

## **Notice of Convocation of the 37th Ordinary General Meeting of Shareholders**

### **Date and Time:**

10 a.m., Thursday, May 24, 2018

### **Venue:**

“Fuji” Hall on the 3rd Floor, Hotel Metropolitan,  
6-1, Nishi-Ikebukuro 1-chome, Toshima-ku, Tokyo

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

### **Resolution Items:**

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

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

**No. 3:** Election of One Corporate Auditor

### **Table of Contents**

Notice of Convocation of the 37th Ordinary General Meeting of Shareholders

Reference Document for the General Meeting of Shareholders

Business Report

Consolidated Financial Statements

Financial Statements

Audit Reports

Announcement

FamilyMart UNY Holdings Co., Ltd.

Securities Code: 8028

## Top Message

We sincerely appreciate the extraordinary support provided by our shareholders.

We are holding the 37th Ordinary General Meeting of Shareholders on May 24, 2018 (Thursday), for which we hereby present you with the convocation notice, explain our proposals on its agenda and outline our business results for fiscal 2017.

The ongoing support of shareholders is highly appreciated.

Koji Takayanagi  
Representative Director and President

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## Group Principles

# Everyday Fun and Fresh

By continuously creating new value for our customers, we help make their lives more fun and fresh every day. Valuing people as individuals, we aim to be a familiar and trusted presence in their lives.

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Securities Code: 8028  
May 2, 2018

To All Shareholders

Koji Takayanagi  
Representative Director and President  
FamilyMart UNY Holdings Co., Ltd.  
1-1, Higashi-Ikebukuro 3-chome,  
Toshima-ku, Tokyo, Japan

### **Notice of Convocation of the 37th Ordinary General Meeting of Shareholders**

Dear Shareholder:

This is to inform you that the Ordinary General Meeting of Shareholders (“Meeting”) of FamilyMart UNY Holdings Co., Ltd. (the “Company”) for the 37th Term will be held as described below and to request your attendance at the Meeting.

In the event that you are unable to attend the Meeting, you may exercise your voting rights either in writing or via the Internet, etc. Please see the “Reference Document for the General Meeting of Shareholders” provided below. Following the instructions set forth on the following page, please exercise your voting rights by either method so that it arrives no later than 6 p.m. on Wednesday, May 23, 2018.

1. Date and Time: 10 a.m., Thursday, May 24, 2018
2. Venue: “Fuji” Hall on the 3rd Floor, Hotel Metropolitan,  
6-1, Nishi-Ikebukuro 1-chome, Toshima-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 37th fiscal year (from March 1, 2017 through February 28, 2018)
  2. Report on the financial statements for the 37th fiscal year (from March 1, 2017 through February 28, 2018)

Resolution Items:

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

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

**No. 3:** Election of One Corporate Auditor

Notes:

1. When you attend the Meeting, please present the enclosed Voting Rights Exercise Form at the reception desk.
2. If you exercised your voting rights both via the Internet, etc., and in writing, only your vote exercised via the Internet, etc. shall be counted. If you exercised your voting rights via the Internet, etc. more than once, only your last vote shall be counted.
3. 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.
4. 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.
5. Should any revisions be made to the business report, consolidated financial statements, financial statements and/or Reference Document for the General Meeting of Shareholders, such changes will be posted on the Company's website.

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

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

## Reference Document for the General Meeting of Shareholders

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

#### 1. Reason for the amendments

- (1) To address future business development and increasingly diverse businesses of the Corporate Group including the Company's subsidiaries, the Company has decided to amend Article 2 (Objectives) of the current Articles of Incorporation.
- (2) To further improve the management efficiency of the Corporate Group, the Company's head office will be relocated to Minato-ku, Tokyo. Accordingly, the Company has decided to amend Article 3 (Location of Head Office) of the current Articles of Incorporation. The amendment to Article 3 of the current Articles of Incorporation shall take effect on the head office relocation date that is to be determined by the Board of Directors' meeting to be held no later than April 30, 2019, and a supplementary provision to that effect shall be established. The supplementary provision shall be deleted after the effective date.

#### 2. Description of the amendments

The proposed amendments are as follows:

(Underlined portions indicate the amendments.)

Current Articles of Incorporation	Proposed Amendments
<p>(Objectives) Article 2 The Company aims to control or manage the business activities of companies (including foreign companies), associations (including foreign equivalents) and any other equivalent business entities that engage in the following lines of business by holding stocks or interests in such entities.</p> <p>1.-27. (provisions omitted)</p> <p>28. Management, ownership, operation and lease of restaurants, theaters, amusement centers, movie theaters, hotels, hot spring facilities, holiday houses, assisted living facilities for the elderly, information centers, sports facilities, beauty treatment salons, relaxation salons, massage salons, licensed massage clinics, culture centers, tutoring schools, wedding halls, exhibition halls, funeral halls, car parks and gas stations</p> <p>29.-33. (provisions omitted)</p> <p>34. Photography business, printing and copying business, cleaning business, inventory business, refuse collection business, hair salon business and beauty salon business</p> <p>35.-80. (provisions omitted)</p> <p>(2) (provisions omitted)</p>	<p>(Objectives) Article 2 The Company aims to control or manage the business activities of companies (including foreign companies), associations (including foreign equivalents) and any other equivalent business entities that engage in the following lines of business by holding stocks or interests in such entities.</p> <p>1.-27. (unchanged)</p> <p>28. Management, ownership, operation and lease of restaurants, theaters, amusement centers, movie theaters, hotels, hot spring facilities, holiday houses, assisted living facilities for the elderly, information centers, sports facilities, <u>fitness clubs</u>, beauty treatment salons, relaxation salons, massage salons, licensed massage clinics, culture centers, tutoring schools, wedding halls, exhibition halls, funeral halls, car parks and gas stations</p> <p>29.-33. (unchanged)</p> <p>34. Photography business, printing and copying business, cleaning business, <u>laundromat business</u>, inventory business, refuse collection business, hair salon business and beauty salon business</p> <p>35.-80. (unchanged)</p> <p>(2) (unchanged)</p>

Current Articles of Incorporation	Proposed Amendments
<p>(Location of Head Office)  Article 3  The Company shall have its head office in <u>Toshima City</u> Tokyo, Japan.</p> <p style="text-align: center;">(New)</p>	<p>(Location of Head Office)  Article 3  The Company shall have its head office in <u>Minato City</u>, Tokyo, Japan.</p> <p><u>Supplementary Provision</u>  <u>(Effective Date for the Provision Related to the Location of Head Office)</u>  <u>The amendment to the provision in Article 3 shall take effect on the head office relocation date that is to be determined by the Board of Directors' meeting to be held no later than April 30, 2019. This supplementary provision shall be deleted after the effective date.</u></p>

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

The terms of office of all the current Directors (10 persons) will expire at the conclusion of this Meeting. Accordingly, we propose that thirteen (13) Directors, including two (2) Outside Directors, be elected. The candidates for Director are as described below:

Candidate No.	Name	Date of Birth	Attributes	Attendance at Board of Directors' meetings for the fiscal year under review (Note)
1	Koji Takayanagi	November 4, 1951	Reappointment	100% (17/17 meetings)
2	Isamu Nakayama	October 12, 1957	Reappointment	100% (20/20 meetings)
3	Norio Sako	July 16, 1957	Reappointment	100% (20/20 meetings)
4	Takashi Sawada	July 12, 1957	Reappointment	92% (16/17 meetings)
5	Toshio Kato	March 2, 1961	Reappointment	100% (20/20 meetings)
6	Jiro Koshida	December 20, 1954	Reappointment	100% (20/20 meetings)
7	Kunihiro Nakade	December 23, 1957	Reappointment	95% (19/20 meetings)
8	Isao Kubo	October 19, 1958	New appointment	—
9	Naoyoshi Tsukamoto	July 4, 1959	New appointment	—
10	Hiroaki Tamamaki	July 9, 1956	New appointment	—
11	Jun Takahashi	August 24, 1959	Reappointment	100% (20/20 meetings)
12	Takashi Saeki	June 14, 1951	Reappointment Candidate for Outside Director	80% (16/20 meetings)
13	Tadashi Izawa	May 15, 1953	New appointment Candidate for Outside Director	—

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
1	Koji Takayanagi (November 4, 1951) reappointment	<p>April 1975      Joined ITOCHU Corporation</p> <p>October 1998    General Manager of Crude &amp; Fuel Oil Department of ITOCHU Corporation</p> <p>April 2000      General Manager of Energy Trade Department of ITOCHU Corporation</p> <p>April 2004      Chief Operating Officer of Energy Trade Division of ITOCHU Corporation</p> <p>June 2005      Executive Officer of ITOCHU Corporation</p> <p>April 2008      Managing Executive Officer and President of Chemical, Forest Products &amp; General Merchandise Company of ITOCHU Corporation</p> <p>June 2008      Representative Director and Managing Director of ITOCHU Corporation</p> <p>April 2009      Representative Director, Managing Director, Chief Corporate Planning Officer and Chief Information Officer of ITOCHU Corporation</p> <p>April 2012      Representative Director and Senior Managing Executive Officer, Chief Strategy Officer and General Manager of Corporate Planning &amp; Administration Division of ITOCHU Corporation</p> <p>April 2015      Representative Director, Executive Vice President and President of Food Company of ITOCHU Corporation</p> <p>May 2016      Director of UNY Co., Ltd.</p> <p>March 2017     President and Executive Officer of the Company</p> <p>May 2017      Representative Director and President of the Company (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. Mr. Takayanagi chaired 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, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
2	Isamu Nakayama (October 12, 1957) reappointment	<p>April 1981      Joined ITOCHU Corporation</p> <p>April 2004      General Manager of Oilseeds, Oils &amp; Fats Department of ITOCHU Corporation</p> <p>April 2010      Executive Officer and Senior Vice President of Food Company of ITOCHU Corporation</p> <p>April 2012      Managing Executive Officer and Executive Vice President of Food Company and Chief Operating Officer of Provisions Division of ITOCHU Corporation</p> <p>January 2013    President and Executive Officer of the Company</p> <p>May 2013       Representative Director and President of the Company</p> <p>September 2016 Representative Director and Executive Vice President of the Company Vice Chairman of Business Integration Promotion Committee</p> <p>September 2016 Representative Director and Chairman of FamilyMart Co., Ltd.</p> <p>March 2018     Director and Chairman of FamilyMart Co., Ltd. (currently serving)</p> <p>March 2018     Representative Director, Executive Vice President and Chief Strategy Officer of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director and Chairman of FamilyMart Co., Ltd. Director of UNY Co., Ltd. Chairperson of General Japan Franchise Association</p>	5,100

Reason for choosing the candidate for Director

Isamu Nakayama has directed the management of the Company with his strong leadership, has built the Company's mid-long term management strategy and has been committed to improving the corporate value of the Company since he assumed his position as Representative Director of the Company. Also, after the management integration with UNY Group Holdings Co., Ltd.,\* he has contributed to improving the profitability of the entire Group as Representative Director and Executive Vice President of the Company and has fulfilled his duties as a Director. We believe that, for the above reasons, Isamu Nakayama is necessary for the management of the Company and nominate him again for Director.

