

Notice of Convocation of the 39th Ordinary General Meeting of Shareholders

Date and Time:

10 a.m., Thursday, May 28, 2020

Venue:

Conference room of the Company on the 9th floor,
msb Tamachi-Tamachi Station Tower S,
1-21, Shibaura 3-chome, Minato-ku, Tokyo

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

Resolution Items:

No. 1: Election of Twelve Directors

No. 2: Election of One Corporate Auditor

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FamilyMart Co., Ltd.

Securities Code: 8028

To All Shareholders

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

Notice of Convocation of the 39th Ordinary General Meeting of Shareholders

Dear Shareholder:

This is to inform you that the Ordinary General Meeting of Shareholders (“Meeting”) of FamilyMart Co., Ltd. (the “Company”) for the 39th Term will be held as described below.

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 Wednesday, May 27, 2020.

[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 by 6 p.m., Wednesday, May 27, 2020.

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

Please refer to the “Guide to Exercise of Voting Rights” on pages 3-4, and register your vote for or against each of the proposals by 6:00 p.m., Wednesday, May 27, 2020.

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

1. Date and Time: 10 a.m., Thursday, May 28, 2020
2. Venue: Conference room of the Company on the 9th floor, msb Tamachi-Tamachi Station Tower S, 1-21, Shibaura 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 39th fiscal year (from March 1, 2019 through February 29, 2020)
 2. Report on the financial statements for the 39th fiscal year (from March 1, 2019 through February 29, 2020)

Resolution Items:

No. 1: Election of Twelve Directors

No. 2: Election of One Corporate Auditor

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

<https://www.family.co.jp/english>

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: Election of Twelve Directors

Of the twelve (12) Directors elected at the 38th Ordinary General Meeting of Shareholders, Kunihiro Nakade resigned as a Director as of February 29, 2020, and the terms of office of all of the current Directors (11 persons) will expire at the conclusion of this Meeting. Accordingly, we propose that twelve (12) Directors, including four (4) Outside Directors be elected, by increasing the number of directors by one (1) in order to strengthen the management system.

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
1	Koji Takayanagi November 4, 1951	Reappointment	100%
2	Takashi Sawada July 12, 1957	Reappointment	100%
3	Toshio Kato March 2, 1961	Reappointment	100%
4	Isao Kubo October 19, 1958	Reappointment	100%
5	Naoyoshi Tsukamoto July 4, 1959	Reappointment	100%
6	Atsushi Inoue July 25, 1962	Reappointment	100%
7	Jun Takahashi August 24, 1959	Reappointment	100%
8	Mikio Nishiwaki September 12, 1958	Reappointment	100%
9	Tadashi Izawa May 15, 1953	Reappointment Outside Director Independent Director	95%
10	Mika Takaoka June 19, 1968	Reappointment Outside Director Independent Director	94%
11	Chikako Sekine December 16, 1953	Reappointment Outside Director Independent Director	94%
12	Takayuki Aonuma February 25, 1955	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 & 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 & 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 & 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.* (Absorbed and merged with the Company on September 1, 2019)</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>	18,000

* Hereinafter, FamilyMart Co., Ltd. that was absorbed and merged with the Company on September 1, 2019 is referred to as “former FamilyMart Co., Ltd.”

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 served as Representative Director and President of former 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.

(Note) 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. being the succeeding company. As of the same day, 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 former 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 former FamilyMart Co., Ltd.</p> <p>May 2019 Director, Executive Vice President and Executive Officer, in charge of CVS of the Company</p> <p>March 2020 Director, Executive Vice President and Executive Officer, Assistant to President and Supervisor of East Japan Store Regeneration Division and West Japan Store Regeneration Division of the Company (currently serving)</p>	12,500

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 former FamilyMart Co., Ltd. He has formulated and executed management strategies of the Group. In addition, serving as Assistant to President and Supervisor of East Japan Store Regeneration Division as well as West Japan Store Regeneration Division since March 2020, he has contributed to improving the profitability of the Company and 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	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 & Coordinating Department, Textile Company of ITOCHU Corporation</p> <p>April 2011 Chief Administrative Officer of ITOCHU International Inc. and President & CEO of ITOCHU Canada Ltd.</p> <p>April 2013 Executive Officer and General Manager of Corporate Planning & 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 & Compliance Committee, Chairman of Corporate Social Responsibility Committee and Assistant General Manager of Corporate Planning Division of former 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 former FamilyMart Co., Ltd.</p> <p>May 2018 Director, Senior Managing Executive Officer and General Manager of Corporate Planning Division of the Company</p> <p>May 2019 Director, Senior Managing Executive Officer, Chief Strategy Officer (CSO) and General Manager of Corporate Planning Division of the Company (currently serving)</p>	—

Reason for choosing the candidate for Director

Isao Kubo served as Director of former 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. Serving as General Manager of Corporate Planning Division of the Company from September 2017 and as Chief Strategy Officer (CSO) of the Company since May 2019, he has strived to formulate and execute the management strategies of the Group and has fulfilled his duties as a Director. 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
5	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 (Changed the company name to FamilyMart Co., Ltd., as of September 1, 2016)</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 & 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 former FamilyMart Co., Ltd.</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 Famima Digital One 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</p> <p>March 2020 Director, Senior Managing Executive Officer, Chief Information Officer and General Manager of Information Systems Division of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director and President of Famima Digital One Co., Ltd.</p>	6,180

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 former 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
6	Atsushi Inoue (July 25, 1962) Reappointment	<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 former FamilyMart Co., Ltd.</p> <p>March 2018 Managing Executive Officer and General Manager of Store Development Division of former FamilyMart Co., Ltd.</p> <p>May 2019 Director, Managing Executive Officer and General Manager of Store Development Division of former FamilyMart Co., Ltd.</p> <p>May 2019 Director, Managing Executive Officer and Assistant to Officer in charge of CVS of the Company</p> <p>March 2020 Director, Managing Executive Officer, General Manager of Area Support Division and Supervisor of Customer Service Office and Franchisee Relations Office of the Company (currently serving)</p>	4,600

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 before the Management Integration. After the Management Integration, he has held positions such as Supervising General Manager of a District and General Manager of Store Development Division of former FamilyMart Co., Ltd., as well as Assistant to Officer in charge of CVS of the Company. Serving as General Manager of Area Support Division of the Company since March 2020, he has strived to build a high-quality store network and improve the profitability of the Company and fulfilled his duties as a Director. We believe that, for the above reasons, Atsushi Inoue 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	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 (Changed the company name to FamilyMart Co., Ltd., as of September 1, 2016)</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 & Compliance Committee of the Company</p> <p>March 2018 Director, Executive Officer, Chief Administrative Officer (CAO) and General Manager of CSR & Management Division of the Company</p> <p>March 2019 Director, Executive Officer and General Manager of New Business Development Division of former FamilyMart Co., Ltd.</p> <p>September 2019 Director, Executive Officer and General Manager of New Business Development Division of the Company</p> <p>March 2020 Director, Managing Executive Officer and General Manager of New Business Development Division of the Company (currently serving)</p>	9,424

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, Chief Administrative Officer (CAO) of the Company, as well as General Manager of New Business Development Division of former FamilyMart Co., Ltd. Serving as General Manager of New Business Development Division of the Company since September 2019, he has strived to propose and promote a variety of new businesses and 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
8	Mikio Nishiwaki (September 12, 1958) Reappointment	<p>April 1982 Joined ITOCHU Corporation</p> <p>May 2008 General Manager of Aerospace, Electronics & Multimedia, Finance, Realty, Insurance & Logistics Services Control Office, Business Accounting & Control Division of ITOCHU Corporation</p> <p>March 2010 Chief Financial Officer of Finance, Realty, Insurance & 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 & 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 & Accounting Headquarters of UNY Co., Ltd.</p> <p>March 2018 Director, Executive Officer and General Manager of Finance & Accounting Division of former FamilyMart Co., Ltd.</p> <p>March 2019 Executive Officer, General Manager of Finance & Accounting Division and General Manager of CVS Finance & Accounting Department of the Company</p> <p>May 2019 Director, Executive Officer, General Manager of Finance & Accounting Division and General Manager of CVS Finance & Accounting Department of the Company</p> <p>March 2020 Director, Managing Executive Officer, Chief Financial Officer (CFO) and General Manager of Finance & Accounting Division of the Company (currently serving)</p>	600

