 29, 2020. This was primarily due to an increase in deposits received.

Equity was ¥607,806 million, an increase of ¥9,376 million compared with the end of the fiscal year ended February 29, 2020. This was primarily due to an increase in other components of equity despite a decrease in retained earnings.

As a result, the ratio of equity attributable to owners of parent as of May 31, 2020 was 29.0%, and the net debt-equity ratio was negative 0.2 times. Note that the calculation used for the debt-equity ratio at the Company excludes lease liabilities from the interest-bearing debt.

## (ii) Cash flows

Cash and cash equivalents (hereafter “cash”) at the end of the first quarter of the fiscal year ending February 28, 2021 was ¥336,483 million, an increase of ¥53,238 million compared with the end of the fiscal year ended February 29, 2020. The respective cash flow positions and the factors thereof are as follows.

**Cash flows from operating activities**

Net cash provided by operating activities was ¥152,797 million, an increase of ¥102,974 million compared with the first three months of the fiscal year ended February 29, 2020. This was primarily due to an increased amount of increase in deposits received.

**Cash flows from investing activities**

Net cash used in investing activities was ¥42,823 million, an increase of ¥20,128 million compared with the first three months of the fiscal year ended February 29, 2020. This was primarily due to the absence of cash flows from investing activities of discontinued operations in relation to the transfer of the shares of UNY CO., LTD. in the first three months of the fiscal year ended February 29, 2020.

**Cash flows from financing activities**

Net cash used in financing activities was ¥56,465 million, an increase of ¥2,820 million compared with the first three months of the fiscal year ended February 29, 2020. This was primarily due to an increase in repayments of lease liabilities.

## (3) Explanation of consolidated earnings forecasts and other forward-looking statements

The Company has made revisions to the earnings forecasts for the fiscal year ending February 28, 2021 that were announced on April 13, 2020. The revision was made after newly taking into account the change in subsidiaries as a result of the partial transfer of shares that was determined on the release date of this report, and impairment losses on store assets, etc., and also factoring in the most recent earnings trends, and so forth.

Furthermore, forecasts for cash dividends for the fiscal year ending February 28, 2021 have likewise been revised because of a tender offer planned for the Company’s shares.

For details, please refer to “Notice of the Posting of Other Income and Other Expenses (IFRS) and Revisions to Earnings and Dividend Forecasts” announced on July 8, 2020, the release date of this report.

**2. Condensed Quarterly Consolidated Financial Statements and Significant Notes Thereto****(1) Condensed quarterly consolidated statement of financial position**

	(Millions of yen)	
	As of February 29, 2020	As of May 31, 2020
Assets		
Current assets		
Cash and cash equivalents	283,245	336,483
Trade and other receivables	150,373	160,247
Other financial assets	10,126	12,387
Inventories	23,495	21,160
Other current assets	7,672	11,652
Total current assets	474,910	541,928
Non-current assets		
Property, plant and equipment	197,424	196,664
Right-of-use assets	765,081	748,089
Investment property	13,608	13,045
Goodwill	139,557	138,650
Intangible assets	56,303	55,025
Investments accounted for using equity method	33,189	31,714
Leasehold deposits	88,338	88,297
Other financial assets	125,494	165,760
Deferred tax assets	75,348	71,039
Other non-current assets	6,863	9,196
Total non-current assets	1,501,206	1,517,479
Total assets	1,976,116	2,059,408