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

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
3	Norio Sako (July 16, 1957) reappointment	<p>March 1980      Joined UNY Co., Ltd.*</p> <p>May 2006        Executive Officer of UNY Co., Ltd.</p> <p>May 2008        Director and Executive Officer of UNY Co., Ltd.</p> <p>May 2011        Managing Director and Managing Executive Officer of UNY Co., Ltd.</p> <p>May 2012        Senior Managing Director and Senior Managing Executive Officer of UNY Co., Ltd.</p> <p>February 2013    Director of UNY Group Holdings Co., Ltd.</p> <p>February 2013    Representative Director and President of UNY Co., Ltd. (currently serving)</p> <p>March 2015       Representative Director and President of UNY Group Holdings Co., Ltd.</p> <p>September 2016   Representative Director and Executive Vice President of the Company Vice Chairman of Business Integration Promotion Committee</p> <p>March 2018       Representative Director and Executive Vice President, in charge of GMS of the Company (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Representative Director and President of UNY Co., Ltd.</p>	8,300

\*This refers to UNY Group Holdings Co., Ltd., which ceased to exist because of the Absorption-Type Merger.

Reason for choosing the candidate for Director

Norio Sako served as Representative Director and President of UNY Group Holdings before the Management Integration. After the Management Integration, he has been serving as Representative Director and Executive Vice President of the Company, and has served as General Manager of Business Control Division and General Manager of GMS Business Department of the Company and has been in charge of GMS. Also, he strived for the structural reform of the Company's general retail business, and has fulfilled his duties as a Director. We believe that, for the above reasons, Norio Sako is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
4	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>March 2016      Advisor of the Company</p> <p>April 2016      Representative Director and Chairman of Revamp Corporation</p> <p>May 2016      Director and Chairman of Revamp Corporation</p> <p>May 2016      Director, Senior Managing Executive Officer and Assistant to President of the Company</p> <p>September 2016      Representative Director and President of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2017      Executive Vice President and Executive Officer, General Manager of CVS Business Department, Business Control Division of the Company</p> <p>May 2017      Director, Executive Vice President and Executive Officer, General Manager of CVS Business Department, Business Control Division of the Company</p> <p>March 2018      Representative Director and Executive Vice President, in charge of CVS of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Representative Director and President of FamilyMart Co., Ltd.</p>	2,900

Reason for choosing the candidate for Director

Takashi Sawada has held positions as a manager of retail and management consulting companies. After the Management Integration, he has been serving as Representative Director and President of FamilyMart Co., Ltd. Since May 2017, and 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, he has served as General Manager of CVS Business Department, and has been in charge of CVS of the Company. He has contributed to improving the profitability of the convenience store business, 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.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
5	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 2017      Director, Senior Managing Executive Officer and Chief Strategy Officer of the Company</p> <p>March 2018      Director, Senior Managing Executive Officer, Assistant to Officer in charge of CVS (currently serving)</p> <p>Important Position Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	2,900

Reason for choosing the candidate for Director

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

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
6	Jiro Koshida (December 20, 1954) reappointment	<p>March 1979      Joined UNY Co., Ltd.*</p> <p>May 2006      Executive Officer of UNY Co., Ltd.</p> <p>May 2009      Director and Executive Officer of UNY Co., Ltd.</p> <p>May 2011      Managing Director and Managing Executive Officer of UNY Co., Ltd.</p> <p>May 2012      Senior Managing Director and Senior Managing Executive Officer of UNY Co., Ltd.</p> <p>February 2013      Senior Managing Director and Chief Financial Officer of UNY Group Holdings Co., Ltd.</p> <p>March 2015      Director and Senior Executive Officer of UNY Group Holdings</p> <p>May 2015      Director, Senior Executive Officer, in charge of Secretary, Public &amp; Investor Relations and Finance &amp; Accounting of UNY Group Holdings</p> <p>September 2016      Director, Senior Managing Executive Officer and General Manager of Corporate Management Division of the Company</p> <p>March 2018      Director, Senior Managing Executive Officer and General Manager of Finance &amp; Accounting Division of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of UNY Co., Ltd. Director of UCS Co., Ltd.</p>	3,039

\*This refers to UNY Group Holdings Co., Ltd., which ceased to exist because of the Absorption-Type Merger.

Reason for choosing the candidate for Director

Jiro Koshida served as Director and Senior Executive Officer of UNY Group Holdings Co., Ltd. and has been engaged in accounting and financing operations over many years before the Management Integration. After the Management Integration, he has strived for the management of the Group's financial standing and profitability as General Manager of Corporate Management Division and General Manager of Finance & Accounting Division of the Company, and has fulfilled his duties as a Director. We believe that, for the above reasons, Jiro Koshida is necessary for the management of the Company and nominate him again for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
7	Kunihiro Nakade (December 23, 1957) reappointment	<p>April 1980      Joined ITOCHU Corporation</p> <p>May 2006      General Manager of CFO Office of ITOCHU Corporation</p> <p>May 2010      Chief Financial Officer of Textile Company of ITOCHU Corporation</p> <p>April 2011     Chief Financial Officer and Chief Information Officer of Textile Company of ITOCHU Corporation</p> <p>April 2012     Executive Officer and Deputy General Manager of General Accounting Control Division of ITOCHU Corporation</p> <p>April 2015     Managing Executive Officer and General Manager of General Accounting Control Division of ITOCHU Corporation</p> <p>May 2016      Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management &amp; Compliance Committee, Chairman of Business Process Improvement Committee, and Chairman of Corporate Social Responsibility Committee of the Company</p> <p>September 2016   Director, Managing Executive Officer, General Manager of Finance Division, General Manager of Business Investigation Department and Chairman of Investment and Loan Committee of the Company</p> <p>March 2018    Director, Senior Managing Executive Officer and Chief Financial Officer of the Company (currently serving)</p>	200

Reason for choosing the candidate for Director

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

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
8	Isao Kubo (October 19, 1958) new appointment	<p>April 1982      Joined ITOCHU Corporation</p> <p>April 2005      General Manager of Brand Marketing Department 3 of ITOCHU Corporation</p> <p>April 2008      General Manager of Planning &amp; Administration Department, Textile Company of ITOCHU Corporation</p> <p>April 2011      Chief Administrative Officer of ITOCHU International Inc. and President &amp; CEO of ITOCHU Canada Ltd.</p> <p>April 2013      Executive Officer and General Manager of Corporate Planning &amp; Administration Division of ITOCHU Corporation</p> <p>April 2015      Executive Officer and General Manager of Internal Audit Division of ITOCHU Corporation</p> <p>April 2016      Managing Executive Officer and General Manager of Internal Audit Division of ITOCHU Corporation</p> <p>April 2017      Director, Managing Executive Officer, General Manager of Management Division, Chairman of Risk Management &amp; Compliance Committee, Chairman of Corporate Social Responsibility Committee and Assistant General Manager of Corporate Planning Division of FamilyMart Co., Ltd.</p> <p>May 2017      Managing Executive Officer and Assistant General Manager of General Affairs and Human Resources Department 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 (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd.</p>	—

Reason for choosing the candidate for Director

Isao Kubo has been serving as Director of FamilyMart Co., Ltd., holding positions such as General Manager of Management Division and General Manager of Corporate Planning Division, after serving as the general manager of many divisions in ITOCHU Corporation including its overseas offices. Since September 2017, as General Manager of Corporate Planning Division of the Company, he has strived to formulate and execute the management strategies of the Company. We hope that he will contribute to the management of the Company with his abundant business experience as well as deep knowledge and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
9	Naoyoshi Tsukamoto (July 4, 1959) new appointment	<p>April 1989      Joined Circle K Japan Co., Ltd.</p> <p>May 2000      General Manager of Sales Department, e-Business Division of Circle K Japan Co., Ltd.</p> <p>March 2006      Deputy General Manager of Service, Storage and Grocery Group, Marketing Department, Sales Control Division of Circle K Sunkus*</p> <p>March 2009      General Manager of Information Service Division of Circle K Sunkus</p> <p>March 2011      Executive Officer and General Manager of Information Systems &amp; Services Division of Circle K Sunkus</p> <p>February 2013      Director and General Manager of Merchandising Division of Circle K Sunkus</p> <p>May 2015      Managing Director and General Manager of Sales Control Division of Circle K Sunkus</p> <p>September 2016      Director, Managing Executive Officer, General Manager of Information Systems Division of FamilyMart Co., Ltd. (currently serving)</p> <p>May 2017      Managing Executive Officer, General Manager of IT Promotion Department, Corporate Planning Division of the Company</p> <p>March 2018      Representative Director and President of UFI FUTECH Co., Ltd. (currently serving)</p> <p>March 2018      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 (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of FamilyMart Co., Ltd. Representative Director and President of UFI FUTECH Co., Ltd.</p>	1,045

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

Reason for choosing the candidate for Director

Naoyoshi Tsukamoto served as Managing Director at Circle K Sunkus. After the Management Integration, he has held positions such as General Manager of Information Systems Division of FamilyMart Co., Ltd., and General Manager of IT Promotion Division of the Company, and has strived to improve the information systems of the Group and promote computerization. We hope that he will contribute to the management of the Company with his abundant business experience as well as deep knowledge and nominate him for Director.