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, he served as head of the Company's finance segment and General Manager of Finance & Accounting Division, and, as Chief Financial Officer (CFO) since March 2020, he has strived to formulate the Company's financial strategies and enhance its financial base, and fulfilled his duties as a Director. We believe that, for the above reasons, Mikio Nishiwaki 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	Tadashi Izawa (May 15, 1953) Reappointment Outside Director Independent Director	<p>April 1976 Joined the Ministry of International Trade and Industry (MITI)</p> <p>July 1994 Director, Public Relations Division, Minister's Secretariat of MITI</p> <p>May 2000 Minister at the Embassy of Japan in the United States of America</p> <p>July 2002 Deputy Director-General of Ministry of Economy, Trade and Industry (METI) (in charge of Trade Policy Bureau)</p> <p>October 2003 Board Member of the Japan International Cooperation Agency</p> <p>October 2007 Executive Vice President of Japan External Trade Organization</p> <p>September 2008 Ambassador Extraordinary and Plenipotentiary of Japan stationed in the Embassy of Japan in Ukraine (accredited to Moldova)</p> <p>November 2011 Retired from METI</p> <p>April 2012 Advisor of Chiyoda Corporation</p> <p>July 2012 Senior Vice President of Chiyoda Corporation</p> <p>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</p> <p>July 2017 President of the Japan-China Economic Association (currently serving)</p> <p>May 2018 Outside Director of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: President of the Japan-China Economic Association</p>	—

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, and he provides oversight of the Company's management and valuable advice based on such abundant experience and deep knowledge. We believe that he can continue to utilize such deep knowledge for the Company's management, and nominate him again for Outside Director.

Although he has not been involved in corporate management other than through serving as an outside officer, 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
10	Mika Takaoka (June 19, 1968) Reappointment Outside Director Independent Director	April 2001 Assistant Professor, Institute for Economic Research, Osaka City University April 2002 Assistant Professor, College of Economics, Rikkyo University April 2006 Assistant Professor, College of Business, Rikkyo University April 2007 Associate Professor, College of Business, Rikkyo University April 2009 Professor, College of Business, Rikkyo University (currently serving) May 2011 Outside Corporate Auditor of the Company May 2019 Outside Director of the Company (currently serving) Important Positions Concurrently Held in Other Corporations: Professor, College of Business, Rikkyo University Outside Director of MOS FOOD SERVICES, INC. Outside Director of Kyodo Printing Co., Ltd. Outside Director of SG HOLDINGS CO., LTD.	—

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 and provides oversight of the Company's management and valuable advice based on such abundant experience and deep knowledge. We believe that she can continue to utilize such deep knowledge for the Company's management, and nominate her again 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
11	Chikako Sekine (December 16, 1953) Reappointment 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>May 2019 Outside Director of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director of B-mind Co., Ltd. Outside Director of VALQUA, LTD. Outside Director of TAKARA & COMPANY 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, and provides oversight of the Company's management and valuable advice based on such deep knowledge. We believe that she can continue to utilize such deep knowledge for the Company's management, and nominate her again for Outside 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
12	Takayuki Aonuma (February 25, 1955) New appointment Outside Director Independent Director	<p>April 1982 Public Prosecutor of Tokyo District Public Prosecutor's Office</p> <p>July 2014 Chief Public Prosecutor of Tokyo District Public Prosecutor's Office</p> <p>December 2015 Deputy Prosecutor General of the Supreme Public Prosecutor's Office</p> <p>September 2016 Superintending Prosecutor of Nagoya High Public Prosecutor's Office</p> <p>February 2018 Registered as attorney (currently serving)</p> <p>February 2018 Of-Counsel of City-Yuwa Partners (currently serving)</p> <p>May 2018 Outside Corporate Auditor of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Of-Counsel of City-Yuwa Partners Outside Director of JAPAN POST HOLDINGS Co., Ltd.</p>	—

Reason for choosing the candidate for Outside Director

Takayuki Aonuma is a candidate for Outside Director and for Independent Director as prescribed in regulations of financial instruments exchange. He has abundant experience and deep knowledge as an expert of laws. We hope that he can provide oversight of the Company's management and valuable advice based on such abundant experience and deep knowledge, and nominate him for Outside Director.

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

- Notes: 1. In candidates' brief personal history, "the Company" refers to each of the following three companies depending on the period in which it is referred to since the term includes the same legal personality as current FamilyMart Co., Ltd.
- 1) Until August 2016: FamilyMart Co., Ltd.
 - 2) From September 2016 to August 2019: FamilyMart UNY Holdings Co., Ltd.
(The company name was changed to FamilyMart UNY Holdings Co., Ltd., following the absorption-type merger in which FamilyMart Co., Ltd. in 1) above was the surviving company and UNY Group Holdings Co., Ltd. was the absorbed company.)
 - 3) From September 2019 onward: FamilyMart Co., Ltd.
(The company name was changed to FamilyMart Co., Ltd., following the absorption-type merger in which FamilyMart UNY Holdings Co., Ltd. in 2) above was the surviving company and its wholly-owned subsidiary, former FamilyMart Co., Ltd. was the absorbed company.)
2. Naoyoshi Tsukamoto also serves as Representative Director and President of Famima Digital One Co., Ltd., with which the Company has transactional relationships including subleasing of the entity's head office and business consignment of information processing and other operations.
 3. The Group has transactional relationships related to business consignment pertaining to consulting mainly for sales promotion and the planning operation of commercials with Revamp Corporation and one (1) of its subsidiaries, which are controlled by Takashi Sawada and his close relatives.
 4. There is no special relationship of interest between the other candidates than those mentioned above and the Company.
 5. The "Brief personal history, positions and responsibilities in the Company and important positions concurrently held in other corporations" section for Koji Takayanagi, Isao Kubo, Naoyoshi Tsukamoto, and Mikio Nishiwaki include their positions and responsibilities as executives of ITOCHU Corporation, the parent company of the Company, and its subsidiaries, either at the present time or for the past five years. In addition, Takashi Sawada served as Representative Director and President of UFI FUTECH Co., Ltd. (currently, Famima Digital One Co., Ltd.) from September 1, 2017 to February 28, 2018, and Isao Kubo currently serves as Representative Director and President of FamilyMart China Holding Co., Ltd. and Managing Officer of FDU Investment, LLC.
 6. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has contracts with Tadashi Izawa, Mika Takaoka and Chikako Sekine to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability for damages under Article 423, Paragraph 1 of the Companies Act is limited to the minimum liability amount provided in applicable laws and regulations. If they are elected as Outside Directors, the Company intends to continue the contracts with them. If Takayuki Aonuma is elected as Outside Director, pursuant to the provisions of Article 427, Paragraph 1 of the Companies Act, the Company intends to enter into a contract with him to the effect that, if he is without knowledge and is not grossly negligent in performing his duties, his liability for damages under Article 423, Paragraph 1 of the Companies Act is limited to the minimum liability amount provided in applicable laws and regulations.
 7. Tadashi Izawa is currently Outside Director of the Company, and the term of his office since assuming the position of Outside Director will be two (2) years at the conclusion of this Meeting.
 8. Mika Takaoka is currently Outside Director of the Company, and the term of her office since assuming the position of Outside Director will be one (1) year at the conclusion of this Meeting.
 9. Chikako Sekine is currently Outside Director of the Company, and the term of her office since assuming the position of Outside Director will be one (1) year at the conclusion of this Meeting.
 10. Takayuki Aonuma is currently Outside Corporate Auditor of the Company, and the term of his office since assuming the position of Outside Corporate Auditor will be two (2) years at the conclusion of this Meeting.
 11. During the tenure of Tadashi Izawa, Mika Takaoka, and Chikako Sekine as Outside Directors and the tenure of Takayuki Aonuma as Outside Corporate Auditor, the Company received an order for action based on the Act against Unjustifiable Premiums and Misleading Representations (hereinafter the "Premiums and Representations Act") from the Consumer Affairs Agency on March 30, 2020 for the labeling of misleading representations prohibited under the Premiums and Representations Act on the package of the Company's original product, Famima Bakery's *Butter Kaoru Mocchiri to shita Shokupan* (bouncy bread with rich butter flavor). Although the Outside Directors mentioned above were not aware of the violation prior to the order, they had always made comments on the thorough compliance with laws and regulations at the Board of Directors' meetings, etc.