	(Millions of yen)	
	As of February 29, 2020	As of May 31, 2020
Liabilities and equity		
Liabilities		
Current liabilities		
Trade and other payables	240,155	259,753
Deposits received	136,187	209,757
Bonds and borrowings	78,850	92,089
Lease liabilities	146,939	162,321
Income taxes payable	4,726	2,136
Other current liabilities	26,486	30,021
Total current liabilities	633,344	756,076
Non-current liabilities		
Bonds and borrowings	113,938	99,413
Lease liabilities	560,801	531,429
Other financial liabilities	13,818	13,819
Retirement benefit liability	9,919	9,821
Provisions	38,119	38,315
Other non-current liabilities	7,747	2,728
Total non-current liabilities	744,342	695,526
Total liabilities	1,377,686	1,451,602
Equity		
Share capital	16,659	16,659
Capital surplus	236,775	236,779
Treasury shares	(1,200)	(1,200)
Other components of equity	1,560	17,029
Retained earnings	333,140	328,807
Total equity attributable to owners of parent	586,934	598,075
Non-controlling interests	11,497	9,732
Total equity	598,430	607,806
Total liabilities and equity	1,976,116	2,059,408

## (2) Condensed quarterly consolidated statement of profit or loss

	(Millions of yen)	
	Three months ended May 31, 2019	Three months ended May 31, 2020
Continuing operations		
Gross operating revenue	132,913	111,763
Cost of sales	(18,475)	(12,500)
Operating gross profit	114,438	99,263
Selling, general and administrative expenses	(94,922)	(90,281)
Share of profit (loss) of investments accounted for using equity method	713	(199)
Other income	408	3,101
Other expenses	(5,222)	(5,683)
Finance income	436	349
Finance costs	(1,682)	(1,866)
Profit before tax	14,170	4,686
Income tax expense	5,678	2,102
Profit from continuing operations	19,848	6,787
Discontinued operations		
Profit from discontinued operations	1,317	-
Profit	21,165	6,787
Profit attributable to		
Owners of parent	20,311	5,790
Non-controlling interests	854	998
Profit	21,165	6,787
Earnings per share		
Basic earnings per share (Yen)		
Continuing operations	37.53	11.44
Discontinued operations	2.60	-
Total	40.13	11.44
Diluted earnings per share (Yen)		
Continuing operations	-	-
Discontinued operations	-	-
Total	-	-

## Reconciliation of core operating profit

	(Millions of yen)	
	Three months ended May 31, 2019	Three months ended May 31, 2020
Gross operating revenue	132,913	111,763
Cost of sales	(18,475)	(12,500)
Selling, general and administrative expenses	(94,922)	(90,281)
Core operating profit	19,516	8,983

Note: Core operating profit, which represents the amount after subtracting cost of sales and selling, general and administrative expenses from gross operating revenue, is an earnings indicator unique to the Company, and is not required to be disclosed under IFRS.

## (3) Condensed quarterly consolidated statement of comprehensive income

	(Millions of yen)	
	Three months ended May 31, 2019	Three months ended May 31, 2020
Profit	21,165	6,787
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Financial assets measured at fair value through other comprehensive income	(1,854)	15,162
Share of other comprehensive income of investments accounted for using equity method	(11)	(4)
Total of items that will not be reclassified to profit or loss	(1,865)	15,158
Items that may be reclassified to profit or loss		
Cash flow hedges	(2)	9
Exchange differences on translation of foreign operations	(823)	(174)
Share of other comprehensive income of investments accounted for using equity method	(24)	359
Total of items that may be reclassified to profit or loss	(848)	194
Other comprehensive income, net of tax	(2,713)	15,352
Comprehensive income	18,452	22,139
Comprehensive income attributable to		
Owners of parent	18,135	21,260
Non-controlling interests	318	880
Comprehensive income	18,452	22,139

(4) Condensed quarterly consolidated statement of changes in equity  
*First three months of the fiscal year ended February 29, 2020 (from March 1, 2019 to May 31, 2019)*  
(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
Exchange differences on translation of foreign operations				Cash flow hedges	Financial assets measured at fair value through other comprehensive income	
Balance as of March 1, 2019	16,659	236,747	(1,185)	(881)	5	7,649
Effect of accounting change	-	-	-	-	-	-
Restated balance	16,659	236,747	(1,185)	(881)	5	7,649
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	(355)	(2)	(1,819)
Total comprehensive income	-	-	-	(355)	(2)	(1,819)
Purchase of treasury shares	-	-	(4)	-	-	-
Disposal of treasury shares	-	0	0	-	-	-
Dividends	-	-	-	-	-	-
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	28	-	-	-	(8)
Disposal of subsidiaries	-	-	-	-	-	-
Transfer from other components of equity to retained earnings	-	-	-	-	-	171
Total transactions with owners	-	28	(3)	-	-	163
Balance as of May 31, 2019	16,659	236,775	(1,188)	(1,236)	3	5,993