No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
10	Hiroaki Tamamaki (July 9, 1956) new appointment	<p>April 1980      Joined ITOCHU Corporation</p> <p>April 2010      Executive Officer and Chief Operating Officer of Textile Material &amp; Fabric Division of ITOCHU Corporation</p> <p>April 2011      Managing Executive Officer and Officer in charge of Corporate Planning Division of the Company</p> <p>May 2011        Director, Managing Executive Officer and Officer in charge of Corporate Planning Division of the Company</p> <p>March 2013      Managing Director, Managing Executive Officer, General Manager of Merchandising Division, General Manager of Logistics &amp; Quality Control Division and Chairman of Revenue Structure Reform Committee of the Company</p> <p>March 2015      Director, Managing Executive Officer and General Manager of New Business Development Division of the Company</p> <p>September 2016    Director, Managing Executive Officer and General Manager of New Business Development Division of FamilyMart Co., Ltd.</p> <p>March 2018      Managing Executive Officer, in charge of Projects of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Director of UFI FUTECH Co., Ltd.</p>	3,100

Reason for choosing the candidate for Director

Leveraging his abundant business experience at ITOCHU Corporation, Hiroaki Tamamaki served as positions such as Officer in charge of Corporate Planning Division and General Manager of New Business Development Division of the Company. After the Management Integration, he has planned and promoted various new businesses as Director, Managing Executive Officer and General Manager of New Business Development Division of FamilyMart Co., Ltd. We hope that he will contribute to the management of the Company with his abundant business experience as well as deep knowledge and nominate him for Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations		Number of shares held
11	Jun Takahashi (August 24, 1959) reappointment	June 1989	Joined Circle K Japan Co., Ltd.	1,956
		March 2008	Executive Officer and General Manager of Region Department-IV of Circle K Sunkus*	
		May 2010	Director and General Manager of Sales Department of Circle K Sunkus	
		February 2013	Director, Group Strategic Headquarters Director and Store Development Department Director of UNY Group Holdings	
		May 2014	Director, Executive Officer, Group Strategic Headquarters Director and Store Development Department Director of UNY Group Holdings	
		February 2016	Director, Executive Officer, Group Strategic Headquarters Director and Planning & Policy Department Director of UNY Group Holdings	
		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	
		March 2018	Director, Executive Officer, Chief Administrative Officer and General Manager of CSR & Management Division of the Company (currently serving)	
		Important Position Concurrently Held in Other Corporations: Director of UNY Co., Ltd.		

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

Reason for choosing the candidate for Director

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

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
12	Takashi Saeki (June 14, 1951) reappointment, candidate for Outside Director	<p>April 1974      Joined TOHO GAS Co., Ltd.</p> <p>June 2004      Director of TOHO GAS Co., Ltd.</p> <p>June 2006      Director, Managing Executive Officer of TOHO GAS Co., Ltd.</p> <p>June 2008      Representative Director, President, and Executive Officer of TOHO GAS Co., Ltd.</p> <p>June 2012      Chairman and Representative Director of TOHO GAS Co., Ltd.</p> <p>May 2014      Outside Director of UNY Group Holdings Co., Ltd.</p> <p>June 2016      Adviser and Member of the Board of TOHO GAS Co., Ltd. (currently serving)</p> <p>September 2016      Outside Director of the Company (currently serving)</p> <p>Important Positions Concurrently Held in Other Corporations: Adviser and Member of the Board of TOHO GAS Co., Ltd. Outside Director of Central Japan Railway Company Outside Corporate Auditor of The Ogaki Kyoritsu Bank, Ltd.</p>	—

Reason for choosing the candidate for Outside Director

Takashi Saeki is a candidate for Outside Director and for Independent Director as prescribed in regulations of financial instruments exchange. He has served as the Outside Director of the Company as well as Adviser and Member of the Board, outside director and outside corporate auditor of other companies, and we hope that he can provide valuable opinions and advice based on these experiences as management and his deep management knowledge and nominate him again for Outside Director.

No.	Name (Date of birth)	Brief personal history, position and responsibilities in the Company and important positions concurrently held in other corporations	Number of shares held
13	Tadashi Izawa (May 15, 1953) new appointment, candidate for Outside 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>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. We hope that he can provide valuable opinions and advice based on such abundant experience and deep knowledge and nominate him for Outside Director.

Although he has not been involved in corporate management, we believe that, for the above reasons, he will be able to effectively perform the duties of Outside Director of the Company.

- Notes: 1. Takashi Sawada also serves as Representative Director and President of FamilyMart Co., Ltd., with which the Company has transactional relationships of management guidance service, consignment of operations and entrustment of funds.
2. Norio Sako also serves as Representative Director and President of UNY Co., Ltd., with which the Company has transactional relationships of management guidance service, consignment of operations and entrustment of funds.
3. The Group has transactional relationships of consulting mainly regarding sales promotion, system development and consignment of the planning operation of commercials with Revamp Corporation and its two (2) subsidiaries, which are controlled by Director Takashi Sawada and his relatives.
4. There is no special relationship of interest between the other candidates than those mentioned above and the Company.
5. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies' Act, the Company has a contract with Takashi Saeki to the effect that, if he is without knowledge and is not grossly negligent in performing his duties, his liability under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations. When Takashi Saeki is elected as Outside Director, the Company intends to continue the contract with him. If Tadashi Izawa 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 under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations.
6. The term of office of Takashi Saeki since assuming the position of Outside Director of the Company will be one (1) year and nine (9) months at the conclusion of this Meeting.

**No. 3: Election of One Corporate Auditor**

Corporate Auditor Shuji Iwamura will resign from his office at the conclusion of this Meeting. Accordingly, we propose that one (1) Corporate Auditor be elected.

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 and position in the Company and important positions concurrently held in other corporations	Number of shares held
Takayuki Aonuma (February 25, 1955) new appointment, candidate for Outside Corporate Auditor	April 1982 Public Prosecutor at the Tokyo District Public Prosecutors Office	—
	April 2006 Director of the Facilities Division, Minister's Secretariat, Ministry of Justice	
	January 2010 Public Prosecutor at the Supreme Public Prosecutors Office	
	December 2010 Director-General of the Rehabilitation Bureau, Ministry of Justice	
	July 2014 Chief Public Prosecutor at the Tokyo District Public Prosecutors Office	
	December 2015 Deputy Prosecutor-General of the Supreme Public Prosecutors Office	
	December 2015 Member of the Legislative Council of the Ministry of Justice	
	September 2016 Superintending Prosecutor at the Nagoya High Public Prosecutors Office	
	February 2018 Registered as an attorney (currently serving)	
	February 2018 Of-Counsel of City-Yuwa Partners (currently serving)	
Important Positions Concurrently Held in Other Corporations: Of-Counsel of City-Yuwa Partners		

Reason for choosing the candidate for Outside Corporate Auditor:

Takayuki Aonuma is a candidate for Outside Corporate Auditor and for the Independent Auditor as prescribed in regulations of financial instruments exchange. He has abundant experience and sophisticated insight as an expert of laws. We expect him to conduct rigorous audits of the Company's management drawing on his abundant experience and sophisticated insight and nominate him for Outside Corporate Auditor.

Although he has not been involved in corporate management, we believe that, for the above reasons, that he will be able to effectively perform the duties of Outside Corporate Auditor of the Company.

Notes: 1. There is no special relationship of interest between Takayuki Aonuma and the Company.

2. If Takayuki Aonuma is elected as Outside Corporate Auditor, 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 under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations.

## 1. Current Situation of the Corporate Group

### (1) Progress and Results of Operations

During the fiscal year ended February 28, 2018, the Japanese economy was on a path of gradual recovery mainly due to the improved employment and income environments. In the retail industry, improved consumer confidence was seen overall.

Under these circumstances, the Group endeavored to innovate its retail business models, which take full advantage of the Group's unique management resources, by adhering to the Group principles of "Everyday Fun and Fresh." The Group also aims to be a social and lifestyle infrastructure provider indispensable to consumers' lives.

As a result, operating revenues of the Company and its consolidated subsidiaries for the year under review increased by 51.1% year over year to ¥1,275,300 million, core operating profit increased by 19.0% to ¥66,250 million, operating profit decreased by 15.2% to ¥27,974 million and profit for the year attributable to owners of the parent increased by 55.9% to ¥33,656 million on a consolidated basis.

Effective from the fiscal year ended February 28, 2018, the Group has applied International Financial Reporting Standards (IFRS) in place of the conventional Japanese GAAP and the figures for the previous fiscal year are reclassified based on IFRS for comparison and analysis. Meanwhile, the core operating profit is voluntarily disclosed as an earnings index, which represents the amount after excluding cost of sales and selling, general, and administrative expenses from operating revenues.

The Company conducted a management integration with UNY Group Holdings Co., Ltd. on September 1, 2016, the effective date.

Operating results by business segment were as follows.

### (1) Convenience store business

FamilyMart Co., Ltd., now focuses its companywide efforts on brand conversion from "Circle K Sunkus" to "FamilyMart" to solidify itself as a more competitive convenience store chain. At the same time, FamilyMart is active in promoting three core reforms: "Ready-to-eat Structural Reform," "Marketing Reform" and "Operation Reform."

#### (Brand conversion)

Concerning the brand conversion, an aggregate total of 3,549 stores had completed the brand conversion as of February 28, 2018, and both the daily turnover and the number of customers exceeded the previous year's performance at these stores. We will further reflect the synergies of the brand integration by leveraging the network of more than 17,000 stores domestically, as well as the integration of various products centering on *Nakashoku* (ready-to-eat meals) and the consolidation of distribution centers, both of which were completed in 2017.

#### (Merchandise)

As for merchandise, we are continuing to promote the Ready-to-eat Structural Reform for improvements in quality for the customer, such as the renewal of rice balls, bread and Chinese steamed buns. In this way, we make efforts to develop original products and improve their quality.

#### (Promotion)

We are promoting Marketing Reform in which sales promotion effects, including TV commercials, are fully utilized to induce sales expansion. Above all, "Famichiki-Senpai," the original character which personifies FamilyMart's flagship product FAMICHIKI, aggressively promotes relevant product categories to be appealed to consumers throughout the year. In addition, we held the "Chargrilled Chicken Great Thanks Festival" in January 2018 to celebrate aggregate sales of 100 million pieces, as well as the "Winter Festa," in collaboration with the "Kemono Friends," which is also popular as a cartoon. All these events received favorable feedback.

#### (Store Operation)

In store operation, we have launched a cross-sectional organization to accelerate Operation Reform and are committed to radical reforms including the efficiency improvement of store staff operation. We have also worked to alleviate store operations by introducing next-generation POS registers in all stores and new supplies to ensure reduced cleaning time.

#### (Store Development)

In store development, we strive to establish a quality store network by promoting store openings according to the build-and-scrap

(B&S) policy together with the brand conversion. In February 2018, we opened the FamilyMart Plus ZEN-NOH Fureai Hiroba Motosawa store, the first store in the Tohoku district as a store format integrated with the National Federation of Agricultural Cooperative Associations (ZEN-NOH). It features fresh foods (fruits, vegetables and meats), daily necessities and private label products, which are the staple assortment of ZEN-NOH, and function as the venue for the local community by establishing an eat-in space inside the store.

(Other Domestic Businesses)

In other domestic business operations, we started a new service that waives usage fees of JAPAN POST BANK cash cards during certain time periods at around 13,000 E-net ATMs mainly located in FamilyMart stores countrywide in January 2018. In addition, we entered the fitness business and opened the Fit & GO Ota Nagahara store in February 2018 as the first 24-hour fitness gym under the “Fit & GO” brand as an effort to cater to the rising health-conscious trend and expand the business for our franchisees.

