

# Notice of Convocation of the 38th Ordinary General Meeting of Shareholders

**Date and Time:**

10 a.m., Tuesday, May 28, 2019

**Venue:**

“Prince Room” on the Basement 1st Floor, Grand Prince Hotel Takanawa,  
13-1, Takanawa 3-chome, Minato-ku, Tokyo

\* Please note that we do not prepare souvenirs for attending shareholders. We appreciate your understanding.

**Resolution Items:**

**No. 1:** Partial Amendments to the Articles of Incorporation

**No. 2:** Election of Twelve Directors

**No. 3:** Election of Four Corporate Auditors

**No. 4:** Revision of Amounts of Remuneration to Directors and Corporate Auditors

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FamilyMart UNY Holdings Co., Ltd.

Securities Code: 8028

## Announcement

### ■ Conclusion of Absorption-Type Merger Agreement with the Company as the Surviving Company and FamilyMart Co., Ltd. as the Absorbed Company

The Company has judged that it will be able to further promote management efficiency by centralizing group business management. At a meeting of the Board of Directors of the Company held on April 10, 2019, the Company resolved to conduct an absorption-type merger (hereinafter the “Absorption-Type Merger”) of FamilyMart Co., Ltd., a wholly owned subsidiary of the Company, effective on September 1, 2019, and to change the trade name of the Company to FamilyMart Co., Ltd. following the Absorption-Type Merger.

The Absorption-Type Merger is a simplified merger for the Company pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, and a short-form merger for FamilyMart pursuant to the provisions of Article 784, Paragraph 1 of the Companies Act. Therefore, the Absorption-Type Merger will be conducted without obtaining the approval for the merger agreement between the Company and FamilyMart from the General Meeting of Shareholders.

Please refer to the “Notice Regarding the Absorption-Type Merger (Simplified/Short-Form Merger) of a Subsidiary and Trade Name Change” dated April 10, 2019 (and published on the Company’s website at <http://www.fu-hd.com/>) for further details.

## ■ Management Structure

In preparation for the Absorption-Type Merger, the Company changed its management structure as of May 1, 2019, with Koji Takayanagi assuming the position of Representative Director and Chairman and Takashi Sawada assuming the position of Representative Director and President.

The Company plans to adopt the management structure shown below following the 38th Ordinary General Meeting of Shareholders, and to carry on this management structure after the Absorption-Type Merger of September 1, 2019.

Directors		Corporate Auditors	
Representative Director and Chairman	Koji Takayanagi	Corporate Auditor (Outside)	Yasuhiro Baba
Representative Director and President	Takashi Sawada	Corporate Auditor	Shintaro Tateoka
Director, Executive Vice President and Executive Officer	Toshio Kato	Corporate Auditor	Katsuji Sato
Director and Senior Managing Executive Officer	Kunihiro Nakade	Corporate Auditor (Outside)	Takayuki Aonuma
Director and Senior Managing Executive Officer	Isao Kubo	Corporate Auditor (Outside)	Ichiro Uchijima
Director and Managing Executive Officer	Naoyoshi Tsukamoto	Corporate Auditor (Outside)	Yoshiko Shirata
Director and Managing Executive Officer	Atsushi Inoue		
Director and Executive Officer	Jun Takahashi		
Director and Executive Officer	Mikio Nishiwaki		
Director (Outside)	Tadashi Izawa		
Director (Outside)	Mika Takaoka		
Director (Outside)	Chikako Sekine		

Total 6 persons (including 4 Outside Corporate Auditors)

Total 12 persons (including 3 Outside Directors)

To All Shareholders

Takashi Sawada  
Representative Director and President  
FamilyMart UNY Holdings Co., Ltd.  
1-21, Shibaura 3-chome,  
Minato-ku, Tokyo, Japan

## Notice of Convocation of the 38th Ordinary General Meeting of Shareholders

Dear Shareholder:

This is to inform you that the Ordinary General Meeting of Shareholders (“Meeting”) of FamilyMart UNY Holdings Co., Ltd. (the “Company”) for the 38th Term will be held as described below and to request your attendance at the Meeting.

In the event that you are unable to attend the Meeting, you may exercise your voting rights by either method stated below. Please see the “Reference Document for the General Meeting of Shareholders” provided below, and exercise your voting rights so that it arrives no later than 6 p.m. on Monday, May 27, 2019.

[Exercise of voting rights in writing]

Please indicate your vote for or against each of the proposals on the enclosed Voting Rights Exercise Form, and return it so that it arrives no later than 6 p.m., on Monday, May 27, 2019.

[Exercise of voting rights electronically (via the Internet, etc.)]

Please refer to the “Guide to Exercise of Voting Rights” on pages 5-6, and register your vote for or against each of the proposals no later than 6:00 p.m., on Monday, May 27, 2019.

Institutional investors may use the electronic voting platform operated by ICJ, Inc.

1. Date and Time: 10 a.m., Tuesday, May 28, 2019
2. Venue: “Prince Room” on the Basement 1st Floor, Grand Prince Hotel Takanawa,  
13-1, Takanawa 3-chome, Minato-ku, Tokyo
3. Agenda:  
Reporting Items: 1. Report on the business report, consolidated financial statements and the Audit Results Reports of the Accounting Auditors and the Board of Corporate Auditors for the consolidated financial statements for the 38th fiscal year (from March 1, 2018 through February 28, 2019)  
2. Report on the financial statements for the 38th fiscal year (from March 1, 2018 through February 28, 2019)

Resolution Items:

**No. 1:** Partial Amendments to the Articles of Incorporation

**No. 2:** Election of Twelve Directors

**No. 3:** Election of Four Corporate Auditors

**No. 4:** Revision of Amounts of Remuneration to Directors and Corporate Auditors

Notes:

1. When you attend the Meeting, please present the enclosed Voting Rights Exercise Form at the reception desk. For exercise of voting rights by proxy, you may delegate one shareholder who has voting rights as your proxy. In such cases, the proxy is required to present a letter of proxy.
2. Notes to the Consolidated Financial Statements and Notes to the Financial Statements are provided on the Company's website, pursuant to the provisions of applicable laws and regulations as well as Article 15 of the Company's Articles of Incorporation, and therefore are not included in this Convocation Notice.
3. This Convocation Notice does not include a complete set of the Consolidated Financial Statements and the Financial Statements audited by the Company's Corporate Auditors and Accounting Auditors in preparing their Audit Results Reports.
4. Should any revisions be made to the business report, consolidated financial statements, financial statements and/or Reference Document for the General Meeting of Shareholders, such changes will be posted on the Company's website.

Company's website  
<http://www.fu-hd.com/>

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**This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.**

## Reference Document for the General Meeting of Shareholders

### No. 1: Partial Amendments to the Articles of Incorporation

#### 1. Reason for the amendments

- (1) The Company plans to conduct an absorption-type merger (hereinafter the “Absorption-Type Merger”) of its wholly owned subsidiary FamilyMart Co., Ltd., on September 1, 2019 (planned), and transition from a holding company that controls or manages each operating company, to an operating company that conducts business on its own. Due to the associated changes in management structure, the Company has decided to amend Article 1 (Trade Name) and Article 2 (Objectives), Paragraph 1 main clause and Paragraph 2, of the current Articles of Incorporation.  
The above partial amendments to Article 1 and Article 2, Paragraph 1 main clause and Paragraph 2 of the current Articles of Incorporation shall take effect as of the effective date of the Absorption-Type Merger (planned for September 1, 2019), subject to the effectuation of the Absorption-Type Merger.
- (2) To address future business development and increasingly diverse businesses of the Group including the Company’s subsidiaries, the Company has decided to make additions and amendments, etc., to Article 2 (Objectives), Paragraph 1 of the current Articles of Incorporation.
- (3) For the purpose of enhancing the audit system, the Company has decided to amend Article 27 (Number of the Corporate Auditors) of the current Articles of Incorporation, from no more than five (5) Corporate Auditors to no more than six (6) Corporate Auditors.

#### 2. Description of the amendments

The proposed amendments are as follows:

(Underlined portions indicate the amendments.)

Current Articles of Incorporation	Proposed Amendments
(Trade Name) Article 1 The Company shall be called <u>UNY FAMILYMART HOLDINGS KABUSHIKIKAISHA</u> and its English name shall be <u>FamilyMart UNY Holdings Co., Ltd.</u>	(Trade Name) Article 1 The Company shall be called <u>KABUSHIKIKAISHA FAMILYMART</u> and its English name shall be <u>FamilyMart Co., Ltd.</u>

Current Articles of Incorporation	Proposed Amendments
<p>(Objectives) Article 2 The Company aims to control or manage the business activities of companies (including foreign companies), partnerships (including foreign equivalents) and any other equivalent business entities that engage in the businesses listed in the following items by holding stocks or interests in such entities.</p> <p>1.-74. (provisions omitted)</p> <p>75. Issuing / sale / management of electronic money, electronic tickets and <u>the</u> electronic value information <u>on them</u></p> <p>76. Bank agency business, foreign exchange business and money changing business</p> <p>77.-80. (provisions omitted)</p> <p>(2) <u>The Company shall be entitled to engage in any businesses listed in the items of the preceding paragraph and any businesses incidental or related thereto</u></p>	<p>(Objectives) Article 2 The Company aims to <u>engage in the businesses listed in the following lines of business and</u> control or manage the business activities of companies (including foreign companies), partnerships (including foreign equivalents) and any other equivalent business entities that engage in the businesses listed in the following items by holding stocks or interests in such entities.</p> <p>1.-74. (unchanged)</p> <p>75. Issuing / sale / management of electronic money, electronic tickets and <u>other</u> electronic value information</p> <p>76. Bank agency business, foreign exchange business and money changing business, <u>and fund transfer business</u></p> <p>77.-80. (unchanged)</p> <p style="text-align: center;">(deleted)</p>
<p>(Number of the Corporate Auditors) Article 27 The Company shall have no more than <u>five (5)</u> Corporate Auditors.</p>	<p>(Number of the Corporate Auditors) Article 27 The Company shall have no more than <u>six (6)</u> Corporate Auditors.</p>

## No. 2: Election of Twelve Directors

Of the thirteen (13) Directors elected at the 37th Ordinary General Meeting of Shareholders, Norio Sako, Jiro Koshida, and Hiroaki Tamamaki resigned as Directors as of February 28, 2019, and the terms of office of all of the other current Directors (10 persons) will expire at the conclusion of this Meeting. Accordingly, we propose that twelve (12) Directors, including three (3) Outside Directors, be elected. The candidates for Director are as described below:

Candidate No.	Name Date of Birth	Attributes	Attendance at Board of Directors' meetings for the fiscal year under review (Note)
1	Koji Takayanagi November 4, 1951	Reappointment	100% (21/21 meetings)
2	Takashi Sawada July 12, 1957	Reappointment	95% (20/21 meetings)
3	Toshio Kato March 2, 1961	Reappointment	100% (21/21 meetings)
4	Kunihiro Nakade December 23, 1957	Reappointment	100% (21/21 meetings)
5	Isao Kubo October 19, 1958	Reappointment	100% (16/16 meetings)
6	Naoyoshi Tsukamoto July 4, 1959	Reappointment	100% (16/16 meetings)
7	Atsushi Inoue July 25, 1962	New appointment	—
8	Jun Takahashi August 24, 1959	Reappointment	100% (21/21 meetings)
9	Mikio Nishiwaki September 12, 1958	New appointment	—
10	Tadashi Izawa May 15, 1953	Reappointment Outside Director Independent Director	93% (15/16 meetings)
11	Mika Takaoka June 19, 1968	New appointment Outside Director Independent Director	—
12	Chikako Sekine December 16, 1953	New appointment Outside Director Independent Director	—



No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
1	Koji Takayanagi (November 4, 1951) Reappointment	<p>April 1975      Joined ITOCHU Corporation</p> <p>October 1998    General Manager of Crude &amp; Fuel Oil Department of ITOCHU Corporation</p> <p>June 2005      Executive Officer of ITOCHU Corporation</p> <p>April 2008      Managing Executive Officer and President of Chemical, Forest Products &amp; General Merchandise Company of ITOCHU Corporation</p> <p>June 2008      Representative Director and Managing Director of ITOCHU Corporation</p> <p>April 2009      Representative Director, Managing Director, Chief Corporate Planning Officer and Chief Information Officer of ITOCHU Corporation</p> <p>April 2012      Representative Director and Senior Managing Executive Officer, Chief Strategy Officer and General Manager of Corporate Planning &amp; Administration Division of ITOCHU Corporation</p> <p>April 2015      Representative Director, Executive Vice President and President of Food Company of ITOCHU Corporation</p> <p>May 2016      Director of UNY Co., Ltd.</p> <p>March 2017     President and Executive Officer of the Company</p> <p>May 2017      Representative Director and President of the Company</p> <p>May 2019      Representative Director and Chairman of the Company (currently serving)</p>	—

Reason for choosing the candidate for Director

Koji Takayanagi has held positions as officers such as Chief Operating Officer of various divisions over many years at ITOCHU Corporation. Since he assumed his position as Representative Director and President of the Company in May 2017, he has directed the management of the Company with his strong leadership and has contributed to improving the profitability and corporate value of the Group. Since May 2019, as Representative Director and Chairman of the Company, Mr. Takayanagi has continued to chair the Board of Directors' meetings and has fulfilled his duties as a Director. We believe that, for the above reasons, Koji Takayanagi is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
2	Takashi Sawada (July 12, 1957) Reappointment	<p>April 1981      Joined ITOCHU Corporation</p> <p>November 1998      Director and Executive Vice President of FAST RETAILING CO., LTD.</p> <p>February 2003      Founded and assumed role as President and Representative Director of Kiacon Corporation</p> <p>October 2005      Founded and assumed role as Representative Director, President and Chief Executive Officer of Revamp Corporation</p> <p>April 2016      Representative Director and Chairman of Revamp Corporation</p> <p>May 2016      Director and Chairman of Revamp Corporation</p> <p>May 2016      Director, Senior Managing Executive Officer and Assistant to President of the Company</p> <p>September 2016      Representative Director and President of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2017      Executive Vice President and Executive Officer, General Manager of CVS Business Department, Business Control Division of the Company</p> <p>May 2017      Director, Executive Vice President and Executive Officer, General Manager of CVS Business Department, Business Control Division of the Company</p> <p>March 2018      Representative Director and Executive Vice President, in charge of CVS of the Company</p> <p>May 2019      Representative Director and President of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director and President of FamilyMart Co., Ltd.</p>	3,900

Reason for choosing the candidate for Director

Takashi Sawada has held positions as a manager of retail and management consulting companies. After the management integration with UNY Group Holdings Co., Ltd.,\* he has served as Representative Director and President of FamilyMart Co., Ltd. Since May 2017, he has served as Director, Executive Vice President and Executive Officer of the Company, and since March 2018, as Representative Director and Executive Vice President of the Company. Also, as Officer in charge of CVS of the Company, he has contributed to improving the profitability of the convenience store business. Since May 2019, as Representative Director and President of the Company, he has directed the management of the Company with his strong leadership, and has fulfilled his duties as a Director. We believe that, for the above reasons, Takashi Sawada is necessary for the management of the Company and nominate him again for Director.