In addition, following the revelation of the violation, they have fulfilled their duties by giving advice and expressing opinions on the investigation of causes and recurrence prevention measures.

12. JAPAN POST HOLDINGS Co., Ltd., where Takayuki Aonuma has served as Outside Director from June 2019, became subject to an administrative action (a business improvement order) from the Minister for Internal Affairs and Communications and the Financial Services Agency in December 2019 on the grounds of failures in the governance function of the company's group, pertaining to the matter that the company's subsidiary, JAPAN POST INSURANCE Co., Ltd. engaged in a large number of inappropriate sales of insurance products. The incident giving rise to the administrative action occurred prior to his assumption of office and he had no involvement with the incident. Following the revelation of the incident, he has provided guidance and supervision on ensuring legal compliance within the group through his activities as a member of the Audit Committee, including recommendations on investigations into the cause of the incident and recurrence prevention measures.

No. 2: Election of One Corporate Auditor

The term of office of Corporate Auditor Yasuhiro Baba will expire at the conclusion of this Meeting, and Corporate Auditors Shintaro Tateoka and Takayuki Aonuma will resign from office at the conclusion of this Meeting. Accordingly, we propose that one (1) Corporate Auditor be elected.

If this proposal is approved as originally proposed, the number of Corporate Auditors at the Company's Board of Corporate Auditors will be reduced by two to four (including two Independent Outside Corporate Auditors). However, considering that the ratio of Independent Outside Corporate Auditors at the Company's Board of Corporate Auditors will be maintained and the operation of the cooperative system between Corporate Auditors and the internal auditing department and related departments, we believe that the effectiveness of audits by Corporate Auditors will continue to be sufficiently secured.

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

Name (Date of birth)	Brief personal history, positions in the Company and important positions concurrently held in other corporations	Number of shares held
Kunihiro Nakade (December 23, 1957) New appointment	April 1980 Joined ITOCHU Corporation	2,000
	May 2006 General Manager of CFO Office of ITOCHU Corporation	
	May 2010 Chief Financial Officer of Textile Company of ITOCHU Corporation	
	April 2011 Chief Financial Officer and Chief Information Officer of Textile Company of ITOCHU Corporation	
	April 2012 Executive Officer and Deputy General Manager of General Accounting Control Division of ITOCHU Corporation	
	April 2015 Managing Executive Officer and General Manager of General Accounting Control Division of ITOCHU Corporation	
	May 2016 Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management & Compliance Committee, Chairman of Business Process Improvement Committee, and Chairman of Corporate Social Responsibility Committee of the Company	
	March 2018 Director, Senior Managing Executive Officer and Chief Financial Officer (CFO) of the Company	
	May 2018 Director, Senior Managing Executive Officer, Chief Financial Officer (CFO), Chairman of Risk Management & Compliance Committee, and Chairman of Governance Committee of the Company	
	March 2019 Director, Senior Managing Executive Officer, General Manager of CSR & Management Division, Chairman of Risk Management & Compliance Committee, and Chairman of Corporate Social Responsibility Committee of former FamilyMart Co., Ltd.	
March 2020 Executive Director of the Company (currently serving)		

Reason for choosing the candidate for Corporate Auditor

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 (CFO), 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. We expect him to conduct rigorous audits of the Company's management drawing on his experience, and nominate him for Corporate Auditor.

- Notes: 1. In candidates' brief personal history, "the Company" refers to each of the following three companies depending on the period in which it is referred to since the term includes the same legal personality as current FamilyMart Co., Ltd.
- 1) Until August 2016: FamilyMart Co., Ltd.
 - 2) From September 2016 to August 2019: FamilyMart UNY Holdings Co., Ltd.
(The company name was changed to FamilyMart UNY Holdings Co., Ltd., following the absorption-type merger in which FamilyMart Co., Ltd. in 1) above was the surviving company and UNY Group Holdings Co., Ltd. was the absorbed company.)
 - 3) From September 2019 onward: FamilyMart Co., Ltd.
(The company name was changed to FamilyMart Co., Ltd., following the absorption-type merger in which FamilyMart UNY Holdings Co., Ltd. in 2) above was the surviving company and its wholly-owned subsidiary, former FamilyMart Co., Ltd. was the absorbed company.)
2. There is no special relationship of interest between the candidate and the Company.
3. The "Brief personal history, positions in the Company and important positions concurrently held in other corporations" section for Kunihiro Nakade include his positions and responsibilities as an executive of ITOCHU Corporation, the parent company of the Company, for the past five years.

1. Current Situation of the Corporate Group

(1) Progress and Results of Operations

During the fiscal year ended February 29, 2020, the Japanese economy continued to face a severe economic environment and stagnant personal consumption due to the impact of the consumption tax hike and the unprecedented global impact of the spread of the novel coronavirus disease (COVID-19).

The Company has also been affected by the spread of the virus, which has caused various disruptions in some supplies of products and store operations. Under these circumstances, FamilyMart Co., Ltd. (the “Company”) has placed the highest priority on the safety of our customers, franchisees, and store staff, and at the same time, contributes to local communities while engaging with customers in their respective regions, and continues to make various efforts for further business growth.

In this environment, the Company implemented the following measures during the fiscal year under review, with a focus on enhancing support for franchisees, strengthening stores’ earnings power, and implementing digital solutions.

(Enhance Support for Franchisees)

In order to enhance support for franchisees, we have started initiatives including capital expenditures in self-checkout machines and sliding shelves which improve efficiency in store operations, and staff dispatch support in response to the worsening store staff shortage and rising labor costs, based on the franchisee support action plan. In addition, in order to strengthen the business base of franchisees, we have considered and prepared various support measures, including an increase in the 24-hour business allowance, an increase in incentives for multiple stores and re-signing contracts, and reduced-hours operations. Furthermore, as a measure to reduce waste loss, we began to sell seasonal products such as Midsummer Day of the Ox (*Doyo-no Ushi*) products (eel), Christmas related products, and *ehomaki* (a seasonal sushi roll) on a preorder basis, which led to a reduction in waste loss and an increase in the percentage of franchisees with higher profits. We will promote the creation of an environment in which franchisees can concentrate on management through these measures going forward.

(Strengthen Stores’ Earnings Power)

In order to strengthen stores’ earnings power, we launched the *FamiPay* coupon service, a smartphone application that implements the Company’s unique e-money function *FamiPay* settlement as a measure to expand sales utilizing the new coffee machines that were installed in all stores during the fiscal year ended February 29, 2020. Sales of various menu items, particularly *Café Latte*, have also grown steadily. In addition, regarding the Mother’s Kitchen brand series, the lineup of frozen foods, which have been enhanced in addition to prepared dishes, has also continued to drive the sales of the series. The dessert category performed well with the development of the products including the Souffle Pudding series, which has sold more than 19 million units in total, and the Dessert Monster series, a series of single-hand type sweets with a distinctive texture that was launched in February 2020. For products using super barley that we began selling in response to growing health awareness, the total number of meals sold exceeded 100 million.

(Implement Digital Solutions)

In order to implement digital solutions, we have run an ongoing campaign for the smartphone app *FamiPay* that was launched in July 2019, linked with d POINT, Rakuten Super Point, and T-POINT since the shift to multi-point service in November 2019, and the total number of downloads has exceeded 5 million as of the end of February 2020. The number of users of *FamiPay* settlement has also increased, and we are planning and implementing a variety of measures to make it more beneficial and convenient for customers to use at stores.