(Diversity)

In promoting diversity, we launched the FamilyMart Women Project, an in-house workshop aiming to empower women, and demonstrated new workstyle ideas inspired from a woman’s viewpoint at each office. Exemplary cases were commended and shared companywide. Furthermore, we are committed to addressing the employment of persons with disabilities on an ongoing basis, and are extending the scene where they can display their full potential to diverse sites such as stores, farms and the head office. Through these efforts, we are developing a fulfilling workplace for everybody.

The total number of stores operated in Japan was 17,232 (including 919 stores operated by three domestic area franchisers) as of February 28, 2018. The total number of stores operated overseas in Taiwan, Thailand, China, Vietnam, Indonesia, Philippines and Malaysia was 6,849 and the aggregate number of FamilyMart chain stores worldwide totaling both domestic and overseas stores was 24,081 as of the same date.

As a result, operating revenues of the convenience store business segment increased by 15.8% year over year to ¥560,880 million, whereas a segment loss (loss for the year attributable to owners of the parent) of ¥1,285 million was posted (compared to profit for the year attributable to owners of the parent of ¥11,278 million for the previous fiscal year).

**(2) General merchandise store business**

Under the slogan of “Back to Basics,” UNY Co., Ltd. established the management policies of “Per-Store Management” and “Store Appeal.” The basics of retailing are “Merchandise,” “52-week Merchandising,” “Assortment,” “Sales Floor Environment” and “Employee Hospitality”, and we honed again and provided our customer these five elements as combined.

(Merchandise)

For our products, the Daisy Lab engaged in product development by female staff from a woman’s perspective and launched the original “Daisy Home Resort” bedding series, the newly developed “easy care” apparel series and other goods. Moreover, three items of “Low-Salt Kelp *Tsukudani* (soy-sauce preserve)” in the “Style ONE Healthy” private label series received the gold prize in May 2017 at the 3rd JSH Low-Sodium Food Awards sponsored by the Low-Sodium Committee of The Japanese Society of Hypertension (JSH). In November 2017, we were commended with the Minister of Health, Labour and Welfare Award for Excellence in the 6th Long Healthy Life Expectancy Awards for our initiative of promoting health via reduced sodium intake. Furthermore, given the rising need for ready-to-eat meals against the backdrop of increasing numbers of the elderly and double-income households, we launched the Ready-to-eat Structural Reform Project and promoted product development under the concept of “*Sozai* (prepared dishes) that brings wonders every day.”

(Promotion)

In promotion, we focused on retaining loyal customers via reinforced promotion campaigns through initiatives such as the “UCS Premium Ticket” campaign, in which UCS card members were provided with 5% discount tickets on any day chosen by card members during the period from the 1st to the 15th of every month, and the “Points Thanks Festival,” which provided UCS or uniko card members with no less than 10 times the normal number of points for purchases of apparel and household goods and twice the normal number of points for purchases of food items.



(Store Development)

As for development, in September 2017 we opened “La:Foods Core Nayabashi,” a new format food supermarket under the concept of “a partner to share the convenience, joys and variety of city-center life,” jointly with 21 specialty shops inside the TERRASSE NAYABASHI commercial complex located in Naka-ku, Nagoya-shi.

(Store Vitalization)

In store vitalization, we reopened the APITA Shin-Moriyama store in February 2017 and the APITA Kakamigahara store in April 2017 as shopping centers that inspire new lifestyles by combining KUSAMURA BOOKS, which features TSUTAYA and Starbucks Coffee, and other outlets with our directly managed sales floors for apparel and household goods. Furthermore, with the launch in Telass Walk Ichinomiya store in March 2017, we rolled out the FamilyMart Service Spot corner, which supplements general supermarket stores with convenient utility services popular at convenience stores, operating 16 locations as of February 28, 2018. Services will be expanded on an ongoing basis.

(Environment and Social Contributions)

As for our initiatives for the environment and social contributions, we received the Minister of Agriculture, Forestry and Fisheries Award in January 2018 at the 5th Food Industry *Mottainai* (feeling of regretting waste in Japanese) Grand Prize, which was sponsored by the Japan Organics Recycling Association. In February 2018, our Re DESIGN PROJECT aimed at contributing to the environment and society through *monozukuri* (manufacturing) with local producers, students and persons with disabilities also received the Outstanding Performance Award at the 2018 Aichi Environmental Award sponsored by Aichi Prefectural Government.

(Sales at Existing Stores)

Sales at existing stores remained flat at 100.0% of the previous year (increases of 1.2% and 1.4% for apparel and household goods, respectively, with a decrease of 0.2% for foods). Sales of apparel for winter were favorable. Moreover, sales performed well for household goods, especially for new TV game products, etc., as well as winter goods such as bedding and special-select bargain items. In the food category, sales of winter-season products mainly for one-pot dishes cooked at the table were robust in the fourth quarter. Meanwhile, the number of stores of UNY Co., Ltd. was 191 as of February 28, 2018.

As a result, operating revenues of the general merchandise store business segment increased by 99.3% year over year to ¥718,768 million and segment profit (profit for the year attributable to owners of the parent) increased by 80.3% to ¥17,708 million.

In accordance with our basic agreement with Don Quijote Holdings Co., Ltd., regarding the capital and business alliance concluded in August 2017, the Company converted the store format and reopened in February 2018 the MEGA Don Quijote UNY Oguchi store, which combines the strengths and expertise of UNY Co., Ltd. with those of Don Quijote Holdings. It has been posting impressive customer footfall including from local areas. Furthermore, five APITA and PIAGO stores underwent full renewal and were reopened successively in March 2018. Going forward, we will promote various collaboration initiatives that leverage the management resources and unique strengths and expertise of both companies to improve the medium- to long-term corporate value of UNY Co., Ltd.

(Millions of yen)

Business Segment	Operating Revenues	Profit (Loss) for the Year Attributable to Owners of the Parent
Convenience store business	560,880	(1,285)
General merchandise store business	718,768	17,708

(2) Capital Expenditures

During the fiscal year under review, our corporate group conducted capital expenditures totaling ¥125,314 million primarily for store investments, such as new store openings and the renovation of existing stores in the convenience store business. The breakdown of our capital expenditures by business segment was as shown in the table below.

(Millions of yen)

Business Segment	Amount Invested
Convenience store business	116,281
General merchandise store business	9,007
Corporate (Common)	26
Total	125,314

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

The breakdown of the capital expenditures in the convenience store business was ¥72,015 million for new openings, repairs and renovation of stores, etc.; ¥20,206 million for leasehold deposits for store leases; and ¥24,061 million for investments related to information systems. The breakdown of the capital expenditures in the general merchandise store business was ¥7,902 million for new openings, repairs and renovations of stores, etc.; ¥66 million for leasehold deposits for store leases; and ¥1,040 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

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

Under such circumstances, we are determined to make concerted group-wide efforts to achieve the Group principles of “Everyday Fun and Fresh”—by continuously creating new value for our customers, we help make their lives more fun and fresh every day. At the same time, the Group intends to proactively address workstyle reforms, which represent a current theme in Japanese society overall, as a business challenge of the Group.

#### (i) Convenience store business

In the domestic convenience store business, we will further strengthen franchiser functions with the aim of improving the growth potential and earnings capacity of all franchisees.

The convenience store industry is currently shifting to an era of pursuing quality at individual stores. It will be necessary to meet the diversifying customer needs that emerge along with changes in the social structure to spearhead future trends. To this end, we will strive to increase our corporate value through the initiatives of the Ready-to-eat Structural Reform, Marketing Reform and Operation Reform.

As for merchandise, we will endeavor to improve the product quality of ready-to-eat meals by continuously promoting the Ready-to-eat Structural Reform for improvements in quality for the customer.

As for sales promotion, we will improve our ability to attract customers with such measures as promotional activity centering on local media via the provision of programs to local broadcasting stations, in addition to the enforcement of sales promotion campaigns and TV commercials linked to product innovation.

In store operation, we will improve the level of Quality, Service, Cleanliness (QSC) with the help of Store Staff Total system (SST) to create excellent stores preferred by customers. Moreover, we will endeavor to alleviate the operational burden at stores and enhance convenience for customers by proactively implementing investments in fixtures at existing stores.

In store development, we will strive to establish a quality store network by promoting the build-and-scrap (B&S), as well as by focusing on openings in the three major metropolitan areas under the theme of development based on restructuring store locations by administrative unit (“Town Layout”). Meanwhile, the brand conversion from “Circle K Sunkus” to “FamilyMart” is scheduled to be completed by the autumn of 2018.

In other domestic business operations, we will further expand the fitness business under the “Fit & GO” brand to cater to the rising health-conscious trend and expand the business for our franchisees. In addition, we will start the coin laundromat service business as a new initiative to alleviate the burden of housekeeping against the backdrop of changes in the social structure such as the increasing

numbers of double-income and single households.

(ii) General merchandise store business

In the general merchandise store business, coping with substantial changes in the social structure, including the dwindling birthrate and aging population and the decline in the productive-age population and market population, is a significant issue to address. We will therefore thoroughly review our conventional business structure in the pursuit of revitalization while also strengthening our earnings capacity.

We have positioned fiscal 2017 and 2018 as a defensive period to make our business structure more robust, and fiscal 2019 and 2020 as an offensive period to pursue the growth of our business based on the improved business structure as we address various issues. In fiscal 2018, ending February 28, 2019, the final year of the defensive period, we will tackle tasks under the slogan of “NEW UNY—Change Our Awareness, Sales Floors and Stores—” by reflecting changes in resources such as the capital and business alliance with Don Quijote Holdings Co., Ltd. Initiatives include changing the mindset of employees via thorough execution of customer-first practices; providing new value by developing new sales floors and merchandising options; and taking on new, potentially profitable store formats free from stereotypes. In addition, we will implement measures in line with the three themes of “Strengthening the Management Base,” “Restructuring Existing Businesses” and “Preparing to Establish a New Retail Business.”

As for Strengthening the Management Base, we will pursue the selection and concentration of our businesses by thoroughly verifying asset efficiency. We will also expand our customer base by further enhancing the collaboration in areas such as sales promotion through the share exchange that made UCS Co., Ltd. a wholly owned subsidiary of UNY Co., Ltd. Furthermore, we will proceed with alleviating our operational burden through system development and other measures by taking the occasion of the relocation of UNY Co., Ltd.’s head office to Nagoya-shi, which is planned to be done during fiscal 2018. Putting this measure into practice, we will move ahead with effective staffing by addressing productivity improvement with a view to deployment at converted-format stores to be developed with Don Quijote.