\*The absorption-type merger was implemented, effective September 1, 2016, with the Company as the surviving company and UNY Group Holdings Co., Ltd. as the absorbed company, which was followed by the implementation of an absorption-type demerger on the same day with the Company being the demerged company, and Circle K Sunkus Co., Ltd., which had been a wholly owned subsidiary of UNY Group Holdings Co., Ltd., being the succeeding company. As of September 1, 2016, Circle K Sunkus Co., Ltd., changed its company name to FamilyMart Co., Ltd. The absorption-type merger and the absorption-type demerger above are collectively called the "Management Integration."

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
3	Toshio Kato (March 2, 1961) Reappointment	<p>March 1983      Joined the Company</p> <p>September 2000      Deputy General Manager of Store Operation Department, Operation Division of the Company</p> <p>March 2003      Executive Officer and General Manager of Kita-Kanto District of the Company</p> <p>May 2007      Director, Managing Executive Officer, General Manager of Operation Division and Supervisor of Customer Service Office and Franchisee Relations Office of the Company</p> <p>March 2011      Managing Director, Managing Executive Officer, General Manager of Corporate Planning Division and General Manager of Corporate Planning Department of the Company</p> <p>March 2015      Director, Senior Managing Executive Officer, General Manager of Store Operation Division, General Manager of Information Systems Division and Supervisor of Customer Service Office and Franchisee Relations Office of the Company</p> <p>September 2016      Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company</p> <p>September 2016      Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division and Supervisor of Store Operation Division of FamilyMart Co., Ltd.</p> <p>March 2018      Director, Executive Vice President and Executive Officer, General Manager of Store Operation Division and Supervisor of Customer Service Office and Franchisee Relations Office of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2019      Director, Executive Vice President and Executive Officer, in charge of CVS of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	3,000

Reason for choosing the candidate for Director

Toshio Kato has held numerous positions at the Company over many years before the Management Integration, such as General Manager of Corporate Planning Division and Store Operation Division of the Company. Also, after the Management Integration, he has held positions such as General Manager of Corporate Planning Division and Officer in charge of CVS of the Company, as well as General Manager of Corporate Planning Division and Store Operation Division of FamilyMart Co., Ltd. He has formulated and executed management strategies of the Group. He has contributed to improving the profitability of the Company's convenience store business and has fulfilled his duties as a Director. We believe that, for the above reasons, Toshio Kato is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
4	Kunihiro Nakade (December 23, 1957) Reappointment	<p>April 1980      Joined ITOCHU Corporation</p> <p>May 2006      General Manager of CFO Office of ITOCHU Corporation</p> <p>May 2010      Chief Financial Officer of Textile Company of ITOCHU Corporation</p> <p>April 2011     Chief Financial Officer and Chief Information Officer of Textile Company of ITOCHU Corporation</p> <p>April 2012     Executive Officer and Deputy General Manager of General Accounting Control Division of ITOCHU Corporation</p> <p>April 2015     Managing Executive Officer and General Manager of General Accounting Control Division of ITOCHU Corporation</p> <p>May 2016      Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management &amp; Compliance Committee, Chairman of Business Process Improvement Committee, and Chairman of Corporate Social Responsibility Committee of the Company</p> <p>March 2018    Director, Senior Managing Executive Officer and Chief Financial Officer of the Company</p> <p>May 2018      Director, Senior Managing Executive Officer, Chief Financial Officer, Chairman of Risk Management &amp; Compliance Committee, and Chairman of Governance Committee of the Company (currently serving)</p> <p>March 2019    Director, Senior Managing Executive Officer, General Manager of CSR &amp; Management Division, Chairman of Risk Management &amp; Compliance Committee, and Chairman of Corporate Social Responsibility Committee of FamilyMart Co., Ltd. (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	400

Reason for choosing the candidate for Director

Kunihiro Nakade has engaged in accounting and finance related operations and has held positions such as general manager of the accounting department at ITOCHU Corporation over many years. After the Management Integration, as Chief Financial Officer, Chairman of Risk Management & Compliance Committee, and Chairman of Governance Committee of the Company, he has formulated the Group's financial strategies, strived to enhance its financial base, worked to strengthen and promote risk management and compliance, and has fulfilled his duties as a Director. We believe that, for the above reasons, Kunihiro Nakade is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
5	Isao Kubo (October 19, 1958) Reappointment	<p>April 1982      Joined ITOCHU Corporation</p> <p>April 2005      General Manager of Brand Marketing Department 3 of ITOCHU Corporation</p> <p>April 2008      General Manager of Planning &amp; Coordinating Department, Textile Company of ITOCHU Corporation</p> <p>April 2011      Chief Administrative Officer of ITOCHU International Inc. and President &amp; CEO of ITOCHU Canada Ltd.</p> <p>April 2013      Executive Officer and General Manager of Corporate Planning &amp; Administration Division of ITOCHU Corporation</p> <p>April 2016      Managing Executive Officer and General Manager of Internal Audit Division of ITOCHU Corporation</p> <p>April 2017      Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management &amp; Compliance Committee, Chairman of Corporate Social Responsibility Committee and Assistant General Manager of Corporate Planning Division of FamilyMart Co., Ltd.</p> <p>May 2017      Managing Executive Officer and Assistant General Manager of General Affairs and Human Resources Division of the Company</p> <p>September 2017      Managing Executive Officer and General Manager of Corporate Planning Division of the Company</p> <p>March 2018      Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company</p> <p>March 2018      Director, Senior Managing Executive Officer, General Manager of Corporate Planning Division and General Manager of International Business Division of FamilyMart Co., Ltd.</p> <p>May 2018      Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company (currently serving)</p> <p>April 2019      Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of FamilyMart Co., Ltd. (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	—

Reason for choosing the candidate for Director

Isao Kubo has been serving as Director of FamilyMart Co., Ltd., holding positions such as General Manager of Management Division and General Manager of Corporate Planning Division, after serving as the general manager of many divisions in ITOCHU Corporation including its overseas offices. Since September 2017, he has served as General Manager of Corporate Planning Division of the Company, and has formulated and executed the management strategies of the Group. He has fulfilled his duties as a Director, and we believe that, for the above reasons, Isao Kubo is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
6	Naoyoshi Tsukamoto (July 4, 1959) Reappointment	<p>September 1989    Joined Circle K Japan Co., Ltd.</p> <p>March 2006        Deputy General Manager of Service, Storage and Grocery Group, Marketing Department, Sales Control Division of Circle K Sunkus*</p> <p>March 2009        General Manager of Information Service Division of Circle K Sunkus</p> <p>March 2011        Executive Officer and General Manager of Information Systems &amp; Services Division of Circle K Sunkus</p> <p>February 2013    Director and General Manager of Merchandising Division of Circle K Sunkus</p> <p>May 2015          Managing Director and General Manager of Sales Control Division of Circle K Sunkus</p> <p>September 2016   Director, Managing Executive Officer, General Manager of Information Systems Division of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2017          Managing Executive Officer, General Manager of IT Promotion Department, Corporate Planning Division of the Company</p> <p>March 2018        Representative Director and President of UFI FUTECH Co., Ltd. (currently serving)</p> <p>May 2018          Director, Managing Executive Officer, Chief Information Officer, General Manager of IT Promotion Division, General Manager of CVS Information Systems Department and General Manager of New Project Office of the Company</p> <p>March 2019        Director, Managing Executive Officer, Chief Information Officer, General Manager of Information Systems Division and General Manager of CVS Information Systems Department of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd. Representative Director and President of UFI FUTECH Co., Ltd.</p>	1,245

\*Circle K Sunkus changed its company name to FamilyMart Co., Ltd., as of September 1, 2016.

Reason for choosing the candidate for Director

Naoyoshi Tsukamoto served as Managing Director at Circle K Sunkus. After the Management Integration, he has held positions such as General Manager of Information Systems Division of FamilyMart Co., Ltd., and Chief Information Officer and General Manager of IT Promotion Division of the Company. He has strived to improve the information systems of the Group and promote computerization and has fulfilled his duties as a Director. We believe that, for the above reasons, Naoyoshi Tsukamoto is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
7	Atsushi Inoue (July 25, 1962) New appointment	<p>April 1986      Joined the Company</p> <p>March 2005      Deputy General Manager of Shonan and Shizuoka District of the Company</p> <p>September 2009      Supervising General Manager of Saitama District of the Company</p> <p>March 2013      Executive Officer, General Manager of Tokyo-Daini Store Development Supervision Department, Store Development Division of the Company</p> <p>March 2015      Senior Managing Officer, Supervising General Manager of Tokyo II District of the Company</p> <p>September 2016      Senior Managing Officer, Supervising General Manager of Tokyo II District of FamilyMart Co., Ltd.</p> <p>March 2018      Managing Executive Officer and General Manager of Store Development Division of FamilyMart Co., Ltd. (currently serving)</p>	1,000

Reason for choosing the candidate for Director

Atsushi Inoue has engaged in store development operations over many years and has held positions such as Supervising General Manager of a District and General Manager of Store Development Supervision Department of the Company. After the Management Integration, he has held positions such as Supervising General Manager of a District and General Manager of Store Development Division of FamilyMart Co., Ltd., and has strived to build a high quality store network in the convenience store business. We hope that he will contribute to the management of the Company with his abundant experience as well as deep knowledge and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
8	Jun Takahashi (August 24, 1959) Reappointment	<p>June 1989      Joined Circle K Japan Co., Ltd.</p> <p>March 2008    Executive Officer and General Manager of Region Department-IV of Circle K Sunkus*</p> <p>May 2010      Director and General Manager of Sales Department of Circle K Sunkus</p> <p>February 2013   Director, Group Strategic Headquarters Director and Store Development Department Director of UNY Group Holdings</p> <p>May 2014      Director, Executive Officer, Group Strategic Headquarters Director and Store Development Department Director of UNY Group Holdings</p> <p>September 2016   Director, Senior Managing Officer, General Manager of General Affairs and Human Resources Division, Chairman of Corporate Social Responsibility Committee, and Chairman of Risk Management &amp; Compliance Committee of the Company</p> <p>March 2018    Director, Executive Officer, Chief Administrative Officer and General Manager of CSR &amp; Management Division of the Company</p> <p>May 2018      Director, Executive Officer, Chief Administrative Officer, General Manager of CSR &amp; Management Division, and Chairman of Corporate Social Responsibility Committee of the Company (currently serving)</p> <p>March 2019    Director, Executive Officer and General Manager of New Business Development Division of FamilyMart Co., Ltd. (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	2,156

\*Circle K Sunkus changed its company name to FamilyMart Co., Ltd., as of September 1, 2016.

Reason for choosing the candidate for Director

Before the Management Integration, Jun Takahashi engaged in formulating and executing the strategies of group businesses including the general retail business and the convenience store business at UNY Group Holdings. After the Management Integration, he has served as General Manager of General Affairs and Human Resources Division, General Manager of CSR & Management Division, and Chief Administrative Officer of the Company. He has strived to enhance and promote the Group's general affairs and human resources management, and has fulfilled his duties as a Director. We believe that, for the above reasons, Jun Takahashi is necessary for the management of the Company and nominate him again for Director.