(Sustainability)

The Company has identified key issues (materiality) that need to be solved as a priority through its business activities in order to advance its sustainability management, and it is continuously strengthening these efforts. In order to contribute to the realization of a sustainable society as part of these efforts, we have formulated the FamilyMart Environmental Vision 2050 as our medium- to long-term goals for 2030 and 2050. We have set medium- to long-term numerical targets based on themes, and we will make company-wide effort to achieve the targets.

(Transforming our Business Structure)

In pursuit of a business model that adapts to the times, we are working to transform our business structure in order to establish a store management system that is suited to the market environment. We are also working to create a community-oriented organization through newly establishing area headquarters and transferring of the sales and development function from the head office to each

region while enhancing the competitiveness of the chain as a whole through the early retirement incentive plan, which was implemented in order to optimize the personnel structure in line with the current number of stores. A total of 1,025 people has used the early retirement incentive plan (a total of ¥15.5 billion in extra retirement benefits), which is expected to reduce expenses by approximately ¥8 billion per year at the level of profit before taxes on a consolidated basis starting from the fiscal year ending February 28, 2021.

The total number of stores operated in Japan was 16,611 (including 925 stores operated by three domestic area franchisers) as of February 29, 2020. The total number of stores operated overseas (mostly in east Asia) was 7,952, and the aggregate number of FamilyMart chain stores worldwide totaling both domestic and overseas stores was 24,563 as of the same date.

As a result, operating revenues of the Company and its consolidated subsidiaries for the fiscal year ended February 29, 2020 decreased by 16.2% year over year to ¥517,060 million, core operating profit (*) increased by 25.2% year over year to ¥64,547 million, profit before income taxes increased by 994.1% year over year to ¥46,221 million, and profit for the year attributable to owners of the parent decreased by 4.1% year over year to ¥43,529 million on a consolidated basis.

While the Group has had the two businesses consisting of the convenience store business and general merchandise store business as the reporting segments in the past, as a result of a revision in the reporting segments following the transfer of shares in subsidiaries during previous and current fiscal years, the reporting segments for the Group have been changed to the single segment of the convenience store business from the current fiscal year.

In addition, the Company carried out an absorption-type merger of its wholly owned subsidiary, FamilyMart Co., Ltd., and subsequently changed the company name of the Company to FamilyMart Co., Ltd., effective as of September 1, 2019. At the same time, it also revised its Basic Principles based on its Corporate Message of “FamilyMart, Where You Are One of the Family.”

(Millions of yen)

Gross Operating Revenue	Core Operating Profit	Profit for the Year Attributable to Owners of the Parent
517,060	64,547	43,529

* Core operating profit is the Company’s own profit benchmark, which is calculated by deducting cost of sales and selling, general, and administrative expenses from gross operating revenue, and it is not required to be disclosed under International Financial Reporting Standards (IFRS).

(2) Capital Expenditures

During the fiscal year under review, our corporate group conducted capital expenditures totaling ¥86,225 million primarily for store investments, such as new store openings and the renovation of existing stores in the convenience store business.

The breakdown of the capital expenditures was ¥64,007 million for new openings, repairs and renovation of stores, etc.; ¥12,511 million for leasehold deposits for store leases; and ¥9,707 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 and from funds on hand.

(4) Our Tasks Ahead

The business environment surrounding the retail industry going forward is expected to remain uncertain due to concerns such as the intensifying competition across business categories, the decline in consumer confidence affected by consumers’ deep-rooted orientation to thriftiness, and the spread of the novel coronavirus disease (COVID-19). In addition, consumer needs are diversifying, and it is becoming necessary to create products and services based on new ideas. Furthermore, corporate social responsibility toward matters such as providing safe and secure food and addressing environmental issues is becoming increasingly important.

In order to overcome these difficulties and survive in a fiercely competitive environment, the Group will seek opportunities for growth by combining its management resources and providing unique value.

The Group will implement the following initiatives: the steady implementation of support for franchisees, strengthening earnings power, response to the spread of the novel coronavirus disease (COVID-19), promotion of financial and digital strategy, and promoting collaboration with Pan Pacific International Holdings Corporation.

(Steady Implementation of Support for Franchisees)

In the steady implementation of support for franchisees, we will implement new franchisees support measures to strengthen the business base of franchisees, including an increase in incentives for multiple stores and re-signing contracts, an increase in the 24-hour business allowance, and a revision of the waste loss allowance system. In addition, to address labor shortages, we will support reduced-hours operations based on the judgment of the franchisee and strengthen the store staff dispatching system.

(Strengthening Earnings Power)

As efforts to strengthen earnings power, we will strengthen our efforts to establish a community-based organizational structure in order to build a store management system that is suited to the market environment. We will work together with franchisees to create stores that are indispensable to local customers by ensuring product lineups and sales promotions tailored to each region. In addition, we will strongly implement store revitalization to improve individual stores where profitability has declined due to factors such as changes in the business environment. To enhance product competitiveness, we will further improve value for *Nakashoku* (ready-to-eat meals) products that are our mainstay products including fast food, rice balls, and desserts, expand the lineup of our Mother's Kitchen series, a brand of original delicatessen and frozen food products, and aggressively develop new menu items utilizing the new coffee machines that have been installed in all stores.

(Response to the Spread of the Novel Coronavirus Disease (COVID-19))

In response to the spread of the novel coronavirus disease (COVID-19), we are striving to provide a stable supply of items including daily necessities and processed foods that are in increasing demand in response to changing customer needs during emergencies. In addition, we will promote various measures to bring back vibrant everyday living.

(Promotion of Financial and Digital Strategy)

In the promotion of financial and digital strategy, we will further promote the use of the smartphone app "*FamiPay*," and aim to increase further use by entering new businesses that utilize data.

(Promoting Collaboration with Pan Pacific International Holdings Corporation)

In promoting collaboration with Pan Pacific International Holdings Corporation, we will continue to work on joint development of products and services.

On October 17, 2019, when the Company's original product, Famima Bakery's *Butter Kaoru Mocchiri to shita Shokupan* (bouncy bread with rich butter flavor) was found to have a different package labeling and content, the Company immediately removed the product from its stores, reported the matter to the Consumer Affairs Agency, and posted an apology and notice at its stores and on its website. However, the Company received an order for action based on the Premiums and Representations Act from the Consumer Affairs Agency on March 30, 2020. The Company takes this order for action very seriously and will work to strengthen compliance and prevent recurrence.

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

[Japanese GAAP]

(Millions of yen unless otherwise indicated)

Category \ Fiscal Term	36th Term (Year ended February 2017)	37th Term (Year ended February 2018)	38th Term (Year ended February 2019)	39th Term (Year ended February 2020)
Total operating revenues	894,994	—	—	—
Ordinary income	59,336	—	—	—
Profit attributable to owners of parent	19,007	—	—	—
Net income per share (yen)	171.74	—	—	—
Total assets	1,643,923	—	—	—
Total equity	534,492	—	—	—
Equity per share (yen)	4,104.88	—	—	—

[Based on IFRS]

(Millions of yen unless otherwise indicated)

Category \ Fiscal Term	36th Term (Year ended February 2017)	37th Term (Year ended February 2018)	38th Term (Year ended February 2019)	39th Term (Year ended February 2020)
Operating revenues	843,815	637,013	617,174	517,060
Profit before income taxes	33,695	5,874	4,225	46,221
Profit attributable to owners of parent	21,585	33,656	45,370	43,529
Basic earnings per share (yen)	195.07	66.45	89.64	86.01
Total assets	1,667,074	1,731,787	1,372,117	1,976,116
Equity attributable to owners of the parent	517,842	543,235	568,762	586,934
Equity per share attributable to owners of the parent (yen)	4,089.07	1,073.29	1,123.78	1,159.70

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 36th Term.
- 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 company 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, 2018.
 6. Effective on September 1, 2019, the Company conducted an absorption-type merger whereby the Company was the surviving company and FamilyMart Co., Ltd. was the absorbed company, and the company name of the Company was changed to FamilyMart Co., Ltd.