As for Restructuring Existing Businesses, we are committed to strengthening product competitiveness in the apparel, household and food fields. At the same time, we will renovate existing stores centering on the reinforcement of focused categories such as prepared dishes and apparel. In March 2018, we newly opened “APITA TERRACE Yokohama Tsunashima,” a compact shopping center, as a commercial facility inside Tsunashima SST, a next-generation urban smart city, in Yokohama-shi, Kanagawa.

As for Preparing to Establish a New Retail Business, in February and March 2018, all the six existing stores of APITA and PIAGO were fully renovated and converted into the double-branded MEGA Don Quijote UNY stores, which combined the strengths and expertise of UNY Co., Ltd. with those of Don Quijote Holdings Co., Ltd. Going forward, we will continue efforts to attract new customers and boost sales and profits.

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

[Japanese GAAP]

(Millions of yen unless otherwise indicated)

Category \ Fiscal Term	34th Term (Year ended February 2015)	35th Term (Year ended February 2016)	36th Term (Year ended February 2017)	37th Term (Year ended February 2018)
Total operating revenues	374,430	427,676	894,994	—
Ordinary income	42,520	51,888	59,336	—
Profit attributable to owners of parent	25,672	21,067	19,007	—
Net income per share (yen)	270.45	221.94	171.74	—
Total assets	666,244	730,295	1,643,923	—
Total equity	284,829	295,229	534,492	—
Equity per share (yen)	2,872.40	2,987.34	4,104.88	—

[Based on IFRS]

(Millions of yen unless otherwise indicated)

Category \ Fiscal Term	Date of Transition (March 1, 2015)	35th Term (Year ended February 2016)	36th Term (Year ended February 2017)	37th Term (Year ended February 2018)
Operating revenues	—	424,435	843,815	1,275,300
Profit before income taxes	—	35,830	33,695	28,639
Profit for the year attributable to owners of the parent	—	17,763	21,585	33,656
Basic earnings per share (yen)	—	187.13	195.07	265.82
Total assets	676,009	728,976	1,667,074	1,732,506
Equity attributable to owners of the parent	264,206	271,876	517,842	543,235
Equity per share attributable to owners of the parent (yen)	2,783.33	2,864.20	4,089.07	4,293.16

Notes:

- Effective from the fiscal year under review, the Group has prepared its consolidated financial statements in accordance with the IFRS pursuant to Article 120, Paragraph 1 of the Rules of Corporate Accounting. As reference, the IFRS-based figures are stated above for the 35th and 36th Terms.
- Effective September 1, 2016, the Group conducted an absorption-type merger whereby the Company was the surviving company

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

3. The provisional accounting treatment for business combinations was finalized in the second quarter of the fiscal year ended February 28, 2018. The content of the finalized provisional accounting treatment is reflected on the IFRS-based figures above for the fiscal year ended February 28, 2017.

(6) Status of Important Subsidiaries

Company Name	Capital (unit: Millions of yen)	Percentage of Voting Rights Held by the Company (%)	Main Business
FamilyMart Co., Ltd.	8,380	100.00	Convenience store business
UNY Co., Ltd.	10,000	60.00	General merchandise store business
UCS Co., Ltd.	1,611	81.35	Credit card business
Kanemi Co., Ltd.	2,002	52.47	Retail store business for sushi, fried food, prepared dishes, etc., and boxed lunch manufacturing business

Notes:

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

Name of the Specific Wholly Owned Subsidiary	Address Thereof	Carrying Value of the Specific Wholly Owned Subsidiary's Stock at the Company and the Wholly Owned Subsidiaries	Total Assets of the Company
FamilyMart Co., Ltd.	1-1, Higashi-Ikebukuro 3- chome, Toshima-ku, Tokyo	¥512,647 million	¥840,818 million

(7) Status of Significant Business Combinations

- (i) In July 2017, the Company acquired shares of Kanemi Co., Ltd., an associate of the Company, from ITOCHU Corporation and nine individuals and made Kanemi Co., Ltd. a subsidiary of the Company.
- (ii) In September 2017, the Company acquired from FamilyMart Co., Ltd., a wholly owned subsidiary of the Company, all shares of famima.com Co., Ltd., which was a subsidiary of FamilyMart, and made famima.com Co., Ltd. a subsidiary of the Company. famima.com Co., Ltd. changed its trade name to UFI FUTECH Co., Ltd. in the same month.
- (iii) In November 2017, BSS Co., Ltd., a wholly owned subsidiary of FamilyMart Co., Ltd., acquired shares of Pocket Card Co., Ltd., through a tender offer jointly conducted with GIT Corporation, a wholly owned subsidiary of ITOCHU Corporation, the Company's largest shareholder. Thereafter, in March 2018, FamilyMart Co., Ltd., acquired from BSS all shares of Pocket Card Co., Ltd., held by BSS.
- (iv) In November 2017, the Company transferred 40.0% of the issued shares of UNY Co., Ltd., which was a wholly owned subsidiary of the Company, to Don Quijote Holdings Co., Ltd.
- (v) In November 2017, UNY Co., Ltd., established a wholly owned subsidiary, UD Retail CO., LTD. In February 2018, UNY Co., Ltd.

conducted an absorption-type demerger, whereby UNY Co., Ltd. was the demerged company and UD Retail CO., LTD. was the succeeding company, and the latter succeeded relevant rights and obligations that were held by UNY Co., Ltd. regarding the business, etc., at six of UNY's stores.

- (vi) In February 2018, the Company acquired all of the Company's common stock held by Kanemi Co., Ltd. (treasury stock of 135,357 shares).
- (vii) In February 2018, UNY Co., Ltd. and its subsidiary, UCS Co., Ltd. has executed a share exchange agreement under which UNY Co., Ltd. would become the sole parent company of UCS Co., Ltd. and UCS Co., Ltd. would become a wholly owned subsidiary of UNY Co., Ltd. This share exchange is planned to take effect in May 2018 after UCS Co., Ltd. obtains the approval at its Extraordinary General Meeting of Shareholders to be held in April 2018.

(8) Major Operating Bases

(i) Head Office and Others

FamilyMart UNY Holdings Co., Ltd. (the Company)	Head office	Toshima-ku, Tokyo
Subsidiaries	FamilyMart Co., Ltd.	Toshima-ku, Tokyo
	UNY Co., Ltd.	Inazawa-shi, Aichi
	UCS Co., Ltd.	Inazawa-shi, Aichi
	Kanemi Co., Ltd.	Nagoya-shi, Aichi

(ii) Number of Stores Engaged in the Convenience Store Business

Company Name	Brand or Prefecture	Number of Chain Stores
FamilyMart Co., Ltd.	FamilyMart stores	14,807
	Circle K Sunkus stores	1,506
Total number of stores operated by FamilyMart Co., Ltd.		16,313
Minami Kyushu FamilyMart Co., Ltd.	Miyazaki	125
	Kagoshima	281
Okinawa FamilyMart Co., Ltd.	Okinawa	324
JR KYUSHU RETAIL, INC.	Fukuoka and four other prefectures	189
Total number of stores operated by domestic area franchisers		919
Total number of stores operated in Japan		17,232
Taiwan FamilyMart Co., Ltd.	Taiwan	3,168
Central FamilyMart Co., Ltd.	Thailand	1,134
Shanghai FamilyMart Co., Ltd.	China	1,283
Guangzhou FamilyMart Co., Ltd.	China	254
Suzhou FamilyMart Co., Ltd.	China	208
Hangzhou FamilyMart Co., Ltd.	China	152
Chengdu FamilyMart Co., Ltd.	China	86
Shenzhen FamilyMart Co., Ltd.	China	68
Wuxi FamilyMart Co., Ltd.	China	86
Beijing FamilyMart Co., Ltd.	China	41
DONGGUAN FamilyMart Co., LTD.	China	19
VIET NAM FAMILY CONVENIENCE STORES COMPANY LIMITED FAMILYMART VIETNAM JOINT STOCK COMPANY	Vietnam	160
PT. FAJAR MITRA INDAH	Indonesia	88
Philippine FamilyMart CVS, Inc.	Philippines	65
Maxincome Resources Sdn. Bhd.	Malaysia	37
Total number of stores operated overseas		6,849
Aggregate number of FamilyMart chain stores worldwide		24,081

## (iii) Number of Stores Engaged in the General Merchandise Store Business

Company Name	Prefecture	Number of Stores
UNY Co., Ltd.	Aichi and 19 other prefectures	191
99 ICHIBA Co., Ltd.	Tokyo and Kanagawa	79
UNY (HK) CO., LTD.	Hong Kong	4
UD Retail CO., LTD.	Kanagawa	1

## (9) Status of Employees

## Employees of the Corporate Group

Business Segment	Number of Employees
Convenience store business	10,529 (6,078)
General merchandise store business	6,932 (25,678)
Corporate (Common)	316 (0)
Total	17,777 (31,756)

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

## (10) Status of Major Borrowings

(Millions of yen)

Lender's Name	Amount of Borrowings
Don Quijote Holdings Co., Ltd.	77,430
Mizuho Bank, Ltd.	33,900
MUFG Bank, Ltd.	31,200
Sumitomo Mitsui Banking Corporation	30,580
Sumitomo Mitsui Trust Bank, Limited	18,000
Development Bank of Japan Inc.	10,000
Shinkin Central Bank	10,000

## 2. Shares of the Company

- (1) Total number of shares authorized to be issued 250,000,000  
(2) Total number of issued shares 126,712,313  
(including treasury stock of 177,428 shares)  
(3) Number of shareholders 26,978  
(4) Major shareholders

Shareholder Name	Number of Shares Held (Thousands)	Percentage Ownership (%)
ITOCHU Corporation	49,930	39.45
The Master Bank Trust of Japan, Ltd. (Trust account)	18,133	14.33
Japan Trustee Services Bank, Ltd. (Trust account)	9,124	7.21
NTT DOCOMO, INC.	2,930	2.31
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	2,551	2.01
Nippon Life Insurance Company	2,510	1.98
STATE STREET BANK WEST CLIENT-TREATY 505234	1,895	1.49
BNP Paribas Securities (Japan) Limited	1,673	1.32
Family Shareholding Association	1,388	1.09
Japan Trustee Services Bank, Ltd. (Trust account 5)	1,202	0.95

### Notes:

1. The percentage ownership above is calculated on the basis of the number of shares issued and outstanding (126,534,885 shares) after subtracting the number of shares of treasury stock from the total number of issued shares.
2. In the Large Shareholding Report dated April 7, 2017, the Company was notified that a joint holder (a company) of Mizuho Securities Co., Ltd. held 4,831,300 shares of the Company; however, its name is not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2018, could not be confirmed.
3. In the Amendment to Large Shareholding Report dated June 19, 2017, the Company was notified that joint holders of Mitsubishi UFJ Financial Group, Inc. (a total of three companies) held 7,449,091 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2018, could not be confirmed.
4. In the Amendment to Large Shareholding Report dated March 6, 2018, the Company was notified that Sumitomo Mitsui Trust Bank, Limited and its joint holders (a total of three companies) held 8,860,157 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2018, could not be confirmed.
5. In the Amendment to Large Shareholding Report dated March 22, 2018, the Company was notified that joint holders of Nomura Securities Co., Ltd. (a total of two companies) held 11,452,708 shares of the Company; however, their names are not included in the list of major shareholders above because the number of the Company's shares substantially held thereby as of February 28, 2018, could not be confirmed.