No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
9	Mikio Nishiwaki (September 12, 1958) New appointment	<p>April 1982      Joined ITOCHU Corporation</p> <p>May 2008      General Manager of Aerospace, Electronics &amp; Multimedia, Finance, Realty, Insurance &amp; Logistics Services Control Office, Business Accounting &amp; Control Division of ITOCHU Corporation</p> <p>March 2010    Chief Financial Officer of Finance, Realty, Insurance &amp; Logistics Services Company of ITOCHU Corporation</p> <p>April 2012    Chief Financial Officer of Textile Company of ITOCHU Corporation</p> <p>May 2016      General Manager of Finance Department, Group Finance &amp; Accounting Headquarters of UNY Group Holdings</p> <p>May 2016      Director and Executive Officer, in charge of Finance of UNY Co., Ltd.</p> <p>September 2016   Executive Officer, General Manager attached to Finance Division, and Inazawa Department Director attached to Finance Department of the Company</p> <p>February 2017   Director, Senior Managing Officer and General Manager of Finance Department, Finance &amp; Accounting Headquarters of UNY Co., Ltd.</p> <p>March 2018    Director, Executive Officer and General Manager of Finance &amp; Accounting Division of FamilyMart Co., Ltd. (currently serving)</p> <p>March 2019    Executive Officer, General Manager of Finance &amp; Accounting Division and General Manager of CVS Finance &amp; Accounting Department of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	—

Reason for choosing the candidate for Director

Mikio Nishiwaki has engaged in accounting and finance-related operations over many years and has held positions such as Chief Financial Officer of a company at ITOCHU Corporation. After the Management Integration, as head of the Company's finance segment, he has formulated the Group's financial strategies and strived to enhance its financial base. We hope that he will contribute to the management of the Company with his abundant business experience as well as deep knowledge and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held	
10	Tadashi Izawa (May 15, 1953) Reappointment Outside Director Independent Director	April 1976	Joined the Ministry of International Trade and Industry (MITI)	—
		July 1994	Director, Public Relations Division, Minister's Secretariat of MITI	
		May 2000	Minister at the Embassy of Japan in the United States of America	
		July 2002	Deputy Director-General of Ministry of Economy, Trade and Industry (METI) (in charge of Trade Policy Bureau)	
		October 2003	Board Member of the Japan International Cooperation Agency	
		October 2007	Executive Vice President of Japan External Trade Organization	
		September 2008	Ambassador Extraordinary and Plenipotentiary of Japan stationed in the Embassy of Japan in Ukraine (accredited to Moldova)	
		November 2011	Retired from METI	
		April 2012	Advisor of Chiyoda Corporation	
		July 2012	Senior Vice President of Chiyoda Corporation	
		April 2014	Executive Vice President, Assistant to Chairman of the Board and President (Planning and Corporate Relations), and in charge of Business Development Division of Chiyoda Corporation	
		July 2017	President of the Japan-China Economic Association (currently serving)	
		May 2018	Outside Director of the Company (currently serving)	
			Important Positions Concurrently Held in Other Corporations: President of the Japan-China Economic Association	

Reason for choosing the candidate for Outside Director

Tadashi Izawa is a candidate for Outside Director and for Independent Director as prescribed in regulations of financial instruments exchange. He has held various positions such as Deputy Director-General of METI, Board Member of the Japan International Cooperation Agency and Executive Vice President of Japan External Trade Organization. He also served as an ambassador and possesses abundant experience and deep knowledge. We hope that he can provide valuable opinions and advice based on such abundant experience and deep knowledge and nominate him again for Outside Director.

Although he has not been involved in corporate management other than through serving as an outside director, we believe that, for the above reasons, he will be able to effectively perform the duties of Outside Director of the Company.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
11	Mika Takaoka (June 19, 1968) New appointment Outside Director Independent Director	<p>April 2001      Assistant Professor, Institute for Economic Research, Osaka City University</p> <p>April 2002      Assistant Professor, College of Economics, Rikkyo University</p> <p>April 2006      Assistant Professor, College of Business, Rikkyo University</p> <p>April 2007      Associate Professor, College of Business, Rikkyo University</p> <p>April 2009      Professor, College of Business, Rikkyo University (currently serving)</p> <p>May 2011      Outside Corporate Auditor of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations:  Professor, College of Business, Rikkyo University  Outside Director of TSI HOLDINGS CO., LTD.  Outside Director of MOS FOOD SERVICES, INC.  Outside Director of Kyodo Printing Co., Ltd.  Outside Director of SG HOLDINGS CO., LTD.</p>	—

Reason for choosing the candidate for Outside Director

Mika Takaoka is a candidate for Outside Director and for Independent Director as prescribed in regulations of financial instruments exchange. In addition to having expertise in business administration, etc., as a university professor, she has served as an Outside Corporate Auditor of the Company and outside director of other companies, and has abundant experience as well as deep knowledge, based on which we hope that she can provide valuable opinions and advice and nominate her for Outside Director.

Although she has not been involved in corporate management other than through serving as an outside officer, we believe that, for the above reasons, she will be able to effectively perform the duties of Outside Director of the Company.

No.	Name (Date of birth)	Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
12	Chikako Sekine (December 16, 1953) New appointment Outside Director Independent Director	<p>April 1972      Joined Shiseido Yamagata Sales Co., Ltd.</p> <p>April 2006      General Manager of Osaka Branch of Shiseido Sales Co., Ltd. (currently Shiseido Japan Co., Ltd.)</p> <p>April 2008      Dispatched to Headquarters of d'icilà Co., Ltd. General Manager of Japan Marketing Division of d'icilà Co., Ltd.</p> <p>October 2009    General Manager of Beauty Consultation Planning Group, International Marketing Department of Shiseido Company, Limited</p> <p>April 2012      Corporate Officer of Shiseido Company, Limited</p> <p>April 2014      Executive Corporate Officer of Shiseido Company, Limited</p> <p>January 2016    Advisor of Shiseido Company, Limited</p> <p>April 2018      Representative Director of B-mind Co., Ltd. (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director of B-mind Co., Ltd. Outside Director of E-SUPPORTLINK, Ltd. Outside Director of VALQUA, LTD.</p>	—

Reason for choosing the candidate for Outside Director

Chikako Sekine is a candidate for Outside Director and for Independent Director as prescribed in regulations of financial instruments exchange. She has held positions such as head of international marketing and many other divisions as executive officer of a major cosmetics company. Later, she served as a representative director and an outside director of other companies, accumulating abundant experience as well as deep knowledge, based on which we hope that she can provide valuable opinions and advice and nominate her for Outside Director.

- Notes:
1. Takashi Sawada also serves as Representative Director and President of FamilyMart Co., Ltd., with which the Company has transactional relationships of management guidance service, consignment of operations and entrustment of funds.
  2. Naoyoshi Tsukamoto also serves as Representative Director and President of UFI FUTECH Co., Ltd., with which the Company has transactional relationships of subleasing of the entity's head office.
  3. The Group has transactional relationships of consulting mainly regarding sales promotion, system development and consignment of the planning operation of commercials with Revamp Corporation and one (1) of its subsidiaries, which are controlled by Director Takashi Sawada and his relatives.
  4. There is no special relationship of interest between the other candidates than those mentioned above and the Company.
  5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has a contract with Tadashi Izawa to the effect that, if he is without knowledge and is not grossly negligent in performing his duties, his liability under Article 423, Paragraph 1 of the Companies Act is limited to the minimum liability amount provided in applicable laws and regulations. When Tadashi Izawa is elected as Outside Director, the Company intends to continue the contract with him. If Mika Takaoka and Chikako Sekine are elected as Outside Directors, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into a contract with each of them to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability under Article 423, Paragraph 1 of the Companies Act is limited to the minimum liability amount provided in applicable laws and regulations.
  6. Tadashi Izawa is currently Outside Director of the Company, and the term of his office since assuming the position of Outside Director will be one (1) year at the conclusion of this Meeting.
  7. Mika Takaoka is currently Outside Corporate Auditor of the Company, and the term of her office since assuming the position of Outside Corporate Auditor will be eight (8) years at the conclusion of this Meeting.

### No. 3: Election of Four Corporate Auditors

The term of office of Mika Takaoka will expire at the conclusion of this Meeting, and Corporate Auditors Akira Ito and Naotaka Nanya will resign from office at the conclusion of this Meeting. Accordingly, we propose that four (4) Corporate Auditors be elected by increasing the number of Corporate Auditors by one (1) for the purpose of enhancing the audit system, provided that No. 1 “Partial Amendments to the Articles of Incorporation” is approved and the number of Corporate Auditors is increased.

The candidates for Corporate Auditor are as described below. The Board of Corporate Auditors has given prior approval to this proposal.

Candidate No.	Name Date of Birth	Attributes
1	Shintaro Tateoka November 16, 1956	New appointment
2	Katsuji Sato September 3, 1959	New appointment
3	Ichiro Uchijima February 9, 1952	New appointment Outside Corporate Auditor Independent Auditor
4	Yoshiko Shirata December 2, 1952	New appointment Outside Corporate Auditor Independent Auditor

No.	Name (Date of birth)	Brief personal history and positions in the Company and important positions concurrently held in other corporations	Number of shares held
1	Shintaro Tateoka (November 16, 1956) New appointment	<p>July 1989      Joined the Company</p> <p>March 2003    General Manager of Franchisee Training Department, Operation Division of the Company</p> <p>September 2003    General Manager of Customer Service Office and General Manager of Franchisee Relations Office of the Company</p> <p>January 2010    General Manager of Audit Office of the Company</p> <p>May 2012      Corporate Auditor of the Company</p> <p>September 2016    Corporate Auditor of FamilyMart Co., Ltd. (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Corporate Auditor of FamilyMart Co., Ltd.</p>	1,600

Reason for choosing the candidate for Corporate Auditor

Shintaro Tateoka has held positions as general manager of Audit Office and many other divisions as well as Corporate Auditor at the Company before the Management Integration. Since September 2016, he has served as Corporate Auditor of FamilyMart Co., Ltd., and has abundant experience and sophisticated insight. We expect him to conduct rigorous audits of the Company's management drawing on his abundant experience and sophisticated insight and nominate him for Corporate Auditor.

No.	Name (Date of birth)	Brief personal history and positions in the Company and important positions concurrently held in other corporations	Number of shares held
2	Katsuji Sato (September 3, 1959) New appointment	November 1986    Joined Sunkus Co., Ltd. March 2005      Deputy General Manager of Region-I, Sunkus Operation Department, Operation Control Division of Circle K Sunkus* March 2007      Executive Officer and Deputy General Manager of Region-I, Operation Department, Sales Control Division of Circle K Sunkus May 2011        Director and Head of Area Franchise & Affiliated Company Administration Division of Circle K Sunkus May 2014        Corporate Auditor of Circle K Sunkus (currently serving) Important Positions Concurrently Held in Other Corporations: Corporate Auditor of FamilyMart Co., Ltd.	1,031

\*Circle K Sunkus changed its company name to FamilyMart Co., Ltd., as of September 1, 2016.

Reason for choosing the candidate for Corporate Auditor

Katsuji Sato has held positions as general manager of Operation Department and many other divisions as well as Corporate Auditor at Circle K Sunkus Co., Ltd. After the Management Integration, he continued to serve as Corporate Auditor of FamilyMart Co., Ltd. and has abundant experience and sophisticated insight. We expect him to conduct rigorous audits of the Company's management drawing on his abundant experience and sophisticated insight and nominate him for Corporate Auditor.



No.	Name (Date of birth)	Brief personal history and positions in the Company and important positions concurrently held in other corporations	Number of shares held
3	Ichiro Uchijima (February 9, 1952) New appointment Outside Corporate Auditor Independent Auditor	<p>April 1976      Joined Kyodo Oil Company, Limited</p> <p>April 2007      Corporate Officer in charge of Corporate Planning &amp; Control Department and Accounting Department and General Manager of Corporate Planning &amp; Control Department of Japan Energy Corporation</p> <p>April 2007      Outside Corporate Auditor of am/pm Japan Co., Ltd.</p> <p>April 2009      Senior Vice President and Executive Officer in charge of Corporate Planning Department and Finance &amp; Control Department and General Manager of Corporate Planning Department of Japan Energy Corporation</p> <p>April 2010      Director, Senior Vice President and Executive Officer responsible for Post-merger Integration Department and Corporate Planning Department I of JX Holdings, Inc.*</p> <p>June 2014      Director of JX Holdings, Inc.</p> <p>June 2014      Director, Executive Vice President and Executive Officer of JX Nippon Oil &amp; Energy Corporation**</p>	13

\* JX Holdings, Inc. changed its company name to JXTG Holdings, Inc., as of April 1, 2017.

\*\* JX Nippon Oil & Energy Corporation changed its company name to JXTG Nippon Oil & Energy Corporation, as of April 1, 2017.

Reason for choosing the candidate for Outside Corporate Auditor

Ichiro Uchijima is a candidate for Outside Corporate Auditor and for Independent Auditor as prescribed in regulations of financial instruments exchange. As director of a major oil company, he has held positions such as general manager of Corporate Planning and many other divisions, and has abundant experience and sophisticated insight. We expect him to conduct rigorous audits of the Company's management drawing on his abundant experience and sophisticated insight and nominate him for Outside Corporate Auditor.

No.	Name (Date of birth)	Brief personal history and positions in the Company and important positions concurrently held in other corporations	Number of shares held	
4	Yoshiko Shirata (December 2, 1952) New appointment Outside Corporate Auditor Independent Auditor	April 1996	—	
		Assistant Professor, Department of Information Science, Tsukuba College of Technology		
		April 2001		Assistant Professor, College of Economics, Nihon University
		April 2002		Professor, College of Economics, Nihon University
		April 2005		Professor, Graduate School of Management of Technology, Shibaura Institute of Technology
		April 2007		Professor, Graduate School of Business Sciences, University of Tsukuba
		October 2008		Member of the Science Council of Japan, Chairperson of Business Administration Committee
		February 2010		Visiting Professor, University of Munich, Germany
		January 2012		Visiting Professor, Sheffield University Management School, UK
		April 2015		Visiting Researcher, The Research Institute for Innovation Management, Hosei University
April 2017	Visiting Professor, Economics and Informatics Department, Tsukuba Gakuin University (currently serving)			
Important Positions Concurrently Held in Other Corporations:				
Visiting Professor, Economics and Informatics Department, Tsukuba Gakuin University				
Chairperson of Land Valuation Council of Tokyo Regional Taxation Bureau				
Member of the Legislative Council of the Ministry of Justice				
Outside Director of WIN-Partners Co., Ltd.				
Outside Director of Ryoden Corporation				
Outside Director of Takara Printing Co., Ltd.				
Outside Director of Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development				

Reason for choosing the candidate for Outside Corporate Auditor

Yoshiko Shirata is a candidate for Outside Corporate Auditor and for Independent Auditor as prescribed in regulations of financial instruments exchange. She has expertise in finance, accounting and management as a university professor, and has served as outside director at other companies, accumulating abundant experience and sophisticated insight. We expect her to conduct rigorous audits of the Company's management drawing on her abundant experience and sophisticated insight and nominate her for Outside Corporate Auditor.