(6) Status of Important Parent Company and Subsidiaries

(i) Status of Parent Company

The parent company of the Company is ITOCHU Corporation, which holds 254,528 thousand shares in the Company (50.36% of voting rights, including 8.80% 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

- 1) 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.
- 2) The judgment of the Board of Directors related to whether or not the transactions harms the interests of the Company, and reason therefor
The Company judges whether or not to carry out the relevant transactions and judges the appropriateness and fairness of the conditions after multifaceted discussions at the Board of Directors to judge that the transaction does not harm 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.
- 3) Opinions in case that the judgement 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
Famima Digital One Co., Ltd.	JPY 400 million	100.00	FamiPay 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
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 company name of UFI FUTECH Co., Ltd. was changed to Famima Digital One Co., Ltd. on July 1, 2019.
3. Kanemi Co., Ltd. was removed from the scope of consolidation as a result of the partial transfer of shares held during the fiscal year under review.

(7) Status of Significant Business Combinations

- (i) In April 2019, the Company transferred part of its shares (2,615,061 shares) in Kanemi Co., Ltd., which was a subsidiary of the Company, to Pan Pacific International Holdings Corporation.
- (ii) In September 2019, the Company conducted an absorption-type merger with FamilyMart Co., Ltd., which was a wholly-owned subsidiary of the Company, whereby the Company was the surviving company and FamilyMart Co., Ltd. was the absorbed company.
- (iii) In October 2019, the Company transferred all shares of Tpoint Japan Co., Ltd. held by the Company to CCC Marketing Co., Ltd.
- (iv) In December 2019, the Company's subsidiary Taiwan FamilyMart Co., Ltd. passed a resolution to establish a new company (a sub-subsidiary) with a business focusing on new services for members to improve customer loyalty. The new company will be established in 2020 based on such a resolution, subject to the agreement of the joint investors, etc. Because the amount of capital of the new company is equal to or more than 10/100 of the amount of capital of the Company, the new company will be a specified subsidiary of the Company.

(8) Major Operating Bases

(i) Head Office and Others

FamilyMart Co., Ltd. (the Company)	Head office	Minato-ku, Tokyo
	Regions/Districts	Sapporo-shi, Hokkaido; Sendai-shi, Miyagi; Oyama-shi, Tochigi; Saitama-shi, Saitama; Chiba-shi, Chiba; Chiyoda-ku, Tokyo; Toshima-ku, Tokyo; Tachikawa-shi, Tokyo; Yokohama-shi, Kanagawa; Chiryu-shi, Aichi; Nagoya-shi, Aichi; Inazawa-shi, Aichi; Yokkaichi-shi, Mie; Kanazawa-shi, Ishikawa; Kyoto-shi, Kyoto; Osaka-shi, Osaka; Kobe-shi, Hyogo, Hiroshima-shi, Hiroshima; Matsuyama-shi, Ehime; and Fukuoka-shi, Fukuoka
Subsidiaries	famima Retail Service Co., Ltd.	Toshima-ku, Tokyo
	EVENTIFY INC.	Shinjuku-ku, Tokyo
	SENIOR LIFE CREATE Co., Ltd.	Minato-ku, Tokyo
	Famima Digital One Co., Ltd.	Minato-ku, Tokyo
	Taiwan FamilyMart Co., Ltd.	Taipei City, Taiwan

Notes:

1. EVENTIFY INC. changed its head office location to Shinjuku-ku, Tokyo, on April 22, 2019.
2. The company name of UFI FUTECH Co., Ltd. was changed to Famima Digital One Co., Ltd. on July 1, 2019.

(ii) Number of Stores

Number of stores for the entire chain							
By region	Number of stores	By region	Number of stores	By region	Number of stores	By region	Number of stores
Hokkaido	240	Chiba	628	Aichi	1,576	Hiroshima	268
Aomori	203	Tokyo	2,449	Mie	394	Yamaguchi	92
Iwate	184	Kanagawa	998	Shiga	158	Kagawa	124
Miyagi	352	Yamanashi	83	Kyoto	329	Ehime	234
Akita	146	Nagano	265	Osaka	1,365	Tokushima	84
Yamagata	144	Niigata	181	Hyogo	530	Kochi	106
Fukushima	179	Toyama	156	Nara	147	Fukuoka	418
Ibaraki	335	Ishikawa	247	Wakayama	116	Saga	68
Tochigi	222	Fukui	152	Tottori	72	Nagasaki	146
Gunma	122	Gifu	345	Shimane	67	Kumamoto	159
Saitama	788	Shizuoka	493	Okayama	238	Oita	83
Total number of stores operated by FamilyMart Co., Ltd.							15,686
Minami Kyushu FamilyMart Co., Ltd.			Miyazaki, Kagoshima				395
Okinawa FamilyMart Co., Ltd.			Okinawa				326
JR KYUSHU RETAIL, INC.			Fukuoka and four other prefectures				204
Total number of stores operated by domestic area franchisers							925
Total number of stores operated in Japan							16,611
Taiwan FamilyMart Co., Ltd.			Taiwan				3,606
Central FamilyMart Co., Ltd.			Thailand				969
Shanghai FamilyMart Co., Ltd.			China				2,803
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.			Vietnam				143
VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED FAMILYMART VIETNAM JOINT STOCK COMPANY			Indonesia				175
PT. FAJAR MITRA INDAH			Philippines				74
Philippine FamilyMart CVS, Inc.			Malaysia				182
Maxincome Resources Sdn. Bhd.			Total number of stores operated overseas				7,952
Aggregate number of FamilyMart chain stores worldwide							24,563

(9) Status of Employees

Employees of the Corporate Group

Number of Employees	Change from the end of the previous fiscal year
13,955 (5,547)	1,184 (4,565) decrease

Notes:

1. 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.
2. The main reason for the decrease in the number of employees was the removal of Kanemi Co., Ltd. from the scope of consolidation following the partial transfer of its shares held.

(10) Status of Major Borrowings

(Millions of yen)

Lender's Name	Amount of Borrowings
Mizuho Bank, Ltd.	41,240
Sumitomo Mitsui Banking Corporation	22,180
MUFG Bank, Ltd.	17,731
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 1,000,000,000
- (2) Total number of issued shares 506,849,252
(including treasury stock of 741,180 shares)
- (3) Number of shareholders 24,152
- (4) Major shareholders

Shareholder Name	Number of Shares Held (Thousands)	Percentage Ownership (%)
ITOCHU Corporation	210,029	41.50
The Master Bank Trust of Japan, Ltd. (Trust account)	83,176	16.43
ITOCHU RETAIL INVESTMENT, LLC	43,522	8.60
Japan Trustee Services Bank, Ltd. (Trust account)	28,978	5.73
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	10,461	2.07
NTT DOCOMO, INC.	7,251	1.43
Nippon Life Insurance Company	6,213	1.23
Japan Trustee Services Bank, Ltd. (Trust account 9)	3,879	0.77
STATE STREET BANK WEST CLIENT-TREATY 505234	3,865	0.76
BNP Paribas Securities (Japan) Limited	3,706	0.73

Notes:

- The percentage ownership above is calculated on the basis of the number of shares issued and outstanding (506,108,072 shares) after subtracting the number of shares of treasury stock from the total number of issued shares, and the stated figures have been rounded off to the nearest second decimal place.
- The number of shares held is rounded off to the nearest thousand shares.
- 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 29, 2020, could not be confirmed. Note that while the Company conducted a 4-for-1 share split of its common stock, effective March 1, 2019, based on a resolution made at the meeting of the Board of Directors held on December 13, 2018, the number of shares stated above is the number of shares before the split.
- In the Amendment to Large Shareholding Report dated November 5, 2019, the Company was notified that joint holders of Mitsubishi UFJ Financial Group, Inc. (a total of three companies) held 21,771,888 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 29, 2020, could not be confirmed.
- In the Amendment to Large Shareholding Report dated January 9, 2020, the Company was notified that Sumitomo Mitsui Trust Asset Management Co., Ltd. and its joint holder (a total of two companies) held 30,153,728 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 29, 2020, could not be confirmed.
- In the Large Shareholding Report dated March 6, 2020, the Company was notified that Mizuho Securities Co., Ltd. and its joint holder (a total of two companies) held 30,703,896 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 29, 2020, could not be confirmed.
- In the Amendment to Large Shareholding Report dated March 6, 2020, the Company was notified that Nomura Asset Management Co., Ltd. and its joint holder (a total of two companies) held 46,770,888 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 29, 2020, could not be confirmed.