### 3. Corporate Officers

(1) Directors and Corporate Auditors (as of February 28, 2018)

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Representative Director and President	Koji Takayanagi	
Representative Director and Executive Vice President	Isamu Nakayama	Assistant to President of the Company Representative Director and Chairman of FamilyMart Co., Ltd. Director of UNY Co., Ltd. Chairperson of Japan Franchise Association
Representative Director and Executive Vice President	Norio Sako	General Manager of Business Management Division and General Manager of GMS Business Department of the Company Representative Director and President of UNY Co., Ltd.
Director	Takashi Sawada	Executive Vice President and Executive Officer and General Manager of CVS Business Department, Business Management Division of the Company Representative Director and President of FamilyMart Co., Ltd. Representative Director and President of UFI FUTECH Co., Ltd.
Director	Toshio Kato	Senior Managing Executive Officer and Chief Strategy Officer (CSO) of the Company Director of FamilyMart Co., Ltd.
Director	Jiro Koshida	Senior Managing Executive Officer and General Manager of Accounting Division of the Company Director of UNY Co., Ltd. Director of UCS Co., Ltd.
Director	Kunihiro Nakade	Managing Executive Officer, Chief Financial Officer (CFO), General Manager of Finance Division, and Chairman of Investment and Loan Committee of the Company Director of FamilyMart Co., Ltd.
Director	Jun Takahashi	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 Director of UNY Co., Ltd.
Director	Akihiro Watanabe	Representative Director of GCA Corporation Visiting Professor at the Graduate School of Business Administration of Kobe University Outside Director of Qualicaps Co., Ltd. Outside Director of Maruho Co., Ltd.
Director	Takashi Saeki	Adviser and Member of the Board of TOHO GAS Co., Ltd. Outside Director of Central Japan Railway Company Outside Corporate Auditor of The Ogaki Kyoritsu Bank, Ltd.
Standing Corporate Auditor	Yasuhiro Baba	Corporate Auditor of FamilyMart Co., Ltd. Corporate Auditor of UNY Co., Ltd.
Standing Corporate Auditor	Akira Ito	
Corporate Auditor	Mika Takaoka	Professor of the College of Business, Rikkyo University Outside Director of TSI HOLDINGS CO., LTD. Outside Director of MOS FOOD SERVICES, INC. Outside Director of Kyodo Printing Co., Ltd.
Corporate Auditor	Shuji Iwamura	Advisor to NAGASHIMA, OHNO & TSUNEMATSU Outside Corporate Auditor of Riken Corporation Outside Corporate Auditor of Canon Electronics Inc. Outside Corporate Auditor of HOKKAIDO BANK, LTD. Governor and Auditor of the Government Pension Investment Fund
Corporate Auditor	Naotaka Nanya	Outside Corporate Auditor of CKD Corporation

Notes:

1. Directors Akihiro Watanabe and Takashi Saeki are outside directors as set forth in Article 2, Item 15, of the Companies Act.
2. Standing Corporate Auditor Yasuhiro Baba and Corporate Auditors Mika Takaoka, Shuji Iwamura and Naotaka Nanya are outside corporate auditors as set forth in Article 2, Item 16, of the Companies Act.
3. Directors Akihiro Watanabe and Takashi Saeki and Corporate Auditors Mika Takaoka, Shuji Iwamura and Naotaka Nanya are independent auditors as per the regulations of the relevant Financial Instruments Exchange.
4. Pursuant to the provisions of Article 427, Paragraph 1 of the Companies' Act, the Company has a contract with Directors Akihiro Watanabe and Takashi Saeki and Corporate Auditors Mika Takaoka, Shuji Iwamura and Naotaka Nanya to the effect that, if they are without knowledge and are not grossly negligent in performing their duties, their liability under Article 423, Paragraph 1 of the Companies' Act is limited to the minimum liability amount provided in applicable laws and regulations.
5. The Company has no significant transactional relationships with GCA Corporation, Kobe University, Qualicaps Co., Ltd., or Maruho Co., Ltd.
6. The Company has no significant transactional relationships with TOHO GAS Co., Ltd. or Central Japan Railway Company. The Ogaki Kyoritsu Bank, Ltd. is a lender to the Company.
7. The Company has no significant transactional relationships with Rikkyo University, TSI HOLDINGS CO., LTD., MOS FOOD SERVICES, INC., or Kyodo Printing Co., Ltd.
8. The Company has no significant transactional relationships with NAGASHIMA, OHNO & TSUNEMATSU, Riken Corporation, Canon Electronics Inc., HOKKAIDO BANK, LTD. or the Government Pension Investment Fund.
9. The Company has no significant transactional relationships with CKD Corporation.
10. Director Takashi Sawada assumed office as Representative Director and Executive Vice President of the Company on March 1, 2018.
11. The Group has transactional relationships of consulting mainly regarding sales promotion, system development and consignment of the planning operation of commercials with Revamp Corporation and its two (2) subsidiaries, which are controlled by Director Takashi Sawada and his relatives.
12. The name, etc. of Director who resigned from his post as of February 20, 2018 are as follows (as of February 20, 2018).

Position	Name	Responsibilities and Important Positions Concurrently Held in Other Corporations
Director	Shuichi Takeuchi	Senior Managing Executive Officer and Assistant General Manager of Business Management Division of the Company Director of FamilyMart Co., Ltd.

(2) Amounts of Remuneration to Directors and Corporate Auditors

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

Category	Number of Persons	Total Amount of Remuneration (unit: Millions of yen)
Directors	12	175
(Outside Directors among the above)	(2)	(20)
Corporate Auditors	5	60
(Outside Corporate Auditors among the above)	(4)	(34)
Total	17 (6)	235 (54)

- Notes: 1. The number of persons above includes one director who retired as of the close of the 36th Ordinary General Meeting of Shareholders held on May 25, 2017, as well as one director who retired as of February 20, 2018.
2. In addition to the amounts above, ¥197 million was paid to one retiring director as directors' retirement benefits and a merit bonus pursuant to the resolution on "Final Payments Associated with Abolishment of the Officers' Retirement Benefits Payment System," which was adopted by the 30th Ordinary General Meeting of Shareholders held on May 26, 2011.
3. In addition to the above, for Directors and Corporate Auditors of the Company who concurrently serve as officers of subsidiaries, officers' remuneration is provided to them by such subsidiaries.

(ii) Total amount of remuneration 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 ¥21 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
Akihiro Watanabe	Outside Director	The attendance rate of Akihiro Watanabe as an Outside Director was 80% 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 specialist in the M&A field and accounting (Certified Public Accountant in Japan and the United States) and as a manager of a listed corporation.
Takashi Saeki	Outside Director	The attendance rate of Takashi Saeki as an Outside Director was 80% for the meetings of the Board of Directors held during the year under review. He appropriately questioned or remarked at the meetings mainly from a professional viewpoint based on his abundant experience as a manager of a listed corporation and an Outside Director of another corporation.
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 another corporation. He also attended important meetings, such as the Management Meeting; read through important documents, such as the <i>Ringisho</i> (draft plan circulated to obtain permission); and conducted visiting audit to subsidiaries and associated companies. Furthermore, he endeavors to smoothly conduct meetings of the Board of Corporate Auditors as the Chairman thereof.
Mika Takaoka	Outside Corporate Auditor	The attendance rate of Mika Takaoka was 80% for the meetings of the Board of Directors and 91% for those of the Board of Corporate Auditors held during the year under review. She appropriately questioned or remarked at the meetings mainly from the viewpoint of a specialist in the field of economics and business administration based on her research activities at a university.
Shuji Iwamura	Outside Corporate Auditor	The attendance rate of Shuji Iwamura was 95% for the meetings of the Board of Directors and 91% for those of the Board of Corporate Auditors held during the year under review. 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.
Naotaka Nanya	Outside Corporate Auditor	The attendance rate of Naotaka Nanya was 100% for the meetings of the Board of Directors and 100% for those of the Board of Corporate Auditors held during the year under review. He appropriately questioned or remarked at the meetings from the viewpoint of a specialist mainly based on his experience and knowledge as an attorney and an Outside Corporate Auditor of another corporation.

#### 4. Accounting Auditors

(1) Name

Deloitte Touche Tohmatsu LLC

(2) Amount of Remuneration, etc.

	Amount paid (unit: Millions of yen)
Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review	79
Sum of other financial profits to be paid by the Company and its subsidiaries to the Accounting Auditors	528

Notes: 1. The audit agreement entered into by the Accounting Auditors and the Company does not distinguish the amount being derived from the audit under the Companies Act and that being derived from the audit under the Financial Instruments and Exchange Act, and the two amounts cannot be substantially distinguished from each other. Therefore, the “Amount of remuneration, etc., to the Accounting Auditors pertaining to the year under review” set forth above is the sum of these two categories of remuneration.

2. Reason that the Board of Corporate Auditors agreed on the amount of remuneration, etc. paid to the Accounting Auditors  
The Board of Corporate Auditors agreed on the amount of remuneration paid to the Accounting Auditors as prescribed in the rules stated in Article 399, Paragraph 1, of the Companies Act after confirming and considering their audit plan, the execution of their duties in the prior fiscal year and the appropriateness of the remuneration estimate.