Notes: 1. There is no special relationship of interest between each candidate and the Company.

2. If Ichiro Uchijima and Yoshiko Shirata are elected as Outside Corporate Auditors, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into a contract with each of them to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability under Article 423, Paragraph 1 of the Companies Act is limited to the minimum liability amount provided in applicable laws and regulations.

**No. 4: Revision of Amounts of Remuneration to Directors and Corporate Auditors**

Amounts of remuneration to Directors and Corporate Auditors have been approved to be within ¥600 million and ¥100 million per year, respectively, at the 27th Ordinary General Meeting of Shareholders held on May 29, 2008, and have not been changed. However, considering the merger of the Company with FamilyMart Co., Ltd. planned for September 1, 2019, the changes in economic conditions since the 2008 revision, as well as various circumstances, the Company has reviewed the level of remuneration, and proposes to revise the amounts of remuneration to Directors and Corporate Auditors to within ¥1,200 million per year (including ¥100 million for Outside Directors) and ¥150 million per year, respectively, from the 39th fiscal year onwards.

If resolution items No. 2 and No. 3 are approved as proposed, the number of Directors and Corporate Auditors will be twelve (12) (including three (3) Outside Directors) and six (6) (including four (4) Outside Corporate Auditors), respectively.

## 1. Current Situation of the Corporate Group

### (1) Progress and Results of Operations

During the fiscal year ended February 28, 2019, the Japanese economy sustained a moderate recovery trend supported by improvements in employment and income environments. However, the retail industry continued to face a severe business environment owing to such factors as intensifying competition across business categories, consumers' ongoing orientation toward lower prices, and labor shortages at stores and in logistics.

Under these circumstances, the Group endeavored to innovate its retail business models, while the Group also aims to be a social and lifestyle infrastructure provider indispensable to consumers' lives.

As a result, operating revenues of the Company and its consolidated subsidiaries for the year under review decreased by 3.1% year over year to ¥617,174 million, core operating profit increased by 23.7% to ¥51,553 million, profit before income taxes decreased by 28.1% to ¥4,225 million and profit for the year attributable to owners of the parent increased by 34.8% to ¥45,370 million on a consolidated basis.

With the completion of a tender offer for the Company's shares through a wholly owned subsidiary of ITOCHU Corporation, ITOCHU Corporation became the majority holder of voting rights of all shareholders, etc. of the Company, and the Company became a subsidiary of ITOCHU Corporation as of August 16, 2018. As it is ITOCHU Corporation's policy to strengthen cooperation with the Company while maintaining the Company's listing and autonomy of management, going forward, the Company aims to create a structure that ensures appropriate governance that retains its independence as a listed company and maximizes synergistic effects with the ITOCHU Group.

In addition, based on a share transfer agreement associated with a change of subsidiary concluded between the Company and Pan Pacific International Holdings Corporation (formerly Don Quijote Holdings Co., Ltd.) in October 2018, the Company transferred all shares of UNY Co., Ltd. held by the Company to the entity as of January 4, 2019.

Operating results by business segment were as follows.

### (1) Convenience store business

FamilyMart Co., Ltd. has been implementing a range of measures to create a stronger, more competitive convenience store chain while prioritizing brand integration. To improve quality at existing stores, the company is enhancing product competitiveness, improving store operating efficiency and reinforcing store foundations (completing brand conversion, advancing build-and-scrap (B&S) initiatives, renovating existing stores, implementing localized sales promotion).

### (Brand Integration)

Regarding brand integration, all domestic Circle K and Sunkus stores discontinued their operations on November 30, 2018, and the brand integration of those stores to FamilyMart stores was completed. Since September 2016, the company has been working as one to promote this brand conversion, and these efforts resulted in a cumulative total of 5,003 stores being converted. Daily sales and customer numbers at converted stores are rising year on year. Following the completion of the integration, we aim to continue to generate further benefits from the integration for example of merchandising including *Nakashoku* (ready-to-eat meals) and promoting efficiency in logistics operations by utilizing the domestic network of more than 16,000 stores.

### (Enhancement of Product Competitiveness)

To enhance product competitiveness, the Group renewed freshly-ground coffee, delicatessens, and other product categories year-round, aiming to improve the intrinsic value of *Nakashoku* (ready-to-eat meals) and create a merchandise lineup tailored to changes in the market. With FAMIMA CAFÉ freshly-ground coffee, we began introducing a new type of coffee machine in October 2018, further diversifying the menu and enhancing the taste of coffee and milk. This initiative has been well-received by many customers. In addition, we marked the first anniversary of the launch of our Mother's Kitchen brand of original delicatessen series since September 2017, by expanding the lineup of prepared dishes featuring fish which are present on the dinner table particularly often. Supported by the combined marketing efforts, such as TV commercials, expanding sales space, and sales promotions, sales are substantially higher year on year.

### (Improvement of Store Operating Efficiency)

To improve store operating efficiency, the Group is pushing ahead with radical reforms aimed at improving the efficiency of and minimizing store staff operations to address labor shortages. In fiscal 2018, in addition to launching operations that eliminate the need for inspections of products when they are delivered to shorten operation time, we expanded the number of stores with self-checkout

cash registers and started to roll out “cash counter” machines in stores with a view to reducing the time spent by staff on cash management. In addition, we installed labor-saving fixtures such as pullout shelves, etc., to alleviate operational burden. A survey of franchisees conducted in fiscal 2018 showed a significant increase in the number of franchisees that felt workload had decreased.

**(Reinforcement of Store Foundations)**

To reinforce store foundations, the Group is creating a network of high-quality stores by advancing its build-and-scrap (B&S) policy, focusing on repositioning stores by administrative unit (“Town Layout”). Furthermore, in February 2019, we opened a 24-hour fitness gym “Fit & GO” and coin laundromat “Famima Laundry” operated by FamilyMart on the premises of the FamilyMart Nakarokugo Daiichi Keihin Store, aiming for synergy with convenience stores to increase customer footfall.

**(Store Front)**

From a service perspective, we have since November 2018 been introducing in stages the smartphone-based barcode payment services “d Payment,” “LINE Pay,” “PayPay,” and “Rakuten Pay (app-based payment)” as we work to diversify payment options. Also, in January 2019, we expanded the introduction of “Alipay” and “WeChat Pay” to further improve convenience for tourists visiting Japan.

**(Promotion of CSR Activities)**

To promote CSR activities, we held the Famima Children’s Kitchen at five stores in the Kanto region as an effort to interact with the community and support the children who are the bearers of the future. In addition to providing an opportunity for local children and their parents to enjoy a meal and interaction using the store space, we also held activities to deepen children’s understanding of FamilyMart such as letting them explore the store backyard and experience operating store check-out.

**(Promotion of Diversity)**

In promoting diversity, we engaged in efforts to allow employees with diverse values to draw on their strengths and create new value. In June 2018, we opened two stores in the Hokuriku region incorporating female insight from the Company’s female employees involved in store construction, and in February 2019, we launched sales of “*Narutokintoki no uzu-uzu shio* Sweet Potato Danish,” a locally produced and consumed pastry product jointly developed by the Company’s female employees and female store staff in the Shikoku region. In addition, we are committed to addressing the employment of persons with disabilities on an ongoing basis by providing opportunities where they can display their full potential at diverse sites such as stores, farms and the new head office we moved into in February 2019. Through these efforts, we will try to develop a fulfilling workplace for everybody.

The total number of stores operated in Japan was 16,430 (including 917 stores operated by three domestic area franchisers) as of February 28, 2019. The total number of stores operated overseas in Taiwan, Thailand, China, Vietnam, Indonesia, Philippines and Malaysia was 7,384 and the aggregate number of FamilyMart chain stores worldwide totaling both domestic and overseas stores was 23,814 as of the same date.

As a result, operating revenues of the convenience store business segment decreased by 5.9% year over year to ¥527,719 million, whereas a segment loss (loss for the year attributable to owners of the parent) of ¥4,280 million was posted (compared to loss for the year attributable to owners of the parent of ¥1,285 million for the previous fiscal year).

**(2) General merchandise store business**

In the fiscal year ended February 28, 2019, the Company transferred all shares held by the Company in UNY Co., Ltd. to Pan Pacific International Holdings Corporation. As a result, the businesses of UNY Co., Ltd. and its subsidiaries in the general merchandise store business segment have been classified as discontinued operations.

Operating revenues of the general merchandise store business segment decreased by 10.9% year over year to ¥640,140 million and segment profit (profit for the year attributable to owners of the parent) decreased by 36.2% to ¥11,291 million.

(Millions of yen)

Business Segment	Operating Revenues	Profit (Loss) for the Year Attributable to Owners of the Parent
Convenience store business	527,719	(4,280)
General merchandise store business	640,140	11,291

## (2) Capital Expenditures

During the fiscal year under review, our corporate group conducted capital expenditures totaling ¥90,250 million primarily for store investments, such as new store openings and the renovation of existing stores in the convenience store business. The breakdown of our capital expenditures by business segment was as shown in the table below.

(Millions of yen)	
Business Segment	Amount Invested
Convenience store business	78,474
General merchandise store business	9,745
Corporate (Common)	2,031
Total	90,250

Note: The amount in the “Corporate (Common)” line item refers to capital expenditures disbursed by the Company.

The breakdown of the capital expenditures in the convenience store business was ¥49,791 million for new openings, repairs and renovation of stores, etc.; ¥18,639 million for leasehold deposits for store leases; and ¥10,043 million for investments related to information systems. The breakdown of the capital expenditures in the general merchandise store business was ¥7,974 million for new openings, repairs and renovations of stores, etc.; ¥48 million for leasehold deposits for store leases; and ¥1,723 million for investments related to information systems.

## (3) Funding

The funds required for the capital expenditures in Item (2) above, etc., were financed via loans payable to financial institutions, issuance of short-term bonds and from funds on hand.

## (4) Our Tasks Ahead

Concerning the economic outlook, a gradual recovery is forecast to continue for the next term given the continuously improving employment and income environments. However, the business environment surrounding the retail industry is somewhat uncertain in Japan due to concerns such as the intensifying competition beyond the framework of business categories, the decline in consumer confidence affected by consumers’ deep-rooted orientation to thriftiness, and increasingly serious labor shortages.

Under such circumstances, the Group will agilely pursue the following four challenges: strengthening store earnings capacity, promoting digitalization and promoting collaboration with Pan Pacific International Holdings Corporation, while giving top priority to strengthening support for franchisees.

### (Strengthening Support for Franchisees)

We will strive to strengthen support for franchisees by emphasizing store investment to enhance store operating efficiency, such as introducing self-checkout machines and new order terminals. In addition, we will address labor shortages and cost increases including store personnel expenses by gradually expanding nationwide the coverage of temporary staffing from partner dispatching companies. We will also begin experimenting with reduced operating hours, further enhance improving various other systems for franchisees such as benefit program and dialogue between franchisees and the chain headquarters. Furthermore, we will make efforts to extend the shelf life of *Nakashoku* (ready-to-eat meals) and strengthen pre-order sales of boxed lunches and seasonal products as measures to reduce waste at franchisees.

### (Strengthening Store Earnings Capacity)

As efforts to strengthen store earnings capacity by strengthening product competitiveness, we will further increase the basic value of products by renewing key *Nakashoku* (ready-to-eat meal) products such as rice balls, boxed lunches and fast food (FF), while expanding frozen food sales floors, and proactively installing new fixtures, such as new coffee machines. In addition, we will revise and broaden our product price range with an eye on the consumption tax rate hike scheduled for October 2019 in order to gain new customers. We will step up store openings in the three major metropolitan areas, while moving ahead with the build-and-scrap (B&S) policy based on restructuring store locations by administrative units, in an effort to establish a high quality store network. At the same time, we will further reinforce localized initiatives such as product development, store design and sales promotions tailored to each region, striving to be the convenience store closest to the emotions of local customers.

(Promotion of Digitalization)

We plan to promote digitalization through the launch of a smartphone app featuring the Group's proprietary e-money "FamiPay" in July 2019. We will accelerate digital strategies by promoting open strategies in the areas of barcode payments and point systems and exploring new businesses that leverage data.

(Promoting Collaboration with Pan Pacific International Holdings Corporation)

We will promote collaboration with Pan Pacific International Holdings Corporation through ongoing initiatives in the areas of joint development of products and services, collaboration in the financial services field, and joint operation of overseas businesses.

