

**FamilyMart Co., Ltd.**

**Abbreviated Transcript of the Question and Answer Session for the Financial Results Teleconference for the Fiscal Year Ended February 29, 2020.**

Date: April 14, 2020 (Tuesday 10:00 a.m.– 11:00 a.m.)

Q. What were the reasons for the difference between your forecasted impairment loss for fiscal 2019 and the actual impairment loss recorded?

A. The primary reason for this difference was the decline in profitability at certain stores owing in part to the impact of store openings by competitors.

Q. Why did the number of Company-owned stores increase at the end of fiscal 2019?

A. The number increased due to the fact that our headquarters took over the operations of stores that franchisees were unable to continue to manage due to various reasons. Within our forecasts, we have already factored in the possibility that the number of Company-owned stores will further increase in the future.

Q. Could you please talk about the specific initiatives you carried out to streamline the organization of your headquarters as well as your outlook for similar initiatives during the current fiscal year?

A. Our most significant effort in that regard is the major reduction in the size of our organization. In addition, we are currently pursuing efforts to reduce store rents and curtail impairment losses. We also still have room to further reduce costs.

Q. It seems that your top-line growth has weakened since January 2020. Is this due to the impact of such factors as reducing the size of your headquarters and changing your organization?

A. We have made adjustments to our personnel and significantly changed our organization. We hope to hold continued discussion on areas we need to improve and work to strengthen those areas going forward.

Q. Even if you are unable to maintain your anticipated top-line growth in the current period, do you believe you can achieve your target for profit through cost reductions?

A. At the moment, we do not expect conditions to normalize from May on, and we therefore need to carefully observe the situation going forward. Rather than relying on our top-line growth, we view the current state of emergency as an opportunity and will examine areas in which we can further reduce costs.

Q. Could you please comment on the specific details of your investment in systems during the current period as well as the impact of depreciation?

A. For our planned investment in systems during the current period, which will total ¥15.0 billion, we aim to carry out investments in updating aging infrastructure at our headquarters as well as investments in our financial and digital strategies. Depreciation will increase in fiscal 2020 due primarily to the impact of investments in existing stores executed in the previous period.

Q. Could you explain the details of the one-time profit of ¥4.0 billion, which is stated as a reason for the increase in profit attributable to owners of parent in your plans for the current period?

A. This refers to an individual project, and as such I am unable to disclose the details. However, we believe the likelihood of this project being a success is high.

Q. Please discuss store openings and closings during the current period and over the medium to long term.

A. We have not determined specific numbers for store openings and closings during the current period, but we expect to carry out store openings at a level that will allow us to maintain our current business scale. Since the management integration with UNY Group Holdings Co., Ltd. in 2016, we have been placing brand conversion as an issue of top priority and have worked to close unprofitable stores. We are now shifting our direction from expanding business scale to enhancing the profitability of existing stores. Accordingly, we are placing priority on investing in our existing stores.

Q. For your next medium-term management plan, what is your thought process on establishing time periods and themes?

A. At the moment, we are placing the utmost importance on responding to the spread of COVID-19, which means we are not at a stage in which I can discuss our specific plans.

Q. Could you comment on the impact of COVID-19 as well as your response to the virus?

A. The impact of COVID-19 differs greatly depending on store location. We will closely examine the data we have thus far recorded to establish an order of priority in terms of issues to address and carry out a swift response accordingly. Also, we will enhance our capacity to procure daily necessities such as thermometers and paper products, for which demand is currently rising.

Q. How do you intend to support your franchisees when it comes to the impact of COVID-19?

A. Such support will likely not be provided in a uniform manner as the impact from the

virus differs significantly by store. Therefore, we will provide detailed support on a store-by-store basis while giving consideration to each franchisees' situation.

Q. It is anticipated that the digitalization of operations will provide opportunities to improve work efficiency and reduce costs. What kind of initiatives will you implement in this regard?

A. As a general rule, employees at our headquarters are teleworking, and this has not caused any particular hinderance to our business activities. We would like to use this current situation as a catalyst for reforming workstyles and reviewing our operational efficiency. By doing so, we will realize cost reductions and improve our productivity.