3. Corporate Officers

(1) Directors and Corporate Auditors (as of February 29, 2020)

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Representative Director and Chairman	Koji Takayanagi	
Representative Director and President	Takashi Sawada	
Director	Toshio Kato	Executive Vice President and Executive Officer, General Manager of Store Operation Division, Supervisor of Customer Service Office and Franchisee Relations Office, and General Manager of Domestic AFC Business Promotion Department of the Company
Director	Kunihiro Nakade	Senior Managing Executive Officer, Chief Financial Officer (CFO), Chief Administrative Officer (CAO), and Chairman of Governance Committee of the Company
Director	Isao Kubo	Senior Managing Executive Officer, Chief Strategy Officer (CSO), and General Manager of Corporate Planning Division of the Company
Director	Naoyoshi Tsukamoto	Managing Executive Officer, Chief Information Officer (CIO), and General Manager of Information Systems Division of the Company Representative Director and President of Famima Digital One Co., Ltd.
Director	Atsushi Inoue	Managing Executive Officer and General Manager of Store Development Division of the Company
Director	Jun Takahashi	Executive Officer and General Manager of New Business Development Division of the Company
Director	Mikio Nishiwaki	Executive Officer and General Manager of Finance & Accounting Division of the Company
Director	Tadashi Izawa	President of the Japan-China Economic Association
Director	Mika Takaoka	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.
Director	Chikako Sekine	Representative Director of B-mind Co., Ltd. Outside Director of VALQUA, LTD. Outside Director of TAKARA & COMPANY LTD.
Standing Corporate Auditor	Yasuhiro Baba	
Standing Corporate Auditor	Shintaro Tateoka	
Standing Corporate Auditor	Katsuji Sato	
Corporate Auditor	Takayuki Aonuma	Attorney at City-Yuwa Partners Outside Director of JAPAN POST HOLDINGS Co., Ltd.
Corporate Auditor	Ichiro Uchijima	
Corporate Auditor	Yoshiko Shirata	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 Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development Auditor, Obihiro University of Agriculture and Veterinary Medicine

Notes:

1. Directors Tadashi Izawa, Mika Takaoka and Chikako Sekine are outside directors as set forth in Article 2, Item 15, of the Companies Act.
2. Standing Corporate Auditor Yasuhiro Baba and Corporate Auditors Takayuki Aonuma, Ichiro Uchijima and Yoshiko Shirata are outside corporate auditors as set forth in Article 2, Item 16, of the Companies Act.
3. Directors Tadashi Izawa, Mika Takaoka and Chikako Sekine and Corporate Auditors Takayuki Aonuma, Ichiro Uchijima and Yoshiko Shirata are independent directors or 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 Tadashi Izawa, Mika Takaoka and Chikako Sekine and Corporate Auditors Takayuki Aonuma, Ichiro Uchijima and Yoshiko Shirata to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability for damages 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 the Japan-China Economic Association.
6. 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.
7. The Company has no significant transactional relationships with B-mind Co., Ltd., VALQUA, LTD., or TAKARA & COMPANY LTD.
8. The Company has no significant transactional relationships with City-Yuwa Partners or JAPAN POST HOLDINGS Co., Ltd.
9. The Company has no significant transactional relationships with Tsukuba Gakuin University, WIN-Partners Co., Ltd., Ryoden Corporation, Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development, or Obihiro University of Agriculture and Veterinary Medicine.
10. The Company has transactional relationships related to business consignment pertaining to consulting mainly for sales promotion and the planning operation of commercials with Revamp Corporation and one (1) of its subsidiaries, which are controlled by Representative Director Takashi Sawada and his close relatives.
11. Director Kunihiro Nakade resigned as a Director as of February 29, 2020.

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

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

Category	Number of Persons	Total Amount of Remuneration, etc. (Millions of yen)
Directors	14	158
(Outside Directors among the above)	(4)	(30)
Corporate Auditors	9	86
(Outside Corporate Auditors among the above)	(6)	(49)
Total	23 (10)	244 (79)

Notes: 1. The number of persons above includes two directors and three corporate auditors who retired as of the close of the 38th Ordinary General Meeting of Shareholders held on May 28, 2019.

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.

3. Although there are plans to pay performance-linked bonuses to Directors other than Outside Directors separately from the above remuneration, performance-linked bonuses are not included in the total amount of remuneration, etc. above because the amount of remuneration for the current fiscal year has not yet been determined at the time of preparation of this Business Report.

(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 ¥11 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
Tadashi Izawa	Outside Director	The attendance rate of Tadashi Izawa as an Outside Director was 95% 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 Deputy Director-General of METI and an ambassador.
Mika Takaoka	Outside Director	The attendance rate of Mika Takaoka was 94% for the meetings of the Board of Directors held after assuming her position as Outside Director. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist based on specialized knowledge regarding economics and business administration as a university professor and abundant experience as an outside director at other companies.
Chikako Sekine	Outside Director	The attendance rate of Chikako Sekine was 94% for the meetings of the Board of Directors held after assuming her position as Outside Director. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist based on abundant experiences mainly as an executive officer at a listed company and as a representative director and outside director at other companies.
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.
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 during the year under review. 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.
Ichiro Uchijima	Outside Corporate Auditor	The attendance rate of Ichiro Uchijima 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 Corporate Auditor. He appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist based on abundant experiences mainly as a director at listed companies.
Yoshiko Shirata	Outside Corporate Auditor	The attendance rate of Yoshiko Shirata was 100% for the meetings of the Board of Directors and 90% for those of the Board of Corporate Auditors held after assuming her position as Outside Corporate Auditor. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist based on specialized knowledge regarding accounting and business administration as a university professor and abundant experience as an outside director at other companies.

Notes: 1. For the purpose of gaining a deeper understanding of the Company's business, multiple inspections of area franchisers and stores

- in Japan and overseas were conducted for Outside Directors and Outside Corporate Auditors.
2. During the tenure of Tadashi Izawa, Mika Takaoka, and Chikako Sekine as Outside Directors and the tenure of Yasuhiro Baba, Takayuki Aonuma, Ichiro Uchijima, and Yoshiko Shirata as Outside Corporate Auditors, it was discovered that there were misleading representations on the package of the Company's original product, Famima Bakery's *Butter Kaoru Mocchiri to shita Shokupan* (bouncy bread with rich butter flavor) prohibited under the Premiums and Representations Act, and the Company subsequently received an order for action based on the Premiums and Representations Act from the Consumer Affairs Agency on March 30, 2020. Although the Outside Directors and Corporate Auditors mentioned above were not aware of the violation prior to the order, they had always made comments to ensure thorough compliance with laws and regulations at the Board of Directors' meetings, etc. In addition, after the revelation of the violation, they have fulfilled their duties by giving advice and expressing opinions on the investigation of causes and measures to prevent the recurrence.

4. Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of Remuneration, etc.

	Amount paid (Millions of yen)
Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review	289
Sum of other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	327

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 consented to the amount of remuneration, etc. paid to the Accounting Auditors
The Board of Corporate Auditors consented to 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) Content of the Non-audit Services

The Company pays the Accounting Auditor consideration for advice and guidance services related to the store lease asset management and operation process.