## (5) Changes in Operating Results and Financial Position of the Corporate Group

[Japanese GAAP]

(Millions of yen unless otherwise indicated)

Category \ Fiscal Term	35th Term (Year ended February 2016)	36th Term (Year ended February 2017)	37th Term (Year ended February 2018)	38th Term (Year ended February 2019)
Total operating revenues	427,676	894,994	—	—
Ordinary income	51,888	59,336	—	—
Profit attributable to owners of parent	21,067	19,007	—	—
Net income per share (yen)	221.94	171.74	—	—
Total assets	730,295	1,643,923	—	—
Total equity	295,229	534,492	—	—
Equity per share (yen)	2,987.34	4,104.88	—	—

[Based on IFRS]

(Millions of yen unless otherwise indicated)

Category \ Fiscal Term	35th Term (Year ended February 2016)	36th Term (Year ended February 2017)	37th Term (Year ended February 2018)	38th Term (Year ended February 2019)
Operating revenues	424,435	843,815	637,013	617,174
Profit before income taxes	35,830	33,695	5,874	4,225
Profit for the year attributable to owners of the parent	17,763	21,585	33,656	45,370
Basic earnings per share (yen)	187.13	195.07	66.45	89.64
Total assets	728,976	1,667,074	1,731,787	1,372,117
Equity attributable to owners of the parent	271,876	517,842	543,235	568,762
Equity per share attributable to owners of the parent (yen)	2,864.20	4,089.07	1,073.29	1,123.78

Notes:

- Effective from the 37th Term, the Group has prepared its consolidated financial statements in accordance with the IFRS pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. As reference, the IFRS-based figures are stated above for the 35th and 36th Terms.
- Effective on September 1, 2016, the Group conducted an absorption-type merger whereby the Company was the surviving company and UNY Group Holdings Co., Ltd. was the absorbed company, as well as an absorption-type demerger whereby the



Company was the demerged company, and Circle K Sunkus Co., Ltd. (of which the trade name was changed to FamilyMart Co., Ltd. as of September 1, 2016), which was a former wholly owned subsidiary of UNY Group Holdings Co., Ltd., was the succeeding company.

3. The provisional accounting treatment for business combinations was finalized in the second quarter of the fiscal year ended February 28, 2019. The content of the finalized provisional accounting treatment is reflected on the IFRS-based figures above for the fiscal year ended February 28, 2018.
4. As the Company decided to sell all shares held by the Company in UNY Co., Ltd. in October 2018, the businesses of UNY Co., Ltd. and its subsidiaries are classified as discontinued operations in the third quarter of the fiscal year ended February 28, 2019. Accordingly, amounts of operating revenues and profit before income taxes for the fiscal year ended February 28, 2018 have been reclassified to reflect the amounts for continuing businesses excluding discontinued operations.
5. The Company conducted a 4-for-1 share split of its common stock on March 1, 2019. Consequently, equity per share attributable to owners of the parent and basic earnings per share for the fiscal year under review have been calculated on the assumption that the share split was conducted at the beginning of the fiscal year ended February 28, 2019.

(6) Status of Important Parent Company and Subsidiaries

(i) Status of Parent Company

The parent company of the Company is ITOCHU Corporation, which holds 63,632 thousand shares in the Company (50.48% of voting rights, including 8.82% indirect shareholdings). The Company receives cooperation from the parent company, including advice and support mainly regarding the product supply system.

(ii) Transactions with the Parent Company

- (a) The particulars given due consideration so as not to harm the interests of the Company in carrying out the transactions

Transactions are made based on arm's length transactions, decided fairly and appropriately under reasonable judgments.

- (b) The judgment of the Board of Directors related to whether or not the transaction harms the interests of the Company, and the reason therefor

The Company judges whether or not to carry out the relevant transactions and the appropriateness and fairness of the conditions after multifaceted discussions at the Board of Directors to judge that the transaction does not damage the interests of the Company. With regard to business operations, while recognizing that it is necessary to maintain a certain cooperative relationship with the parent company, the Company prepares its own management policies and business plans and ensures its independence as a listed company when conducting its management and business activities.

- (c) Opinions in case that the judgment of the Board of Directors differs from opinions of Outside Directors  
Not applicable.

## (iii) Status of Subsidiaries

Company Name	Capital	Percentage of Voting Rights Held by the Company (%)	Main Business
FamilyMart Co., Ltd.	JPY 8,380 million	100.00	Convenience store business
famima Retail Service Co., Ltd.	JPY 300 million	100.00	Accounting and other store related services business
EVENTIFY INC.	JPY 225 million	100.00	Entertainment business
SENIOR LIFE CREATE Co., Ltd.	JPY 280 million	95.43	Home meal delivery service business
UFI FUTECH Co., Ltd.	JPY 400 million	72.33	FinTech-related business
Kanemi Co., Ltd.	JPY 2,002 million	53.14	Manufacturing, processing, and wholesale of prepared dishes, etc.
Taiwan FamilyMart Co., Ltd.	TWD 2,232 million	50.00	Convenience store business

## Notes:

1. The percentage of voting rights held by the Company (%) includes indirect shareholdings.
2. The status of the specific wholly owned subsidiary as of the end of the fiscal year under review was as follows:

Name of the Specific Wholly Owned Subsidiary	Address Thereof	Carrying Value of the Specific Wholly Owned Subsidiary's Stock at the Company and the Wholly Owned Subsidiaries	Total Assets of the Company
FamilyMart Co., Ltd.	1-21, Shibaura 3-chome, Minato-ku, Tokyo	JPY 512,647 million	JPY 795,635 million

(7) Status of Significant Business Combinations

- (i) In May 2018, UNY Co., Ltd., which was a subsidiary of the Company, and UCS Co., Ltd., a subsidiary of UNY Co., Ltd., conducted a share exchange under which UNY Co., Ltd. became the sole parent company of UCS Co., Ltd. and UCS Co., Ltd. became a wholly owned subsidiary of UNY Co., Ltd.
- (ii) In May 2018, the Company transferred all shares of UNY (HK) CO., LIMITED, which was a wholly owned subsidiary of the Company, to Urban Kirin Limited.
- (iii) In August 2018, ITOCHU RETAIL INVESTMENT, LLC, a wholly owned subsidiary of ITOCHU Corporation, acquired 8.60% of the issued shares of the Company through a tender offer. As a result, the Company became a subsidiary of ITOCHU Corporation.
- (iv) In January 2019, the Company transferred all shares of UNY Co., Ltd. held by the Company to Pan Pacific International Holdings Corporation (trade name at the time was Don Quijote Holdings Co., Ltd.).
- (v) In February 2019, the Company executed an agreement with Pan Pacific International Holdings Corporation to transfer part of its shares (2,615,061 shares) in Kanemi Co., Ltd., which was a subsidiary of the Company, to the entity. This share transfer is planned to be executed in April 2019.
- (vi) In April 2019, the Company concluded an absorption-type merger agreement with FamilyMart Co., Ltd., a wholly owned subsidiary of the Company, with the Company as the surviving company and FamilyMart Co., Ltd. as the absorbed company. For the Company, the absorption-type merger represents a simplified merger as stipulated in Article 796, Paragraph 2 of the Companies Act, and for FamilyMart Co., Ltd., a short-form merger as stipulated in Article 784, Paragraph 1 of the Companies Act. Therefore, the merger is planned to take effect in September 2019 without a resolution of the General Meeting of Shareholders of either of the companies.

(8) Major Operating Bases

(i) Head Office and Others

FamilyMart UNY Holdings Co., Ltd. (the Company)	Head office	Minato-ku, Tokyo
Subsidiaries	FamilyMart Co., Ltd.	Minato-ku, Tokyo
	famima Retail Service Co., Ltd.	Toshima-ku, Tokyo
	EVENTIFY INC.	Toshima-ku, Tokyo
	SENIOR LIFE CREATE Co., Ltd.	Minato-ku, Tokyo
	UFI FUTECH Co., Ltd.	Minato-ku, Tokyo
	Kanemi Co., Ltd.	Nagoya-shi, Aichi
	Taiwan FamilyMart Co., Ltd.	Taipei City, Taiwan

(Note) The Company changed its head office location to Minato-ku, Tokyo, on February 12, 2019.

## (ii) Number of Stores

Company Name	Prefecture	Number of Chain Stores
FamilyMart Co., Ltd.	Throughout Japan (excluding Miyazaki, Kagoshima, and Okinawa)	15,513
Total number of stores operated by FamilyMart Co., Ltd.		15,513
Minami Kyushu FamilyMart Co., Ltd.	Miyazaki, Kagoshima	400
Okinawa FamilyMart Co., Ltd.	Okinawa	325
JR KYUSHU RETAIL, INC.	Fukuoka and four other prefectures	192
Total number of stores operated by domestic area franchisers		917
Total number of stores operated in Japan		16,430
Taiwan FamilyMart Co., Ltd.	Taiwan	3,357
Central FamilyMart Co., Ltd.	Thailand	1,035
Shanghai FamilyMart Co., Ltd.	China	2,569
Guangzhou FamilyMart Co., Ltd.		
Suzhou FamilyMart Co., Ltd.		
Hangzhou FamilyMart Co., Ltd.		
Chengdu FamilyMart Co., Ltd.		
Shenzhen FamilyMart Co., Ltd.		
Wuxi FamilyMart Co., Ltd.		
Beijing FamilyMart Co., Ltd.		
DONGGUAN FamilyMart Co., LTD.		
VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED FAMILYMART VIETNAM JOINT STOCK COMPANY	Vietnam	149
PT. FAJAR MITRA INDAH	Indonesia	122
Philippine FamilyMart CVS, Inc.	Philippines	69
Maxincome Resources Sdn. Bhd.	Malaysia	83
Total number of stores operated overseas		7,384
Aggregate number of FamilyMart chain stores worldwide		23,814

## (9) Status of Employees

## Employees of the Corporate Group

Business Segment	Number of Employees
Convenience store business	13,531 (5,272)
General merchandise store business	1,287 (4,838)
Corporate (Common)	321 (2)
Total	15,139 (10,112)

Note: The number of employees does not include part-timers or temporary workers. The average yearly number of part-timers and temporary workers is indicated in parentheses.

## (10) Status of Major Borrowings

(Millions of yen)

Lender's Name	Amount of Borrowings
Mizuho Bank, Ltd.	35,179
Sumitomo Mitsui Banking Corporation	30,000
MUFG Bank, Ltd.	16,805
Sumitomo Mitsui Trust Bank, Limited	10,000
Development Bank of Japan Inc.	10,000
Shinkin Central Bank	10,000

## 2. Shares of the Company

(1) Total number of shares authorized to be issued 250,000,000

(Note) The Company conducted a 4-for-1 share split of its common stock, effective March 1, 2019, based on a resolution made at a meeting of the Board of Directors held on December 13, 2018. As of the same date, the total number of shares authorized to be issued increased by 750,000,000 shares to 1,000,000,000 shares.

(2) Total number of issued shares 126,712,313

(including treasury stock of 183,999 shares)

(Note) The Company conducted a 4-for-1 share split of its common stock, effective March 1, 2019, based on a resolution made at a meeting of the Board of Directors held on December 13, 2018. As of the same date, the total number of issued shares increased by 380,136,939 shares to 506,849,252 shares.

(3) Number of shareholders 22,483

(4) Major shareholders

Shareholder Name	Number of Shares Held (Thousands)	Percentage Ownership (%)
ITOCHU Corporation	52,507	41.49
The Master Bank Trust of Japan, Ltd. (Trust account)	18,675	14.75
ITOCHU RETAIL INVESTMENT, LLC	10,880	8.59
Japan Trustee Services Bank, Ltd. (Trust account)	7,086	5.60
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	3,073	2.42
NTT DOCOMO, INC.	1,812	1.43
Nippon Life Insurance Company	1,553	1.22
BNP Paribas Securities (Japan) Limited	1,432	1.13
Goldman Sachs Japan Co. Ltd., BNYM	1,325	1.04
STATE STREET BANK WEST CLIENT-TREATY 505234	1,242	0.98

### Notes:

1. The percentage ownership above is calculated on the basis of the number of shares issued and outstanding (126,528,314 shares) after subtracting the number of shares of treasury stock from the total number of issued shares.
2. In the Large Shareholding Report dated June 6, 2018, the Company was notified that Daiwa Asset Management Co. Ltd. and its joint holder (a total of two companies) held 6,337,198 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2019, could not be confirmed.
3. In the Amendment to Large Shareholding Report dated September 18, 2018, the Company was notified that joint holders of Mitsubishi UFJ Financial Group, Inc. (a total of three companies) held 6,439,250 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2019, could not be confirmed.
4. In the Amendment to Large Shareholding Report dated February 7, 2019, the Company was notified that Nomura Securities Co., Ltd. and its joint holders (a total of three companies) held 12,289,178 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2019, could not be confirmed.
5. In the Amendment to Large Shareholding Report dated March 6, 2019, the Company was notified that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder (a total of two companies) held 34,032,728 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2019, could not be confirmed.