(3) Content of the Nonaudit Services

Nothing applicable

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

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

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

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

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

- (iii) Systems to ensure propriety of our financial reporting
- 1) The Company shall establish the Unified Group Accounting Rules, the Accounting Rules, the Internal Control Rules regarding Financial Reporting and other necessary rules, appoint the Chief Financial Officer and develop necessary systems to ensure compliance with accounting standards and other related laws and regulations and the propriety and reliability of the financial reporting on a consolidated basis.
  - 2) The Company shall regularly evaluate and improve the streamlining and operation of the systems for ensuring the propriety and reliability of financial reporting. The Audit Office shall regularly conduct audits on the Company's systems to ensure the propriety of its financial reporting.
- (iv) Systems to ensure efficient execution of Directors' duties of the Company and the respective group companies
- 1) The Company shall establish a Management Meeting as an advisory body for decision making on the execution of important business affairs, which is presided over by the President, and make decisions regarding the execution of business affairs at the Company and the respective group companies through rapid and careful deliberations.
  - 2) The Company shall adopt an executive officer system, with which the execution of business affairs can be made more efficient by delegating such execution to the Executive Officers to the extent possible.
  - 3) At the Company and the respective group companies, the Board of Directors shall determine the scope of job responsibility for each Director and establish the Rules on Operational Approvals, Functional Authority and Responsibility to clarify the functional authority and responsibility, etc. of the respective Directors for more appropriate execution of business affairs.
- (v) Systems to keep and manage information pertaining to the execution of duties by Directors
- The Company shall establish and maintain its document-handling rules compliant with relevant laws and regulations with regard to the preparation, preservation, and management, etc. of information stated or recorded in important documents for approval (including electronic media), such as minutes of important meetings, including those of the Board of Directors and the Management Meeting; *Ringisho*; and authorized documents. Moreover, the Company shall put in place a system to allow Directors, Corporate Auditors, and other concerned parties to inspect the above documents.
- (vi) Systems to ensure the propriety of business operations conducted by the corporate group consisting of the Company and group companies
- 1) The Company shall dispatch Directors and/or Corporate Auditors to the respective group companies, as the case may be, to monitor their management and make their business operations more appropriate while respecting their independence.
  - 2) The Company shall provide the respective group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. In addition, the Company shall strive to ensure the propriety of business operations based on the Basic Policy by entering into management guidance agreements with major group companies.
  - 3) The Company shall clarify guidelines for business administration, etc., in the Management Rules regarding Associated Companies; determine the decisions on important managerial matters at the respective group companies as matters that require the Company's prior approval; determine matters that need to be reported to the Company; oblige the respective group companies to report such matters to the Company; and receive reports therefrom, as required.
  - 4) The Company shall support the respective group companies to streamline and operate their internal control systems with regard to major internal control items while respecting their independence, and control such operations depending on individual circumstances. The Company shall also make the respective group companies formulate various rules depending on actual business conditions thereof for the purpose of streamlining systems in accordance with such rules, and provide education and training thereto so that the internal control systems of the entire Group can be streamlined.
  - 5) Audit departments of the respective group companies and the Company's Audit Office shall collaborate with each other and the Corporate Auditors of the respective group companies and the Company's Board of Corporate Auditors shall have regular liaison meetings for regular exchanges of information and the combined or interlocked execution of measures to streamline the group-wide internal control systems.
  - 6) The Audit Office of the Company shall conduct audits of the respective departments of the Company. The Audit Office shall also monitor and give advice regarding the establishment of appropriate internal controls at the Company and the respective group companies by conducting or controlling audits of the respective group companies. Furthermore, the Audit Office shall regularly report the established status of the group-wide internal controls to both the Board of Directors and the Board of Corporate Auditors.

- (vii) Employees in cases where a Corporate Auditor requests the Company to dispatch employees to support his/her duties  
The Company shall establish the Corporate Auditors' Secretariat and appoint several dedicated employees thereto to assist in the execution of the Corporate Auditor's duties. A Corporate Auditor may give directions or orders to such employees in respect of matters required for audit duties.
- (viii) Independence from Directors for employees who are to assist the Corporate Auditors in the execution of their duties and assurance of effectiveness of their instructions  
Employees who assist the Corporate Auditors in the execution of their duties shall obey only the directions or orders given by the Corporate Auditor concerned in carrying out their duties and shall not take directions or orders from any Directors, Executive Officers, and/or other employees. With regard to the exercise of authority over personnel affairs, including personnel ratings, personnel changes, and disciplinary measures, the Company shall discuss with the Corporate Auditors in advance, and shall exercise such authority only after the Company has obtained the consent of the Corporate Auditors.
- (ix) Systems to help Directors and employees, etc. of the Company and the respective group companies report to the Corporate Auditors and other systems relating to reporting to the Corporate Auditors
- 1) The Corporate Auditors of the Company shall attend the Board of Directors' meetings; attend other important meetings, such as those of the Management Meeting; receive explanations from the Directors, Executive Officers, and employees; and examine associated materials.
  - 2) The Directors, Executive Officers, and employees of the Company shall periodically report to the Corporate Auditors the results of the internal audit, the status of the execution of the internal reporting system, information about transactions involving competitors, or self-dealing transactions, etc.
  - 3) The Directors, Executive Officers, and employees of the Company, as well as the Directors, Corporate Auditors, and employees of the respective group companies, shall, either directly or through the department in charge, swiftly report to the Corporate Auditors of the Company if they discover facts that could cause significant damage to or have a material impact on the Company or any of the respective group companies. Furthermore, the Corporate Auditors may from time to time request that a relevant Director or others at the Company or the respective group companies make a report to such Corporate Auditors if necessary.
  - 4) Following the rules such as the Internal Reporting Policy Provisions, an individual who makes a report to the Corporate Auditors shall not receive any disadvantageous treatment due to the fact that he or she reported the issue. The Directors, Executive Officers, and employees involved must abide by this rule.
- (x) Policies on prepayment or procedures for amortization of the expenses incurred in executing duties as a Corporate Auditor and processing of expenses and liabilities incurred in executing duties as a Corporate Auditor  
In the event that a Corporate Auditor makes a claim to the Company in connection with the execution of his or her duties such as prepayment of expenses, the Company shall promptly process the invoices for such expenses through the internal system unless the Company has proved that such expenses are not necessary for the execution of the duties of such Corporate Auditor.
- (xi) Other systems to ensure effective audits by the Corporate Auditors
- 1) The Corporate Auditors of the Company shall periodically meet the Representative Director to receive reports from the Representative Director on managerial issues, various risks surrounding the Company, and other subjects, and to exchange opinions with the President. Meanwhile, the Corporate Auditors shall receive reports about the method and results of the accounting audit from the Accounting Auditors and reports about the internal audit from the Audit Office.
  - 2) Any Corporate Auditor may delegate research to or seek advice from independent outside experts if it is deemed necessary in connection with an audit.
- (2) Overview of Status of System to Ensure Propriety of Business Operations  
An overview of the situation regarding the above corporate systems and guidelines from March 1, 2017, through February 28, 2018 is as follows:
- (i) Internal Control System  
The Company has the Risk Management & Compliance Committee as an advisory body to the President, and the meetings of the Committee are held quarterly. The Company has the system that the Risk Management & Compliance Committee monitors the status of establishment (streamlining and operation) of internal controls based on the Basic Policy. The full-time Corporate Auditor also



attends the Committee to deliver his/her opinion.

- 1) **Compliance**  
The Risk Management & Compliance Committee monitors the status of compliance by receiving reports from the committees, etc. regarding compliance at the respective group companies in an effort to enhance the compliance systems. The respective group companies continuously execute various measures including education and training activities for officers and employees and the establishment of an internal reporting system and a point of contact for consulting.
- 2) **Risk management**  
The Risk Management & Compliance Committee monitors the status of risk management by receiving reports from the committees, etc. regarding risk management at the respective group companies, creating an integrated risk map of the risks throughout the Group and taking other means. The respective group companies regularly analyze and evaluate various risks and independently conduct risk management regarding the risks concerned.  
In addition, the Investment and Loan Committee was established to review important investment and loan subjects at the Company and the respective group companies. The Committee held 11 meetings during the fiscal year under review.
- 3) **Status of important meetings**  
The Company's Board of Directors comprises eleven Directors (including two Outside Directors) and five Corporate Auditors (including four Outside Corporate Auditors). Twenty meetings of the Board of Directors were held during this fiscal year, where they made decisions regarding important matters affecting the Company's business operations and performed supervision of duties. In addition, the Management Meeting, which advises on decisions regarding important matters affecting business operations of the respective group companies, was held twenty-three times. Furthermore, meeting minutes are properly created and recorded and information is stored and managed appropriately. To ensure the appropriate and efficient execution of duties by Directors, the scope of job responsibility for each Director is determined to clarify the functional authority and responsibility of the respective Directors.
- 4) **Group companies management system**  
The Company dispatches Directors and/or Corporate Auditors and provides the respective group companies with business administration and management guidance in accordance with the Management Rules regarding Associated Companies. The Company also has entered into management guidance agreements with major operating companies to promote group-wide improvement of propriety in operations.  
In addition, we determine matters that require the Company's prior approval and matters that need to be reported to the Company in the Management Rules regarding Associated Companies, and conduct deliberations on significant matters pertaining to the subsidiaries in the Company's Board of Directors meetings and in the Management Meeting.  
Furthermore, with respect to risk management, we have taken actions such as the establishment of the Risk Management & Compliance Committee and compliance education at each group company. Based on the status of such actions, the Company conducts education and training regarding compliance and risk management at group companies and provides training materials to the group companies, and further provides advice and guidance on the improvement of relevant rules and the streamlining of the systems. With these measures, the Company promotes the internal control systems including those at the group companies.
- 5) **Ensuring the propriety of financial reporting**  
In addition to developing rules for internal controls regarding accounting and financial reporting, the Chief Financial Officer has been appointed to enhance the systems for ensuring the propriety and reliability of financial reporting.
- 6) **Internal audit**  
The Company's internal auditing unit, the Audit Office (which is directly controlled by the President), monitors the status of audits on compliance, risk management, the propriety of financial reporting (J-SOX) of the Company and the major operating companies, and conducts audits on the internal control systems based on the Basic Policy.

(ii) Effectiveness of auditing by Corporate Auditors

The Board of Corporate Auditors of the Company consists of five Corporate Auditors (including four Outside Corporate Auditors) and held 12 meetings during the fiscal year under review. The Corporate Auditors receive reports on significant audit-related matters and discuss and

resolve such matters. Two dedicated employees are placed at the Corporate Auditors' Secretariat to assist the duties of the Corporate Auditors.

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

The Corporate Auditors of the Company regularly conduct "Group Corporate Auditors' Liaison Conferences" (semiannually) 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) Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations)

(i) Basic policy regarding persons who control the Company's decisions on financial matters and business policies (hereinafter the "Basic Policy")

The Company believes that the persons who control the Company's decisions on financial matters and business policies should contribute to the ensuring and enhancing of the corporate value of the Group (The Company and its subsidiaries) and the common interests of the shareholders.

The Group engages in the franchised convenience store business, the general merchandising store business and peripheral businesses. Under the corporate philosophy of the Group, the Company aims to continuously improve earnings while solidifying trust relationships with stakeholders, such as shareholders, franchisees, business partners, employees, and local communities.