(Millions of yen)

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of March 1, 2019	–	6,773	309,768	568,762	20,975	589,737
Effect of accounting change	–	–	(5,300)	(5,300)	–	(5,300)
Restated balance	–	6,773	304,468	563,461	20,975	584,437
Profit	–	–	20,311	20,311	854	21,165
Other comprehensive income	–	(2,176)	–	(2,176)	(537)	(2,713)
Total comprehensive income	–	(2,176)	20,311	18,135	318	18,452
Purchase of treasury shares	–	–	–	(4)	–	(4)
Disposal of treasury shares	–	–	–	1	–	1
Dividends	–	–	(10,186)	(10,186)	–	(10,186)
Changes in ownership interest in subsidiaries that do not result in a loss of control	–	(8)	–	20	(377)	(357)
Disposal of subsidiaries	–	–	–	–	(10,171)	(10,171)
Transfer from other components of equity to retained earnings	–	171	(171)	–	–	–
Total transactions with owners	–	163	(10,356)	(10,168)	(10,548)	(20,716)
Balance as of May 31, 2019	–	4,760	314,423	571,428	10,745	582,173

*First three months of the fiscal year ending February 28, 2021 (from March 1, 2020 to May 31, 2020)*  
(Millions of yen)

	Equity attributable to owners of parent					
	Share capital	Capital surplus	Treasury shares	Other components of equity		
Exchange differences on translation of foreign operations				Cash flow hedges	Financial assets measured at fair value through other comprehensive income	
Balance as of March 1, 2020	16,659	236,775	(1,200)	(1,307)	(7)	2,874
Profit	-	-	-	-	-	-
Other comprehensive income	-	-	-	269	9	15,191
Total comprehensive income	-	-	-	269	9	15,191
Purchase of treasury shares	-	-	(1)	-	-	-
Disposal of treasury shares	-	(0)	0	-	-	-
Dividends	-	-	-	-	-	-
Changes in ownership interest in subsidiaries that do not result in a loss of control	-	4	-	-	-	-
Total transactions with owners	-	4	(1)	-	-	-
Balance as of May 31, 2020	16,659	236,779	(1,200)	(1,038)	2	18,065

(Millions of yen)

	Equity attributable to owners of parent					
	Other components of equity		Retained earnings	Total	Non-controlling interests	Total
	Remeasurements of defined benefit plans	Total				
Balance as of March 1, 2020	–	1,560	333,140	586,934	11,497	598,430
Profit	–	–	5,790	5,790	998	6,787
Other comprehensive income	–	15,470	–	15,470	(118)	15,352
Total comprehensive income	–	15,470	5,790	21,260	880	22,139
Purchase of treasury shares	–	–	–	(1)	–	(1)
Disposal of treasury shares	–	–	–	0	–	0
Dividends	–	–	(10,122)	(10,122)	(2,640)	(12,762)
Changes in ownership interest in subsidiaries that do not result in a loss of control	–	–	–	4	(4)	–
Total transactions with owners	–	–	(10,122)	(10,119)	(2,644)	(12,763)
Balance as of May 31, 2020	–	17,029	328,807	598,075	9,732	607,806