### 3. Corporate Officers

(1) Directors and Corporate Auditors (as of February 28, 2019)

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Representative Director and President	Koji Takayanagi	President and Executive Officer
Representative Director and Executive Vice President	Isamu Nakayama	Executive Vice President and Executive Officer, Chief Strategy Officer (CSO) and Chairman of Investment and Loan Committee of the Company Director and Chairman of FamilyMart Co., Ltd. Chairperson of General Japan Franchise Association Director of Kanemi Co., Ltd.
Representative Director and Executive Vice President	Norio Sako	Executive Vice President and Executive Officer and Assistant to President of the Company Director and President of UNY Co., Ltd. Director of Kanemi Co., Ltd.
Representative Director and Executive Vice President	Takashi Sawada	Executive Vice President and Executive Officer, in charge of CVS of the Company Representative Director and President of FamilyMart Co., Ltd.
Director	Toshio Kato	Senior Managing Executive Officer and Assistant to Officer in charge of CVS of the Company Director of FamilyMart Co., Ltd.
Director	Jiro Koshida	Senior Managing Executive Officer and General Manager of Finance & Accounting Division of the Company Director of UNY Co., Ltd. Director of UCS Co., Ltd.
Director	Kunihiro Nakade	Senior Managing Executive Officer, Chief Financial Officer (CFO), Chairman of Risk Management & Compliance Committee, and Chairman of Governance Committee of the Company
Director	Isao Kubo	Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company Director of FamilyMart Co., Ltd.
Director	Naoyoshi Tsukamoto	Managing Executive Officer, Chief Information Officer (CIO), General Manager of IT Promotion Division, General Manager of CVS Information Systems Department, and General Manager of New Project Office of the Company Director of FamilyMart Co., Ltd. Representative Director and President of UFI FUTECH Co., Ltd.
Director	Hiroaki Tamamaki	Managing Executive Officer, in charge of Projects of the Company
Director	Jun Takahashi	Executive Officer, Chief Administrative Officer (CAO), General Manager of CSR & Management Division, and Chairman of Corporate Social Responsibility Committee of the Company
Director	Takashi Saeki	Outside Director of Central Japan Railway Company Outside Corporate Auditor of The Ogaki Kyoritsu Bank, Ltd.
Director	Tadashi Izawa	President of the Japan-China Economic Association
Standing Corporate Auditor	Yasuhiro Baba	Corporate Auditor of FamilyMart Co., Ltd.
Standing Corporate Auditor	Akira Ito	

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Corporate Auditor	Mika Takaoka	Professor of the College of Business, Rikkyo University Outside Director of TSI HOLDINGS CO., LTD. Outside Director of MOS FOOD SERVICES, INC. Outside Director of Kyodo Printing Co., Ltd. Outside Director of SG HOLDINGS CO., LTD.
Corporate Auditor	Naotaka Nanya	Attorney at Nanya Law Firm Outside Corporate Auditor of CKD Corporation
Corporate Auditor	Takayuki Aonuma	Attorney at City-Yuwa Partners

Notes:

1. Directors Takashi Saeki and Tadashi Izawa are outside directors as set forth in Article 2, Item 15, of the Companies' Act.
2. Standing Corporate Auditor Yasuhiro Baba and Corporate Auditors Mika Takaoka, Naotaka Nanya and Takayuki Aonuma are outside corporate auditors as set forth in Article 2, Item 16, of the Companies' Act.
3. Directors Takashi Saeki and Tadashi Izawa and Corporate Auditors Mika Takaoka, Naotaka Nanya and Takayuki Aonuma are independent auditors as per the regulations of the relevant Financial Instruments Exchange.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies' Act, the Company has a contract with Directors Takashi Saeki and Tadashi Izawa and Corporate Auditors Mika Takaoka, Naotaka Nanya and Takayuki Aonuma to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations.
5. The Company has no significant transactional relationships with Central Japan Railway Company. The Ogaki Kyoritsu Bank, Ltd. is a lender to the Company.
6. The Company has no significant transactional relationships with the Japan-China Economic Association.
7. The Company has no significant transactional relationships with Rikkyo University, TSI HOLDINGS CO., LTD., MOS FOOD SERVICES, INC., Kyodo Printing Co., Ltd., or SG HOLDINGS CO., LTD.
8. The Company has no significant transactional relationships with Nanya Law Firm or CKD Corporation.
9. The Company has no significant transactional relationships with City-Yuwa Partners.
10. The Group has transactional relationships of consulting mainly regarding sales promotion, system development and consignment of the planning operation of commercials with Revamp Corporation and its one (1) subsidiary, which are controlled by Representative Director Takashi Sawada and his relatives.
11. Corporate Auditor Shuji Iwamura resigned from his post as of the close of the 37th Ordinary General Meeting of Shareholders held on May 24, 2018.
12. Representative Director Norio Sako and Directors Jiro Koshida and Hiroaki Tamamaki resigned from their posts as of February 28, 2019.



(2) Amounts of Remuneration, etc. to Directors and Corporate Auditors

(i) Total amount of remuneration relating to the fiscal year under review

Category	Number of Persons	Total Amount of Remuneration, etc. (unit: Millions of yen)
Directors	14	263
(Outside Directors among the above)	(3)	(22)
Corporate Auditors	6	65
(Outside Corporate Auditors among the above)	(5)	(38)
Total	20 (8)	328 (60)

Notes: 1. The number of persons above includes one director and one corporate auditor who retired as of the close of the 37th Ordinary General Meeting of Shareholders held on May 24, 2018.

2. In addition to the above, for Directors and Corporate Auditors of the Company who concurrently serve as officers of subsidiaries, officers' remuneration is provided to them by such subsidiaries.

(ii) Total amount of remuneration, etc. received by outside officers from subsidiaries

During the fiscal year under review, outside officers of the Company who concurrently serve as officers of subsidiaries received a total amount of remuneration of ¥22 million.

(3) Outside Officers

(i) Relationship between the organizations where important positions are concurrently held by our outside officers and the Company

The relationships between the organizations where important positions are concurrently held by our outside officers and the Company are as described in (1) above.

(ii) Major activities during the fiscal year under review

Name	Position	Major Activities
Takashi Saeki	Outside Director	The attendance rate of Takashi Saeki as an Outside Director was 90% for the meetings of the Board of Directors held during the year under review. He appropriately questioned or remarked at the meetings mainly from a professional viewpoint based on his abundant experience as a manager of a listed corporation and an Outside Director of another corporation.
Tadashi Izawa	Outside Director	The attendance rate of Tadashi Izawa as an Outside Director was 93% for the meetings of the Board of Directors held after assuming his position as Outside Director. He appropriately questioned or remarked at the meetings mainly from a professional viewpoint based on his abundant experience as a Deputy Director-General of METI and an ambassador.
Yasuhiro Baba	Outside Corporate Auditor	The attendance rate of Yasuhiro Baba as a standing Corporate Auditor was 100% for the meetings of both the Board of Directors and the Board of Corporate Auditors held during the year under review. He appropriately questioned or remarked at the meetings mainly based on his abundant experience and knowledge as a responsible official in the field of accounting and finance of the parent company. He also attended important meetings, such as the Management Meeting; read through important documents, such as the <i>Ringisho</i> (draft plan circulated to obtain permission); and conducted visiting audit to subsidiaries and associated companies. Furthermore, he endeavors to smoothly conduct meetings of the Board of Corporate Auditors as the Chairman thereof.
Mika Takaoka	Outside Corporate Auditor	The attendance rate of Mika Takaoka was 95% for the meetings of the Board of Directors and 91% for those of the Board of Corporate Auditors held during the year under review. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist in the field of economics and business administration based on her research activities at a university.
Naotaka Nanya	Outside Corporate Auditor	The attendance rate of Naotaka Nanya was 100% for the meetings of the Board of Directors and 100% for those of the Board of Corporate Auditors held during the year under review. He appropriately questioned or remarked at the meetings from the viewpoint of a specialist mainly based on his experience and knowledge as an attorney and an Outside Corporate Auditor of another corporation.
Takayuki Aonuma	Outside Corporate Auditor	The attendance rate of Takayuki Aonuma was 100% for the meetings of the Board of Directors and 100% for those of the Board of Corporate Auditors held after assuming his position as Outside Director. He appropriately questioned or remarked at the meetings from the viewpoint of a specialist in corporate governance and compliance mainly based on his experience and knowledge as a prosecutor and an attorney.

#### 4. Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of Remuneration, etc.

	Amount paid (unit: Millions of yen)
Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review	115
Sum of other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	441

- Notes:
1. The audit agreement entered into by the Accounting Auditors and the Company does not distinguish the amount being derived from the audit under the Companies' Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the "Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review" set forth above is the sum of these two categories of remuneration.
  2. Reason that the Board of Corporate Auditors agreed on the amount of remuneration, etc. paid to the Accounting Auditors  
The Board of Corporate Auditors agreed on the amount of remuneration paid to the Accounting Auditors as prescribed in the rules stated in Article 399, Paragraph 1, of the Companies' Act after confirming and considering their audit plan, the execution of their duties in the prior fiscal year and the appropriateness of the remuneration estimate.
  3. Remuneration paid by UNY Co., Ltd. and its subsidiaries that were excluded from the scope of consolidation during the fiscal year ended February 28, 2019, is not included in the table above.

(3) Content of the Nonaudit Services

The Company pays Accounting Auditors consideration for advice and guidance services related to strengthening the internal control function.

(4) Policy on Decisions of Dismissal or Non-Reappointment of the Accounting Auditors

The Board of Corporate Auditors will, by unanimous vote, dismiss the Accounting Auditors if any circumstance falling under any of the items set forth in Article 340, Paragraph 1, of the Companies' Act takes place and the Board of Corporate Auditors determines that the Accounting Auditors should be dismissed.

In case the Board of Corporate Auditors decides that the Accounting Auditors should be dismissed or should not be reappointed due to reasons such as difficulties in ensuring the appropriateness and reliability of the audits, the Board of Corporate Auditors will decide on the content of a proposal to submit to the ordinary general meeting of shareholders relating to the dismissal or non-reappointment of the Accounting Auditors.

## 5. Corporate Systems and Guidelines as well as the Operation of such Systems

- (1) Outline of the Systems to Ensure Compliance of the Directors' Execution of Duties with Laws, Regulations, and the Articles of Incorporation, as well as the Propriety of Other Business Operations of the Company and of the Corporate Group
- (i) Systems to ensure compliance of the execution of duties by Directors, Executive Officers and employees with laws, regulations, and the Articles of Incorporation of the Company and the respective companies of the Group
  - 1) The Board of Directors' meetings of the Company shall be held once every month, in principle, and, at the meetings, the Representative Director, etc. are required to report on the progress of their duties being executed. To enhance the auditing function, the Company shall take the necessary measures to ensure the effectiveness of the audits conducted by the Corporate Auditors, whereas the Corporate Auditors shall examine whether the independence of the Accounting Auditors is being strictly maintained.
  - 2) The Company shall establish the Risk Management & Compliance Committee, which is directly controlled by the President as an organization to control the compliance-related activities of the entire Group. The Risk Management & Compliance Committee shall monitor the status of the streamlining and operation of the group-wide compliance systems through periodic reports from the respective group companies and deliberate on the policies and plans therefor. The Company shall also establish the Legal Department as a dedicated department for compliance-related disseminating activities. Furthermore, the Company shall promote thorough compliance by appointing responsible staff at major group companies.
  - 3) The Company shall formulate the FamilyMart UNY Group Code of Conduct and the Compliance Rules. Directors, Executive Officers, and employees of the Group shall be required to comply with such rules.
  - 4) The Company shall establish the Audit Office, which is directly controlled by the President. The Audit Office shall conduct regular audits to evaluate the Company's ethical and legal compliance.
  - 5) An internal reporting system, etc. shall be adopted and a point of contact for the provision of information shall be established internally and externally by the Company and the respective group companies to promote the systems to rectify violations of compliance or prevent infringements. Furthermore, the Rules regarding Internal Reporting System shall prohibit any disadvantageous treatment against any person who does internal reporting on account of such report, and Directors, Executive Officers, and employees of the Group shall be required to comply with such rules.
  - 6) To eliminate and discontinue relations with antisocial forces, the Company and the respective group companies shall declare internally and externally that they discontinue relations with such antisocial forces and take necessary measures to this end. Furthermore, the Company and the respective group companies shall endeavor to properly deal with such antisocial forces as a unified organization by strengthening collaboration with external bodies such as police and lawyers, as well as with industrial organizations and local communities.
- (ii) Rules and other systems regarding loss risk management of the Company and the respective group companies
  - 1) The Company shall establish the Risk Management & Compliance Committee, which is directly controlled by the President, as an overall risk management organization to control the management of various risks that the Company and the respective group companies might face in the future. The Risk Management & Compliance Committee shall monitor the status of the streamlining and operation of the group-wide risk management systems through periodic reports from the respective group companies and deliberate on the policies and plans therefor. The Company shall also establish the Legal Department as a dedicated department to promote and thoroughly conduct risk management activities. Furthermore, the Company shall promote thorough risk management by appointing responsible staff at major group companies.
  - 2) The Company shall formulate the Risk Management Rules and the Company and the respective group companies regularly analyze and evaluate the risks which they might encounter; based on which risk factors to be addressed shall be determined selectively and rules regarding the system and methods for minimizing the effects of the risks concerned shall be developed in an effort to manage risks appropriately.
  - 3) The Company shall establish the Investment and Loan Committee as an advisory body to conduct preliminary reviews of important investment and loan subjects at the Company and the respective group companies, and shall submit its view on such subjects to the Management Meeting.
  - 4) The Audit Office shall regularly conduct audits regarding the status of risk management, etc.
  - 5) The Company and the respective group companies shall streamline the Risk Management Rules, a business continuity plan (BCP), etc., to take emergency responsive measures to fulfill their mission to customers even in the event of large-scale disasters and other emergencies.

(iii) Systems to ensure propriety of our financial reporting

- 1) The Company shall establish the Unified Group Accounting Rules, the Accounting Rules, the Internal Control Rules regarding Financial Reporting and other necessary rules, appoint the Chief Financial Officer and develop necessary systems to ensure compliance with accounting standards and other related laws and regulations and the propriety and reliability of the financial reporting on a consolidated basis.
- 2) The Company shall regularly evaluate and improve the streamlining and operation of the systems for ensuring the propriety and reliability of financial reporting. The Audit Office shall regularly conduct audits on the Company's systems to ensure the propriety of its financial reporting.

(iv) Systems to ensure efficient execution of Directors' duties of the Company and the respective group companies

- 1) The Company shall establish a Management Meeting as an advisory body for decision making on the execution of important business affairs, which is presided over by the President, and make decisions regarding the execution of business affairs at the Company and the respective group companies through rapid and careful deliberations.
- 2) The Company shall adopt an executive officer system, with which the execution of business affairs can be made more efficient by delegating such execution to the Executive Officers to the extent possible.
- 3) At the Company and the respective group companies, the Board of Directors shall determine the scope of job responsibility for each Director and establish the Rules on Operational Approvals, Functional Authority and Responsibility to clarify the functional authority and responsibility, etc. of the respective Directors for more appropriate execution of business affairs.