(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
 - 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. Corporate Auditors supervise the execution of duties by Directors. 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 assign a dedicated department for compliance-related disseminating activities and appoint staff responsible for compliance at each headquarters in an effort to ensure thorough compliance.
 - 3) The Company shall establish a basic compliance policy, etc. that Directors, Executive Officers, and employees are required to comply with.
 - 4) The Company shall establish the Audit Office, which is directly controlled by the Representative Director and President. The Audit Office shall conduct regular audits to evaluate the Company's compliance.
 - 5) An internal reporting system shall be adopted and a point of contact for the provision of information shall be established internally and externally 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 shall be required to comply with such rules.
 - 6) The Company shall set forth policies for eliminating involvement with antisocial forces in its basic compliance policy, and it takes measures to deal with them accordingly. Furthermore, the Company 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
 - 1) The Company shall assign a dedicated department to promote and thoroughly conduct risk management activities and appointed staff responsible for risk management at each department in an effort to implement risk management.
 - 2) The Company shall formulate the Risk Management Rules and regularly analyze and evaluate the risks which the departments of the Company 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) In an aim to fulfill our mission as a convenience store to our customers in the event of an emergency such as a large-scale disaster, the Company shall establish a business continuity plan (BCP) and a disaster prevention operation plan so that we can fulfill our responsibilities as a Designated Public Institution and respond to emergency situations.

- (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 (CFO) 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
 - 1) The Company shall establish a Management Meeting, etc. 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 through prompt 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) In order to ensure the appropriate and efficient execution of duties, 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.
- (v) Systems to keep and manage information pertaining to the execution of duties by Directors
 - 1) 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.
 - 2) The Company shall assign a department in charge of the timely disclosure of important corporate information, IR, and other disclosures. In addition, Directors shall promptly and comprehensively collect the information to be disclosed, and disclose it in a timely and appropriate manner in accordance with laws and regulations.
- (vi) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company, its parent company and the Group companies
 - 1) 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 dispatching Directors and Corporate Auditors depending on the circumstances to monitor management.
 - 2) The Company shall clarify guidelines for business administration, etc., in the Management Rules regarding Associated Companies. With respect to the important managerial matters at the respective Group companies, the Company shall determine by each Group company, in principle, matters that require the Company's prior approval and matters that need to be reported to the Company, in consideration of factors such as the business activities and size of each Group company and whether they are listed or not.
 - 3) 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.
 - 4) 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.
 - 5) 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.

- 6) 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 against such employees, 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 competitive transactions, 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 at any 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, environments and various risks surrounding the Company, and other subjects, and to exchange opinions with the Representative Director. 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, 2019, through February 29, 2020 is as follows:

(i) Overall Internal Control System

The Company has the Governance Committee whose majority consists 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. The Governance Committee was held three times during the year under review.

(ii) Compliance system

The Company has established the Basic Policy on Ethics and Compliance and is working to keep all officers and employees thoroughly informed of it. In addition, the Company and the respective Group companies continuously execute various measures by assigning staff responsible for compliance, conducting education and training activities for officers and employees, and establishing internal reporting systems (employee hotlines and supplier helplines) and a point of contact for consulting, to promote compliance.

(iii) Risk management system

The Company regularly analyzes and evaluates the risks that each department of the Company may face, and manages the status of control of these risks. The Risk Management Committee was established in September 2019 in order to take even more prompt and appropriate action in the event of an incident. Employees who discover the occurrence of a compliance-related incident are required to report the incident to their supervisors and at the same time report to the Risk Management Committee secretariat.

We have formulated a business continuity plan (BCP) and a disaster operation plan as a Designated Public Institution, and are conducting education on employee behavior in the event of a disaster through e-learning and disaster countermeasure training.

(iv) Status of important meetings

The Company's Board of Directors comprises twelve Directors (including three Outside Directors) and six Corporate Auditors (including four Outside Corporate Auditors). Twenty-four meetings of the Board of Directors were held during the fiscal year under review, 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 twenty five 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.

(v) 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 holding of committees 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, further provides advice and guidance on the improvement of relevant rules and the streamlining of the systems, and holds Group Compliance Supervisors Meetings. With these measures, the Company promotes the internal control systems including those at the Group companies.

(vi) Ensuring the propriety of financial reporting

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

(vii) 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.

(viii) Effectiveness of auditing by Corporate Auditors

The Board of Corporate Auditors of the Company consists of six Corporate Auditors (including four Outside Corporate Auditors) and held thirteen 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 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 in principle), 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 off to the nearest unit.

Consolidated Statement of Financial Position

(As of February 29, 2020)

(Millions of yen)

Account Name	Amount	Account Name	Amount
Assets		Liabilities	
Current Assets	474,910	Current Liabilities	633,344
Cash and cash equivalents	283,245	Trade and other payables	240,155
Trade and other receivables	150,373	Deposits received	136,187
Other financial assets	10,126	Bonds and borrowings	78,850
Inventories	23,495	Lease liabilities	146,939
Other current assets	7,672	Income taxes payable	4,726
		Other current liabilities	26,486
Non-current Assets	1,501,206	Non-current Liabilities	744,342
Property, plant and equipment	197,424	Bonds and borrowings	113,938
Right-of-use assets	765,081	Lease liabilities	560,801
Investment property	13,608	Other financial liabilities	13,818
Goodwill	139,557	Liabilities for retirement benefits	9,919
Intangible assets	56,303	Provisions	38,119
Investments accounted for using the equity method	33,189	Other non-current liabilities	7,747
Leasehold deposits receivable	88,338		
Other financial assets	125,494	Total Liabilities	1,377,686
Deferred tax assets	75,348		
Other non-current assets	6,863	Equity	
		Equity attributable to owners of the parent	586,934
		Common stock	16,659
		Capital surplus	236,775
		Treasury shares	(1,200)
		Other components of equity	1,560
		Retained earnings	333,140
		Non-controlling interests	11,497
		Total Equity	598,430
Total Assets	1,976,116	Total Liabilities and Equity	1,976,116

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

Consolidated Statement of Profit or Loss

(March 1, 2019 through February 29, 2020)

(Millions of yen)

Account Name	Amount
Continuing operations:	
Operating revenues	517,060
Cost of sales	(57,161)
Gross profit	459,899
Selling, general, and administrative expenses	(395,352)
Equity in earnings of associates and joint ventures	4,764
Other income	2,230
Other expenses	(19,543)
Finance income	2,013
Finance costs	(7,790)
Profit before income taxes	46,221
Income taxes	(2,967)
Profit from continuing operations	43,254
Discontinued operations:	
Profit from discontinued operations	3,900
Profit for the year	47,154
Profit for the year attributable to:	
Owners of the parent	43,529
Non-controlling interests	3,625
Profit for the year	47,154

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

Consolidated Statement of Changes in Equity

(March 1, 2019 through February 29, 2020)

(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, 2019 (as previously reported)	16,659	236,747	(1,185)	(881)	5
Effects of accounting change	—				
Balance, March 1, 2019 (as restated)	16,659	236,747	(1,185)	(881)	5
Profit for the year					
Other comprehensive income				(426)	(12)
Total comprehensive income	—	—	—	(426)	(12)
Purchase of treasury shares			(15)		
Disposal of treasury shares		0	1		
Cash dividends					
Changes in ownership interests in subsidiaries that do not result in a loss of control		28			
Loss of control of subsidiaries					
Transfer from other components of equity to retained earnings					
Total transactions with owners	—	28	(14)	—	—
Balance, February 29, 2020	16,659	236,775	(1,200)	(1,307)	(7)

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

Consolidated Statement of Changes in Equity (Continued)

(March 1, 2019 through February 29, 2020)

(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, 2019	7,649	—	6,773	309,768	568,762	20,975	589,737
Effects of accounting change			—	(5,300)	(5,300)		(5,300)
Restated balance	7,649	—	6,773	304,468	563,461	20,975	584,437
Profit for the year				43,529	43,529	3,625	47,154
Other comprehensive income	245	437	245		245	(164)	80
Total comprehensive income	245	437	245	43,529	43,774	3,461	47,235
Purchase of treasury shares					(15)		(15)
Disposal of treasury shares					1		1
Cash dividends				(20,308)	(20,308)	(2,392)	(22,699)
Changes in ownership interests in subsidiaries that do not result in a loss of control	(8)		(8)		20	(377)	(357)
Loss of control of subsidiaries						(10,171)	(10,171)
Transfer from other components of equity to retained earnings	(5,013)	(437)	(5,450)	5,450	—		—
Total transactions with owners	(5,021)	(437)	(5,458)	(14,857)	(20,302)	(12,939)	(33,241)
Balance, February 29, 2020	2,874	—	1,560	333,140	586,934	11,497	598,430