## (5) Condensed quarterly consolidated statement of cash flows

(Millions of yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Cash flows from operating activities		
Profit before tax from continuing operations	14,170	4,686
Depreciation and amortization	53,362	53,064
Impairment losses	3,177	4,177
Share of loss (profit) of investments accounted for using equity method	(713)	199
Decrease (increase) in trade and other receivables	(35,261)	(7,104)
Decrease (increase) in inventories	(2,222)	2,162
Increase (decrease) in trade and other payables	5,623	21,975
Increase (decrease) in deposits received	13,190	73,747
Increase (decrease) in retirement benefit liability	(229)	(79)
Other	3,678	513
Subtotal	54,774	153,339
Interest and dividends received	1,670	1,112
Interest paid	(1,709)	(974)
Income taxes paid	(4,912)	(680)
Net cash provided by (used in) operating activities	49,824	152,797
Cash flows from investing activities		
Payments into time deposits	(2,487)	(2,905)
Proceeds from withdrawal of time deposits	–	718
Purchase of property, plant and equipment, right-of-use assets and investment property	(14,495)	(13,946)
Proceeds from sale of property, plant and equipment, right-of-use assets and investment property	223	174
Purchase of intangible assets	(902)	(2,640)
Payments for leasehold deposits	(1,971)	(609)
Proceeds from refund of leasehold deposits	1,463	263
Purchase of investments	(24,417)	(19,339)
Proceeds from sale and redemption of investments	177	0
Payments for disposal of businesses	(717)	–
Other	(1,268)	(4,540)
Cash flows from investing activities of discontinued operations	21,699	–
Net cash provided by (used in) investing activities	(22,694)	(42,823)

(Millions of yen)

	Three months ended May 31, 2019	Three months ended May 31, 2020
Cash flows from financing activities		
Proceeds from issuance of bonds and borrowings	24,381	36,984
Repayments of bonds and borrowings	(26,455)	(38,139)
Repayments of lease liabilities	(41,025)	(45,187)
Payments for purchase of treasury shares	(4)	(1)
Purchase of interests in subsidiaries from non-controlling shareholders	(357)	–
Dividends paid	(10,186)	(10,122)
Other	1	0
Net cash provided by (used in) financing activities	(53,644)	(56,465)
Effect of exchange rate changes on cash and cash equivalents	(1,238)	(272)
Net increase (decrease) in cash and cash equivalents	(27,753)	53,238
Cash and cash equivalents at beginning of period (Opening balance on the consolidated statement of financial position)	353,498	283,245
Reclassification of cash and cash equivalents included in assets held for sale in the opening balance	11,665	–
Cash and cash equivalents at beginning of period	365,162	283,245
Cash and cash equivalents at end of period	337,409	336,483

## (6) Notes to condensed quarterly consolidated financial statements

**Notes on going concern assumption**

Not applicable.

**Changes in accounting policies**

The significant accounting policies for the condensed quarterly consolidated financial statements of the Company and its consolidated subsidiaries (collectively, the “Group”) have not changed from the previous fiscal year except for the following accounting standard.

Income tax expense for the first three months of the fiscal year ending February 28, 2021, was calculated based on the estimated average annual effective tax rate.

The Group has early applied the following standard effective from the first quarter of the fiscal year ending February 28, 2021.

IFRS		Outline of a new standard and amendments
IFRS 16	Leases	Amendment concerning accounting treatment in regard to COVID-19-related rent concessions
<p>This amendment allows a lessee of a lease subject to a rent concession occurring as a direct consequence of the COVID-19 pandemic to elect to apply a simplified accounting treatment.</p> <p>Under this amendment, the lessee may elect to apply the practical expedient and not assess whether a COVID-19-related rent concession that meets certain prescribed conditions is a “lease modification,” as stipulated in IFRS 16.</p> <p>The Group has elected to apply this practical expedient for rent concessions that meet those certain prescribed conditions referred to above.</p> <p>As a result of applying the practical expedient, profit before tax for the first three months of the fiscal year ending February 28, 2021 increased by ¥650 million.</p>		

**Segment information**

Information about operating segments

As the Group uses a single reportable segment, the “convenience store business,” information by reportable segment is omitted.