(v) Systems to keep and manage information pertaining to the execution of duties by Directors

The Company shall establish and maintain its document-handling rules compliant with relevant laws and regulations with regard to the preparation, preservation, and management, etc. of information stated or recorded in important documents for approval (including electronic media), such as minutes of important meetings, including those of the Board of Directors and the Management Meeting; *Ringisho*; and authorized documents. Moreover, the Company shall put in place a system to allow Directors, Corporate Auditors, and other concerned parties to inspect the above documents.

(vi) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company, its parent company and group companies

- 1) The Company shall dispatch Directors and/or Corporate Auditors to the respective group companies, as the case may be, to monitor their management and make their business operations more appropriate while respecting their independence.
- 2) The Company shall provide the respective group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. In addition, the Company shall strive to ensure the propriety of business operations based on the Basic Policy by entering into management guidance agreements with major group companies.
- 3) The Company shall clarify guidelines for business administration, etc., in the Management Rules regarding Associated Companies; determine the decisions on important managerial matters at the respective group companies as matters that require the Company's prior approval; determine matters that need to be reported to the Company; oblige the respective group companies to report such matters to the Company; and receive reports therefrom, as required.
- 4) The Company shall support the respective group companies to streamline and operate their internal control systems with regard to major internal control items while respecting their independence, and control such operations depending on individual circumstances. The Company shall also make the respective group companies formulate various rules depending on actual business conditions thereof for the purpose of streamlining systems in accordance with such rules, and provide education and training thereto so that the internal control systems of the entire Group can be streamlined.
- 5) Audit departments of the respective group companies and the Company's Audit Office shall collaborate with each other and the Corporate Auditors of the respective group companies and the Company's Board of Corporate Auditors shall have regular liaison meetings for regular exchanges of information and the combined or interlocked execution of measures to streamline the group-wide internal control systems.
- 6) The Audit Office of the Company shall conduct audits of the respective departments of the Company. The Audit Office shall also monitor and give advice regarding the establishment of appropriate internal controls at the Company and the respective group companies by conducting or controlling audits of the respective group companies. Furthermore, the Audit Office shall regularly report the established status of the group-wide internal controls to both the Board of Directors and the Board of Corporate Auditors.
- 7) The Company and the parent company shall seek to collaborate while fully respecting their mutual independence and autonomy, and the Company shall put in place a system to discuss with and report to the parent company regarding certain important matters

at the Company. Transactions between the Company and the parent company and its group companies shall be conducted appropriately in accordance with laws and regulations.

- (vii) Employees in cases where a Corporate Auditor requests the Company to dispatch employees to support his/her duties  
The Company shall establish the Corporate Auditors' Secretariat and appoint several dedicated employees thereto to assist in the execution of the Corporate Auditor's duties. A Corporate Auditor may give directions or orders to such employees in respect of matters required for audit duties.
- (viii) Independence from Directors for employees who are to assist the Corporate Auditors in the execution of their duties and assurance of effectiveness of their instructions  
Employees who assist the Corporate Auditors in the execution of their duties shall obey only the directions or orders given by the Corporate Auditor concerned in carrying out their duties and shall not take directions or orders from any Directors, Executive Officers, and/or other employees. With regard to the exercise of authority over personnel affairs, including personnel ratings, personnel changes, and disciplinary measures, the Company shall discuss with the Corporate Auditors in advance, and shall exercise such authority only after the Company has obtained the consent of the Corporate Auditors.
- (ix) Systems to help Directors and employees, etc. of the Company and the respective group companies report to the Corporate Auditors and other systems relating to reporting to the Corporate Auditors
- 1) The Corporate Auditors of the Company shall attend the Board of Directors' meetings; attend other important meetings, such as those of the Management Meeting; receive explanations from the Directors, Executive Officers, and employees; and examine associated materials.
  - 2) The Directors, Executive Officers, and employees of the Company shall periodically report to the Corporate Auditors the results of the internal audit, the status of the execution of the internal reporting system, information about transactions involving competitors, or self-dealing transactions, etc.
  - 3) The Directors, Executive Officers, and employees of the Company, as well as the Directors, Corporate Auditors, and employees of the respective group companies, shall, either directly or through the department in charge, swiftly report to the Corporate Auditors of the Company if they discover facts that could cause significant damage to or have a material impact on the Company or any of the respective group companies. Furthermore, the Corporate Auditors may from time to time request that a relevant Director or others at the Company or the respective group companies make a report to such Corporate Auditors if necessary.
  - 4) Following the rules such as the Internal Reporting Policy Provisions, an individual who makes a report to the Corporate Auditors shall not receive any disadvantageous treatment due to the fact that he or she reported the issue. The Directors, Executive Officers, and employees involved must abide by this rule.
- (x) Policies on prepayment or procedures for amortization of the expenses incurred in executing duties as a Corporate Auditor and processing of expenses and liabilities incurred in executing duties as a Corporate Auditor  
In the event that a Corporate Auditor makes a claim to the Company in connection with the execution of his or her duties such as prepayment of expenses, the Company shall promptly process the invoices for such expenses through the internal system unless the Company has proved that such expenses are not necessary for the execution of the duties of such Corporate Auditor.
- (xi) Other systems to ensure effective audits by the Corporate Auditors
- 1) The Corporate Auditors of the Company shall periodically meet the Representative Director to receive reports from the Representative Director on managerial issues, various risks surrounding the Company, and other subjects, and to exchange opinions with the President. Meanwhile, the Corporate Auditors shall receive reports about the method and results of the accounting audit from the Accounting Auditors and reports about the internal audit from the Audit Office.
  - 2) Any Corporate Auditor may delegate research to or seek advice from independent outside experts if it is deemed necessary in connection with an audit.

## (2) Overview of Status of System to Ensure Propriety of Business Operations

An overview of the situation regarding the above corporate systems and guidelines from March 1, 2018, through February 28, 2019 is as follows:

### (i) Internal Control System

The Company has the Governance Committee consisting of a majority of independent outside officers, etc. as an advisory body to the President and has the system that the Governance Committee monitors the status of establishment (streamlining and operation) of internal controls based on the Basic Policy.

In addition, the Company has the Risk Management & Compliance Committee and the meetings of the Committee are held quarterly. The Standing Corporate Auditor also attends the Committee to deliver his/her opinion.

#### 1) Compliance

The Risk Management & Compliance Committee monitors the status of compliance by receiving reports from the committees, etc. regarding compliance at the respective group companies in an effort to enhance the compliance systems. The respective group companies continuously execute various measures including education and training activities for officers and employees and the establishment of an internal reporting system and a point of contact for consulting.

#### 2) Risk management

The Risk Management & Compliance Committee monitors the status of risk management by receiving reports from the committees, etc. regarding risk management at the respective group companies, creating an integrated risk map of the risks throughout the Group and taking other means. The respective group companies regularly analyze and evaluate various risks and independently conduct risk management regarding the risks concerned.

In addition, the Investment and Loan Committee was established to review important investment and loan subjects at the Company and the respective group companies. The Committee held 18 meetings during the fiscal year under review.

#### 3) Status of important meetings

The Company's Board of Directors comprises 13 Directors (including two Outside Directors) and five Corporate Auditors (including four Outside Corporate Auditors). Twenty-one meetings of the Board of Directors were held during this fiscal year, where they made decisions regarding important matters affecting the Company's business operations and performed supervision of duties. In addition, the Management Meeting, which advises on decisions regarding important matters affecting business operations of the respective group companies, was held 18 times. Furthermore, meeting minutes are properly created and recorded and information is stored and managed appropriately. To ensure the appropriate and efficient execution of duties by Directors, the scope of job responsibility for each Director is determined to clarify the functional authority and responsibility of the respective Directors.

#### 4) Group companies management system

The Company dispatches Directors and/or Corporate Auditors and provides the respective group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. The Company also has entered into management guidance agreements with major operating companies to promote group-wide improvement of propriety in operations.

In addition, we determine matters that require the Company's prior approval and matters that need to be reported to the Company in the Management Rules regarding Associated Companies, and conduct deliberations on significant matters pertaining to the subsidiaries in the Company's Board of Directors meetings and in the Management Meeting.

Furthermore, with respect to risk management, we have taken actions such as the establishment of the Risk Management & Compliance Committee and compliance education at each group company. Based on the status of such actions, the Company conducts education and training regarding compliance and risk management at group companies and provides training materials to the group companies, and further provides advice and guidance on the improvement of relevant rules and the streamlining of the systems. With these measures, the Company promotes the internal control systems including those at the group companies.

#### 5) Ensuring the propriety of financial reporting

In addition to developing rules for internal controls regarding accounting and financial reporting, the Chief Financial Officer has been appointed to enhance the systems for ensuring the propriety and reliability of financial reporting.

6) Internal audit

The Company’s internal auditing unit, the Audit Office (which is directly controlled by the President), monitors the status of audits on compliance, risk management, the propriety of financial reporting (J-SOX) of the Company and the major operating companies, and conducts audits on the internal control systems based on the Basic Policy.

(ii) Effectiveness of auditing by Corporate Auditors

The Board of Corporate Auditors of the Company consists of five Corporate Auditors (including four Outside Corporate Auditors) and held 12 meetings during the fiscal year under review. The Corporate Auditors receive reports on significant audit-related matters and discuss and resolve such matters. Two dedicated employees are placed at the Corporate Auditors’ Secretariat to assist the duties of the Corporate Auditors.

Pursuant to the audit plan established at the Board of Corporate Auditors, every Corporate Auditor attends the Board of Directors’ meetings and the full-time Corporate Auditor attends the Management Meeting, the Risk Management & Compliance Committee, and other important meetings. Meanwhile, the Corporate Auditors enhance the effectiveness of their auditing by checking documents regarding important approvals and holding regular meetings with the Representative Directors (monthly), etc. In addition, the Corporate Auditors receive reports regarding the status of the internal reporting system, etc., and further hold regular meetings with the Audit Office (monthly) to exchange information and receive reports on the results of its audits. Furthermore, the Corporate Auditors are provided opportunities to receive reports regarding the progress of the accounting audit and the results of auditing on the subsidiaries from the Accounting Auditors, and discuss significant items, etc. with the Accounting Auditors.

The Corporate Auditors of the Company regularly conduct “Group Corporate Auditors’ Liaison Conferences” with the Corporate Auditors of the group companies and share information such as the auditing policy through training and discussions, as well as ensure the enhanced dissemination of group-wide internal controls.

(3) Policy Regarding Decision on Cash Dividends, etc.

The Company considers returning its profits to the shareholders to be an important management policy. The Company abides by a fundamental policy of stably distributing consolidated performance growth-based results on a continuing basis with regard to cash dividends. The Company’s payout ratio target will be 40% on a consolidated basis.

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Note: Amounts in the Business Report are rounded to the nearest unit.



## Consolidated Statement of Financial Position

(As of February 28, 2019)

(Millions of yen)

Account Name	Amount	Account Name	Amount
Assets		Liabilities	
Current Assets	603,865	Current Liabilities	450,944
Cash and cash equivalents	353,498	Trade and other payables	210,903
Trade and other receivables	147,750	Deposits received	132,500
Other financial assets	12,857	Bonds and borrowings	39,723
Inventories	17,956	Lease obligations	26,270
Other current assets	25,822	Income taxes payable	4,659
Subtotal	557,884	Other current liabilities	27,998
Assets held for sale	45,981	Subtotal	442,053
Non-current Assets	768,253	Liabilities directly associated with assets held for sale	8,891
Property, plant and equipment	254,540	Non-current Liabilities	331,436
Investment property	12,105	Bonds and borrowings	173,152
Goodwill	142,732	Lease obligations	82,831
Intangible assets	56,833	Other financial liabilities	14,489
Investments accounted for using the equity method	23,224	Liabilities for retirement benefits	15,281
Leasehold deposits receivable	89,813	Provisions	36,812
Other financial assets	115,580	Other non-current liabilities	8,873
Deferred tax assets	60,879	<b>Total Liabilities</b>	<b>782,380</b>
Other non-current assets	12,547	Equity	
		Equity attributable to owners of the parent	568,762
		Common stock	16,659
		Capital surplus	236,747
		Treasury shares	(1,185)
		Other components of equity	6,773
		Retained earnings	309,768
		Non-controlling interests	20,975
		<b>Total Equity</b>	<b>589,737</b>
<b>Total Assets</b>	<b>1,372,117</b>	<b>Total Liabilities and Equity</b>	<b>1,372,117</b>

Note: Amounts above are rounded off to the nearest million yen.

## Consolidated Statement of Profit or Loss

(March 1, 2018 through February 28, 2019)

(Millions of yen)

Account Name	Amount
Continuing operations:	
Operating revenues	617,174
Cost of sales	(141,764)
Gross profit	475,410
Selling, general, and administrative expenses	(423,857)
Equity in earnings of associates and joint ventures	(2,070)
Other income	6,077
Other expenses	(51,665)
Finance income	2,409
Finance costs	(2,079)
Profit before income taxes	4,225
Income taxes	20,574
Profit from continuing operations	24,798
Discontinued operations:	
Profit from discontinued operations	32,517
Profit for the year	57,316
Profit for the year attributable to:	
Owners of the parent	45,370
Non-controlling interests	11,946
Profit for the year	57,316

Note: Amounts above are rounded off to the nearest million yen.