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

Nonconsolidated Balance Sheet

(As of February 29, 2020)

(Millions of yen)

Account Name	Amount	Account Name	Amount
Assets		Liabilities	
Current Assets	413,163	Current Liabilities	399,744
Cash and cash deposits	134,932	Accounts payable - trade	134,292
Accounts receivable - due from franchised stores	31,065	Current portion of long-term borrowings	68,869
Merchandise	1,994	Accounts payable - due to franchised stores	9,296
Prepaid expenses	18,209	Lease obligations	23,864
Other receivables	97,760	Other payables	54,319
Income taxes receivable	3,191	Accrued expenses	1,123
Short-term loans receivable from subsidiaries and associates	1,975	Income taxes payable	3,093
Advances paid	14,431	Deposits received	101,097
Deposits paid	95,301	Provision for bonuses	374
Short-term leasehold deposits	12,169	Provision for executive bonuses	615
Other current assets	2,392	Other current liabilities	2,801
Allowance for doubtful receivables	(255)	Non-current Liabilities	238,632
Non-current Assets	797,377	Bonds payable	40,000
Property, plant and equipment	234,379	Long-term borrowings	73,343
Buildings	90,509	Lease obligations	68,886
Structures	15,275	Provision for retirement benefits	4,073
Machinery and equipment	13,202	Allowance for losses on business of subsidiaries and associates	5,142
Tools, furniture and fixtures	102,014	Asset retirement obligations	38,026
Land	13,186	Leasehold deposits received	6,714
Other tangible assets	194	Other non-current liabilities	2,447
Intangible assets	161,144	Total Liabilities	638,376
Goodwill	109,515	Net Assets	
Software	11,784	Shareholders' Equity	570,048
Other intangible assets	39,845	Common stock	16,659
Investments and other assets	401,854	Capital surplus	244,151
Investment securities	96,283	Additional paid-in capital	17,057
Shares of subsidiaries and associates	47,145	Other capital surplus	227,094
Long-term loans receivable from subsidiaries and associates	50	Retained earnings	310,656
Long-term prepaid expenses	12,573	Legal reserve	2,668
Deferred tax assets	63,849	Other retained earnings	307,988
Leasehold deposits receivable	180,734	General reserve	199,254
Other non-current assets	3,052	Retained earnings carried forward	108,734
Allowance for doubtful receivables	(1,832)	Treasury shares	(1,418)
		Valuation, Translation Adjustments, and Others	2,116
		Valuation difference on available-for-sale securities	2,168
		Deferred losses on hedges	(52)
		Total Net Assets	572,164
Total Assets	1,210,541	Total Liabilities and Net Assets	1,210,541

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

Nonconsolidated Statement of Income

(March 1, 2019 through February 29, 2020)

(Millions of yen)

Account Name	Amount	Total
Operating Revenues		
Income from franchised stores	161,825	
Other operating revenues	19,100	180,924
Net sales		26,556
Total Operating Revenues		207,480
Cost of sales		18,782
Gross profit		7,774
Gross operating profit		188,698
Selling, General, and Administrative Expenses		169,321
Operating Income		19,377
Other Income		
Interest income	832	
Dividend income	875	
Other	949	2,657
Other Expenses		
Interest expense	765	
Other	127	892
Ordinary Income		21,142
Extraordinary Income		
Gain on sales of investment securities	5	
Gain on sales of shares of subsidiaries and associates	9,813	
Gain on sales of non-current assets	224	
Gain on extinguishment of tie-in shares	20,597	30,639
Extraordinary Losses		
Loss on sales of investment securities	4	
Loss on sales of shares of subsidiaries and associates	1,035	
Loss on valuation of investment securities	122	
Loss on disposal of non-current assets	2,487	
Impairment loss	4,529	
Loss on cancellation of rental contracts	410	
Loss on disaster	189	
Loss on business of subsidiaries and associates	204	
Business restructuring expenses	15,466	
Other	17	24,463
Net Income before Income Taxes		27,318
Income Taxes—Current	1,022	
Income Taxes—Deferred	(5,897)	(4,875)
Net Income		32,193

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

Nonconsolidated Statement of Changes in Net Assets

(March 1, 2019 through February 29, 2020)

(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, 2019	16,659	17,057	227,094	244,151	2,668	199,254	96,849	298,771
Changes in items during the period								
Dividends from surplus							(20,308)	(20,308)
Net income							32,193	32,193
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Net changes in items other than shareholders' equity								
Total changes in items during the period	—	—	0	0	—	—	11,885	11,885
Balance, February 29, 2020	16,659	17,057	227,094	244,151	2,668	199,254	108,734	310,656

(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, 2019	(1,403)	558,177	—	(51)	(51)	558,126
Changes in items during the period						
Dividends from surplus		(20,308)				(20,308)
Net income		32,193				32,193
Purchase of treasury shares	(15)	(15)				(15)
Disposal of treasury shares	1	1				1
Net changes in items other than shareholders' equity			2,168	(1)	2,167	2,167
Total changes in items during the period	(14)	11,871	2,168	(1)	2,167	14,038
Balance, February 29, 2020	(1,418)	570,048	2,168	(52)	2,116	572,164

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 13, 2020

To the Board of Directors of FamilyMart 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:
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 29, 2020 of FamilyMart Co., Ltd. (former 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, 2019 to February 29, 2020, 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 Co., Ltd. (former FamilyMart UNY Holdings Co., Ltd.) and its subsidiaries as of February 29, 2020, 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.

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

(TRANSLATION)

INDEPENDENT AUDITOR’S REPORT

April 13, 2020

To the Board of Directors of FamilyMart 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:

Kazuhiro Sota (Seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act of Japan, we have audited the nonconsolidated financial statements of FamilyMart Co., Ltd. (former FamilyMart UNY Holdings Co., Ltd.; the “Company”), namely, the nonconsolidated balance sheet as of February 29, 2020, and the related nonconsolidated statements of income and changes in net assets for the 39th fiscal year from March 1, 2019 to February 29, 2020, and the related notes and the accompanying supplemental schedules.

Management’s Responsibility for the Nonconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of these nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated 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 nonconsolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of FamilyMart Co., Ltd. (former FamilyMart UNY Holdings Co., Ltd.) as of February 29, 2020, 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.

(TRANSLATION)

AUDIT REPORT

Regarding the execution of duties by directors for the 39th fiscal year beginning March 1, 2019, and ending February 29, 2020, the Board of Corporate Auditors of FamilyMart Co., Ltd. (former company name: 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.

As stated in the Business Report, with respect to an order for action based on the Act against Unjustifiable Premiums and Misleading Representations from the Consumer Affairs Agency received in March 2020, the Board of Corporate Auditors has confirmed the implementation of the necessary measures to prevent recurrence, and will continue to monitor the Company's efforts to ensure thorough compliance.

In response to the recent major changes in the social environment surrounding the convenience store business, as described in the Business Report, the Company formulated an action plan to support franchisees last year, and is currently working to reform the business structure. The Board of Corporate Auditors will continue to monitor the progress of these measures from the perspective of legality and appropriateness.

April 13, 2020

Board of Corporate Auditors, FamilyMart Co., Ltd.

Yasuhiro Baba, Standing Corporate Auditor (Outside Corporate Auditor)
Shintaro Tateoka, Standing Corporate Auditor
Katsuji Sato, Standing Corporate Auditor
Takayuki Aonuma, Corporate Auditor (Outside Corporate Auditor)
Ichiro Uchijima, Corporate Auditor (Outside Corporate Auditor)
Yoshiko Shirata, Corporate Auditor (Outside Corporate Auditor)

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