**Loss of control**

*First three months of the fiscal year ended February 29, 2020 (from March 1, 2019 to May 31, 2019)*

Sale of subsidiaries

## Partial transfer of shares in Kanemi Co., Ltd.

The Company decided, by resolution at the meeting of the Board of Directors held on February 27, 2019, to partially transfer shares held by the Company in Kanemi Co., Ltd. to Pan Pacific International Holdings Corporation and the transfer was completed on April 12, 2019. Consequently, the proportion of voting rights owned in Kanemi Co., Ltd. changed from 53.14% to 26.57%, and said company became an associate of the Company.

## a. Major components of assets and liabilities as at the date of loss of control

	(Millions of yen)
	Amount
Current assets	20,365
Non-current assets	17,571
Total assets	<u>37,936</u>
Current liabilities	11,153
Non-current liabilities	196
Total liabilities	<u>11,349</u>

## b. Cash flows from the loss of control

	(Millions of yen)
	Amount
Cash and cash equivalents received as consideration for the loss of control	7,892
Cash and cash equivalents of subsidiaries over which control was lost	(8,609)
Payments for sale of shares of subsidiaries	<u>(717)</u>

## c. Gain or loss on the loss of control

Loss recognized in conjunction with the loss of control over Kanemi Co., Ltd. is ¥732 million and included in “other expenses” in the condensed quarterly consolidated statement of profit or loss. This is valuation loss recognized as a result of remeasurement of the remaining investment after the transfer at fair value as of the date of loss of control.

**Subsequent events**Partial transfer of shares in Taiwan FamilyMart Co., Ltd.

At the meeting of the Board of Directors held on July 8, 2020, the Company decided to transfer a portion of its shareholding of Taiwan FamilyMart Co., Ltd., a subsidiary of the Company and area franchiser in Taiwan, to a joint venture company (name undecided; the Company to hold a 49% stake) planned to be established between the Company and either business alliance partner Pan Pacific International Holdings Corporation (“PPIH”) or a subsidiary of PPIH. This is part of the Company’s strategy to strengthen the cooperative relationship in the overseas business with PPIH.

## (1) Overview of transaction

- |  |                                    |
|--|------------------------------------|
| a. Agreement execution date:           | September 2020 (planned)           |
| b. Share transfer execution date:      | October 2020 (planned)             |
| c. Number of shares to be transferred: | 11,161,001 shares                  |
| d. Transfer price:                     | NT\$2,496 million (¥9,109 million) |

Note: The Japanese yen amount in parentheses was converted based on the exchange rate on July 7, 2020, and will differ from the amount on the transfer date due to rate fluctuation.

- (2) Ownership proportion before and after the share transfer
- |   |               |
|---|---------------|
| a. Proportion of voting rights owned before transfer: | 50.00%        |
| b. Proportion of voting rights owned after transfer:  | 45.00% (Note) |
- Note: Due to this share transfer, the Company will lose control over Taiwan FamilyMart Co., Ltd., and Taiwan FamilyMart Co., Ltd. will change from a subsidiary to an associate.
- (3) Impact on future business results  
The impact of this share transfer on the consolidated financial statements has not been finalized at this point in time.

**Additional information**

The Company's opinion on tender offer for the Company's shares by subsidiary of ITOCHU Corporation

With respect to the tender offer to be made by the subsidiary of ITOCHU Corporation, the parent of the Company, to acquire ordinary shares of the Company (the "Tender Offer"), the Company resolved at the meeting of the Board of Directors held on July 8, 2020 to express an opinion endorsing the Tender Offer, and defer to the judgment of the shareholders of the Company regarding whether or not to tender their shares in the Tender Offer. The Company will file the Target Company's Position Statement under Article 27-10 of the Financial Instruments and Exchange Act on July 9, 2020. The aforementioned resolution at the meeting of the Board of Directors was adopted on the understanding that the tender offeror intends to make the Company a wholly-owned subsidiary of the tender offeror through the Tender Offer and a series of procedures to be implemented thereafter, and that ordinary shares of the Company are to be delisted.