## Consolidated Statement of Changes in Equity

(March 1, 2018 through February 28, 2019)

(Millions of yen)

	Equity attributable to owners of the parent				
	Common stock	Capital surplus	Treasury shares	Other components of equity	
				Exchange difference on translating foreign operations	Cash flow hedges
Balance, March 1, 2018	16,659	236,785	(1,104)	(565)	228
Profit for the year					
Other comprehensive income				(316)	(216)
Total comprehensive income	—	—	—	(316)	(216)
Purchase of treasury shares			(83)		
Disposal of treasury shares		1	1		
Cash dividends					
Changes in ownership interests in subsidiaries that do not result in a loss of control		(39)			
Loss of control of subsidiaries					
Others		0			
Transfer from other components of equity to retained earnings					
Transfer from other components of equity to non-financial assets					(7)
Total transactions with owners	—	(37)	(82)	—	(7)
Balance, February 28, 2019	16,659	236,747	(1,185)	(881)	5

Note: Amounts above are rounded off to the nearest million yen.

## Consolidated Statement of Changes in Equity (Continued)

(March 1, 2018 through February 28, 2019)

(Millions of yen)

	Equity attributable to owners of the parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Financial assets measured at fair value through other comprehensive income	Remeasurements of defined benefit plans	Total				
Balance, March 1, 2018	16,262	—	15,925	274,970	543,235	45,424	588,659
Profit for the year				45,370	45,370	11,946	57,316
Other comprehensive income	(4,738)	1,227	(4,043)		(4,043)	(737)	(4,780)
Total comprehensive income	(4,738)	1,227	(4,043)	45,370	41,327	11,209	52,536
Purchase of treasury shares					(83)		(83)
Disposal of treasury shares					2		2
Cash dividends				(15,121)	(15,121)	(15,834)	(30,954)
Changes in ownership interests in subsidiaries that do not result in a loss of control					(39)	(6,646)	(6,684)
Loss of control of subsidiaries						(13,203)	(13,203)
Others				(552)	(552)	25	(527)
Transfer from other components of equity to retained earnings	(3,875)	(1,227)	(5,102)	5,102	—		—
Transfer from other components of equity to non-financial assets			(7)		(7)		(7)
Total transactions with owners	(3,875)	(1,227)	(5,109)	(10,571)	(15,799)	(35,658)	(51,457)
Balance, February 28, 2019	7,649	—	6,773	309,768	568,762	20,975	589,737

Note: Amounts above are rounded off to the nearest million yen.

**Balance Sheet**  
(As of February 28, 2019)

(Millions of yen)

Account Name	Amount	Account Name	Amount
<b>Assets</b>		<b>Liabilities</b>	
<b>Current Assets</b>	213,253	<b>Current Liabilities</b>	63,549
Cash and cash deposits	35,756	Current portion of long-term borrowings	16,047
Prepaid expenses	89	Other payables	1,906
Deferred tax assets	1,086	Income taxes payable	280
Other receivables	26,209	Accrued expenses	127
Income taxes receivable	89	Deposits received	45,009
Deposits paid	150,000	Provision for bonuses	42
Other current assets	25	Provision for executive bonuses	123
<b>Non-current Assets</b>	582,382	Other current liabilities	16
Property, plant and equipment	2	<b>Non-current Liabilities</b>	173,961
Intangible assets	201	Bonds payable	40,000
Investments and other assets	582,180	Long-term borrowings	132,369
Investment securities	44	Other non-current liabilities	1,592
Shares of subsidiaries and associates	530,536	<b>Total Liabilities</b>	237,510
Long-term loans receivable from subsidiaries and associates	300	<b>Net Assets</b>	
Deferred tax assets	49,616	<b>Shareholders' Equity</b>	558,177
Leasehold deposits receivable	1,490	Common stock	16,659
Other non-current assets	195	Capital surplus	244,151
		Additional paid-in capital	17,057
		Other capital surplus	227,094
		Retained earnings	298,771
		Legal reserve	2,668
		Other retained earnings	296,103
		General reserve	199,254
		Retained earnings carried forward	96,849
		Treasury shares	(1,403)
		Valuation, Translation Adjustments, and Others	(51)
		Deferred losses on hedges	(51)
		<b>Total Net Assets</b>	558,126
<b>Total Assets</b>	<b>795,635</b>	<b>Total Liabilities and Net Assets</b>	<b>795,635</b>

Note: Amounts above are rounded off to the nearest million yen.

## Statement of Income

(March 1, 2018 through February 28, 2019)

(Millions of yen)

Account Name	Amount	Total
Operating Revenues		
Dividend income from subsidiaries and associates	22,155	
Consulting fee income from subsidiaries and associates	1,558	
Commissions from subsidiaries and associates	381	
Other operating revenues	420	24,515
Total Operating Revenues		24,515
Selling, General, and Administrative Expenses		4,128
Operating Income		20,387
Other Income		
Interest income	1,194	
Dividend income	2	
Other	49	1,246
Other Expenses		
Interest expense	280	
Other	128	408
Ordinary Income		21,225
Extraordinary Income		
Gain on sales of investment securities	175	
Gain on sales of shares of subsidiaries and associates	15,168	15,343
Extraordinary Losses		
Loss on sales of investment securities	4	
Other	26	30
Net Income before Income Taxes		36,538
Income Taxes—Current	(3,346)	
Income Taxes—Deferred	(19,796)	(23,142)
Net Income		59,681

Note: Amounts above are rounded off to the nearest million yen.

## Statement of Changes in Net Assets

(March 1, 2018 through February 28, 2019)

(Millions of yen)

	Shareholders' equity							
	Common stock	Capital surplus			Legal reserve	Retained earnings		Total retained earnings
		Additional paid-in capital	Other capital surplus	Total capital surplus		Other retained earnings		
					General reserve	Retained earnings carried forward		
Balance, March 1, 2018	16,659	17,057	227,093	244,150	2,668	199,254	52,289	254,211
Changes in items during the period								
Dividends from surplus							(15,121)	(15,121)
Net income							59,681	59,681
Purchase of treasury shares								
Disposal of treasury shares			1	1				
Net changes in items other than shareholders' equity								
Total changes in items during the period	—	—	1	1	—	—	44,560	44,560
Balance, February 28, 2019	16,659	17,057	227,094	244,151	2,668	199,254	96,849	298,771

(Millions of yen)

	Shareholders' equity		Valuation, Translation Adjustments, and Others			Total net assets
	Treasury shares	Total shareholders' equity	Unrealized gain on available-for-sale securities	Deferred gains or losses on hedges	Total valuation, translation adjustments, and others	
Balance, March 1, 2018	(1,321)	513,698	34	(418)	(384)	513,314
Changes in items during the period						
Dividends from surplus		(15,121)				(15,121)
Net income		59,681				59,681
Purchase of treasury shares	(83)	(83)				(83)
Disposal of treasury shares	1	2				2
Net changes in items other than shareholders' equity			(34)	367	333	333
Total changes in items during the period	(82)	44,479	(34)	367	333	44,812
Balance, February 28, 2019	(1,403)	558,177	—	(51)	(51)	558,126

Note: Amounts above are rounded off to the nearest million yen.

**Attested Copy of the Independent Auditor’s Report on the Consolidated Financial Statements**

(TRANSLATION)

**INDEPENDENT AUDITOR’S REPORT**

April 9, 2019

To the Board of Directors of FamilyMart UNY Holdings Co., Ltd.:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Koichi Okubo (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Haruko Nagayama (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kazuhiro Sota (Seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of February 28, 2019 of FamilyMart UNY Holdings Co., Ltd. (the “Company”), and its subsidiaries, and the related consolidated statements of profit or loss and changes in equity for the fiscal year from March 1, 2018 to February 28, 2019, and the related notes.

**Management’s Responsibility for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting



Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of FamilyMart UNY Holdings Co., Ltd. and its subsidiaries as of February 28, 2019, and the results of their operations for the year then ended.

### **Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the related notes" referred to in this report are not included in the attached financial documents.

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**Attested Copy of the Independent Auditor’s Report**

(TRANSLATION)

**INDEPENDENT AUDITOR’S REPORT**

April 9, 2019

To the Board of Directors of FamilyMart UNY Holdings Co., Ltd.

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Koichi Okubo (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Haruko Nagayama (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:

Kazuhiro Sota (Seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act of Japan, we have audited the financial statements of FamilyMart UNY Holdings Co., Ltd. (the “Company”), namely, the balance sheet as of February 28, 2019, and the related statements of income and changes in net assets for the 38th fiscal year from March 1, 2018 to February 28, 2019, and the related notes and the accompanying supplemental schedules.

**Management’s Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements and the accompanying supplemental schedules in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of FamilyMart UNY Holdings Co., Ltd. as of February 28, 2019, and the results of its operations for the year then ended, in accordance with accounting principles generally accepted in Japan.

**Interest**

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the related notes" and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

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## Attested Copy of the Board of Corporate Auditor's Audit Report

(TRANSLATION)

### AUDIT REPORT

Regarding the execution of duties by directors for the 38th fiscal year beginning March 1, 2018, and ending February 28, 2019, the Board of Corporate Auditors of FamilyMart UNY Holdings Co., Ltd. (the "Company"), hereby submits its audit report, which has been prepared after discussions based on audit reports issued by each of the corporate auditors.

#### 1. Auditing Methods Employed by the Corporate Auditors and the Board of Corporate Auditors and Results Thereof

(1) The Board of Corporate Auditors determined auditing policies and assigned tasks, etc., received reports about the progress and results of audits from each corporate auditor. In addition, the Board of Corporate Auditors received from directors, etc. and the Accounting Auditors reports about the execution of their duties and asked for explanation as required.

(2) In compliance with the audit standards specified by the Board of Corporate Auditors and based on the auditing policies and assigned tasks, etc., each corporate auditor has communicated with the directors, the internal auditing department (Audit Office) and other employees, etc. to collect information and improve the auditing environment and audited by the following methods:

- i) The corporate auditors attended the meetings of the Board of Directors and other important meetings; received reports about the execution of their duties from the directors, employees, etc. and requested explanations as required; examined important authorized documents and associated information; and studied business operations and financial positions at the head office and principal offices. With regard to the Company's subsidiaries, each corporate auditor communicated and exchanged information with its directors and corporate auditors, etc. of the Company's subsidiaries and received reports about the business from the Company's subsidiaries as required.
- ii) The corporate auditors have received reports from the directors and employees, etc. and requested explanations as required, with regard to the substance of the resolution adopted by the Board of Directors regarding the improvement of in-house systems, as stipulated by Article 100, Paragraphs 1 and 3, of the Enforcement Regulations of the Companies Act, as well as the established and operational status of the in-house systems ("Internal Control Systems") that have been improved pursuant to the resolution concerned. Such Internal Control Systems are set forth in the aforementioned paragraphs as necessary to ensure compliance of the execution of duties by directors with laws, regulations, and the Articles of Incorporation, as well as to ensure the propriety of other business operations of a *Kabushiki-Kaisha* (joint stock corporation) and other subsidiaries.
- iii) The corporate auditors have studied the substance of the matters stated in the Business Report relating to particulars given due consideration as stipulated in Article 118, Item 5 (a) of the Enforcement Regulations of the Companies Act and the judgment and the reason therefor as stipulated in (b) of the same Item, in light of the deliberation status of the Board of Directors and other bodies.
- iv) The corporate auditors have examined whether the Accounting Auditors maintain independence and have done appropriate audits, and have received reports on the execution of their duties from the Accounting Auditors and requested explanations as required. The corporate auditors have been notified from the Accounting Auditor that the Accounting Auditors are streamlining the "system to ensure appropriate execution of their duties" (As listed in the Article 131 of the Ordinance on Company Accounting) in accordance with the Standards on Quality Control for Audits (Business Accounting Council, October 28, 2005), etc., and requested explanations, as required.

In the manner explained above, the corporate auditors have examined the business report of the Company and its supplementary schedules therefor and the financial statements of the Company and its supplementary schedules therefor, as well as the consolidated financial statements, pertaining to the fiscal term under review.

## 2. Audit Results

- (1) Audit results regarding the Business Report, etc.
  - i) In our opinion, the Business Report and the supplementary schedules therefor fairly represent the Company's conditions in accordance with the related laws and regulations, and the Articles of Incorporation.
  - ii) We have found no evidence of wrongful action or material violation of laws, regulations or the Articles of Incorporation by any directors with regard to the execution of their duties.
  - iii) In our opinion, the resolution by the Board of Directors regarding the Internal Control Systems is fair and reasonable. We have found no material matters to remark with regard to the substance described in the Business Report and the execution of duties by the directors in connection with the said Internal Control Systems.
  - iv) We have found no matters to remark with regard to the transactions of the Company and its parent, etc., stated in the Business Report, on the particulars given due consideration so as not to harm the interests of the Company in carrying out the transactions and on the judgment of the Board of Directors related to whether or not the transaction harms the interests of the Company, and the reason therefor.
- (2) Audit results regarding the financial statements and the supplementary schedules therefor  
In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.
- (3) Audit results regarding the consolidated financial statements  
In our opinion, the methods and results employed and rendered by the Accounting Auditors, Deloitte Touche Tohmatsu LLC, are fair and reasonable.

The Company resolved at a meeting of its Board of Directors held on April 10, 2019 to conduct an absorption-type merger with the effective date of September 1, 2019, in which the Company is the surviving company and its wholly owned subsidiary FamilyMart Co., Ltd. is the absorbed company. These events do not affect the opinion of the Board of Corporate Auditors.

April 10, 2019

Board of Corporate Auditors, FamilyMart UNY Holdings Co., Ltd. (Seal)

Yasuhiro Baba, Standing Corporate Auditor (Outside Corporate Auditor) (Seal)

Akira Ito, Standing Corporate Auditor (Seal)

Mika Takaoka, Corporate Auditor (Outside Corporate Auditor) (Seal)

Naotaka Nanya, Corporate Auditor (Outside Corporate Auditor) (Seal)

Takayuki Aonuma, Corporate Auditor (Outside Corporate Auditor) (Seal)

The above represents a translation, for convenience only, of the original report issued in Japanese language.