It is indispensable for the management of the Group to have a broad range of know-how and experience regarding its franchising business and retail business and to sufficiently understand relations, etc. with these stakeholders in Japan and overseas. Indeed, they are the resources that the Group has nurtured since its foundation and our business operations derive from these resources.

Accordingly, the Company believes that it would be inappropriate for persons who might be considered to cause an impairment to the corporate value of the Group and/or the common interests of the shareholders as derived from the aforementioned resources established among the stakeholders including the shareholders to control the Company's decisions on financial matters and business policies.

The Company also believes that the corporate value of the Group and common interests of the shareholders should be protected if such persons, as mentioned below, were to conduct or propose to make a large-scale purchase of the Company's shares in cases where 1) the corporate value of the Group or the common interests of the shareholders might be significantly damaged by the purchaser's objective in making the purchase or its subsequent management policies; 2) there is a possibility that the shareholders might be effectively compelled to sell their shares; 3) the Board of Directors is not given a reasonable period to propose alternative plans; 4) the purchaser does not provide the shareholders with reasonably sufficient information to examine the conditions to judge the purchase proposal; 5) the purchase terms and conditions (e.g., value and type of compensation, purchase timing, legality of the purchase method, and probability of the execution of the purchase) are insufficient or improper in view of the primary values of the Group; and/or 6) the purchaser has the intent of destroying relations with or among stakeholders, which are vital to maintain and increase the corporate value of the Group.

(ii) Initiatives to help realize the Basic Policy

1) Basic management policies

Under the corporate philosophy of "Everyday Fun and Fresh," the Company aims to be a corporation most close to and deeply trusted by customers through efforts to continuously create new value, provide customers with everyday lives full of fun and freshness, and satisfy every customer's feelings.

2) Medium- to long-term management strategies

The business environment surrounding the retail industry remains challenging in Japan due to changes in the social environment including the dwindling birthrate and an aging population and the intensifying competition beyond the framework of business categories. In addition, customer needs have diversified and the creation of products or services deriving from new ideas is required. Moreover, the call for corporate social responsibility for the provision of safe and secure foods and an appropriate response to environmental issues has been intensifying.

Under such circumstances, to win out through such a harsh competitive environment, the Company is determined to aggressively pursue opportunities for further growth through the provision of original value by consolidating management resources of the Group.

(iii) The judgment of the Board of Directors that the above initiatives are deemed to comply with the Basic Policy and they do not impair the common interests of the Company's shareholders or aim to protect the positions of any of the Company's officers, and the reason for such judgment

The above initiatives aim to maintain and improve earnings and return profits to the shareholders by maximally utilizing the Company's resources established among the stakeholders including the shareholders, and contribute to ensuring and enhancing the corporate value and the common interests of the shareholders.

Consequently, the Board of Directors believes that the above initiatives comply with the Basic Policy, and they do not impair the common interests of the Company's shareholders or aim to protect the positions of any of the Company's officers.

(4) 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. Provided, however, that the lower limit of the expected annual dividend per share for the fiscal year ended February 28, 2018, shall be ¥112.

Regarding the above, at the Board of Directors meeting held on April 11, 2018, the following was resolved as a new policy.

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.

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

## Consolidated Statement of Financial Position

(As of February 28, 2018)

(Millions of yen)

Account Name	Amount	Account Name	Amount
Assets		Liabilities	
Current Assets	617,171	Current Liabilities	582,611
Cash and cash equivalents	253,174	Trade and other payables	288,744
Trade and other receivables	259,654	Deposits received	152,155
Other financial assets	19,463	Bonds and borrowings	48,864
Inventories	55,558	Lease obligations	27,160
Other current assets	24,838	Income taxes payable	7,885
Subtotal	612,686	Other current liabilities	57,802
Assets held for sale	4,485	Non-current Liabilities	560,517
Non-current Assets	1,115,334	Bonds and borrowings	332,282
Property, plant and equipment	393,596	Lease obligations	93,843
Investment property	137,004	Other financial liabilities	53,732
Goodwill	155,763	Liabilities for retirement benefits	16,970
Intangible assets	66,252	Provisions	51,979
Investments accounted for using the equity method	23,956	Other non-current liabilities	11,711
Leasehold deposits receivable	122,917		
Other financial assets	153,279	<b>Total Liabilities</b>	<b>1,143,128</b>
Assets for retirement benefits	1,758	Equity	
Deferred tax assets	47,209	Equity attributable to owners of the parent	543,235
Other non-current assets	13,599	Common stock	16,659
		Capital surplus	236,785
		Treasury shares	(1,104)
		Other components of equity	15,925
		Retained earnings	274,970
		Non-controlling interests	46,143
		<b>Total Equity</b>	<b>589,377</b>
<b>Total Assets</b>	<b>1,732,506</b>	<b>Total Liabilities and Equity</b>	<b>1,732,506</b>

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

**Consolidated Statement of Profit or Loss**

(March 1, 2017, through February 28, 2018)

(Millions of yen)

Account Name	Amount
Operating revenues	1,275,300
Cost of sales	(573,136)
Gross profit	702,164
Selling, general, and administrative expenses	(635,914)
Equity in earnings of associates and joint ventures	908
Other income	9,681
Other expenses	(48,865)
Operating profit	27,974
Finance income	3,273
Finance costs	(2,608)
Profit before income taxes	28,639
Income taxes	7,913
Profit for the year	36,552
Profit for the year attributable to:	
Owners of the parent	33,656
Non-controlling interests	2,896
Profit for the year	36,552

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

### Consolidated Statement of Changes in Equity

(March 1, 2017, through February 28, 2018)

(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, 2017	16,659	237,008	(441)	(361)	336
Profit for the year					
Other comprehensive income				(204)	(133)
Total comprehensive income				(204)	(133)
Purchase of treasury shares			(41)		
Disposal of treasury shares		0	4		
Cash dividends					
Changes due to business combinations			(223)		
Changes in ownership interests in subsidiaries that do not result in a loss of control		(224)			4
Others		0	(401)		
Transfer from other components of equity to retained earnings					
Transfer from other components of equity to non-financial assets					21
Total transactions with owners	—	(224)	(662)	—	25
Balance, February 28, 2018	16,659	236,785	(1,104)	(565)	228

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

**Consolidated Statement of Changes in Equity (Continued)**

(March 1, 2017, through February 28, 2018)

	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, 2017	8,228	—	8,203	256,414	517,842	15,555	533,398	
Profit for the year				33,656	33,656	2,896	36,552	
Other comprehensive income	8,435	(1,350)	6,748		6,748	(120)	6,628	
Total comprehensive income	8,435	(1,350)	6,748	33,656	40,404	2,776	43,180	
Purchase of treasury shares					(41)		(41)	
Disposal of treasury shares					4		4	
Cash dividends				(14,188)	(14,188)	(3,640)	(17,828)	
Changes due to business combinations					(223)	11,684	11,461	
Changes in ownership interests in subsidiaries that do not result in a loss of control	(1)		4		(220)	19,366	19,146	
Others				37	(365)	401	37	
Transfer from other components of equity to retained earnings	(401)	1,350	950	(950)	—		—	
Transfer from other components of equity to non-financial assets			21		(21)		21	
Total transactions with owners	(401)	1,350	974	(15,101)	(15,012)	27,811	12,799	
Balance, February 28, 2018	16,262	—	15,925	274,970	543,235	46,143	589,377	

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

**Balance Sheet**  
(As of February 28, 2018)

(Millions of yen)

Account Name	Amount	Account Name	Amount
Assets		Liabilities	
Current Assets	145,989	Current Liabilities	86,816
Cash and cash deposits	81,313	Current portion of long-term borrowings	37,245
Short-term loans receivable from subsidiaries and associates	53,287	Other payables	349
Prepaid expenses	24	Income taxes payable	52
Deferred tax assets	457	Accrued expenses	182
Other receivables	8,739	Deposits received	48,631
Income taxes receivable	953	Provision for bonuses	25
Other current assets	1,216	Provision for executive bonuses	58
Non-current Assets	694,829	Other current liabilities	273
Intangible Assets	65	Non-current Liabilities	240,688
Investments and Other Assets	694,764	Bonds payable	40,000
Investment securities	281	Long-term borrowings	198,842
Shares of subsidiaries and associates	547,389	Other non-current liabilities	1,847
Long-term loans receivable from subsidiaries and associates	116,160	<b>Total Liabilities</b>	<b>327,504</b>
Deferred tax assets	30,595	Net Assets	
Leasehold deposits receivable	38	Shareholders' Equity	513,698
Other non-current assets	301	Common stock	16,659
		Capital surplus	244,150
		Additional paid-in capital	17,057
		Other capital surplus	227,093
		Retained earnings	254,211
		Legal reserve	2,668
		Other retained earnings	251,543
		General reserve	199,254
		Retained earnings carried forward	52,289
		Treasury shares	(1,321)
		Valuation, Translation Adjustments, and Others	(384)
		Unrealized gain on available-for-sale securities	34
		Deferred losses on hedges	(418)
		<b>Total Net Assets</b>	<b>513,314</b>
<b>Total Assets</b>	<b>840,818</b>	<b>Total Liabilities and Net Assets</b>	<b>840,818</b>

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



### Statement of Income

(March 1, 2017, through February 28, 2018)

(Millions of yen)

Account Name	Amount	Total
Operating Revenues		
Dividend income from subsidiaries and associates	3,982	
Consulting fee income from subsidiaries and associates	1,837	
Commissions from subsidiaries and associates	334	
Other operating revenues	1	6,154
Total Operating Revenues		6,154
Selling, General, and Administrative Expenses		2,380
Operating Income		3,774
Other Income		
Interest income	1,522	
Dividend income	20	
Reversal of allowance for doubtful receivables	331	
Other	176	2,048
Other Expenses		
Interest expense	122	
Other	0	122
Ordinary Income		5,700
Extraordinary Income		
Gain on sales of investment securities	327	
Gain on sales of shares of subsidiaries and associates	8,835	9,162
Extraordinary Losses		
Loss on sales of investment securities	3	3
Net Income before Income Taxes		14,858
Income taxes—current	8	
Income taxes—deferred	(15,844)	(15,836)
Net Income		30,694

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

**Statement of Changes in Equity**  
(March 1, 2017, through February 28, 2018)

(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		General reserve	Retained earnings carried forward	
Balance, March 1, 2017	16,659	17,057	227,093	244,150	2,668	219,254	15,783	237,705
Changes in items during the period								
Reversal of general reserve						(20,000)	20,000	—
Dividends from surplus							(14,188)	(14,188)
Net income							30,694	30,694
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	—	(20,000)	36,506	16,506
Balance, February 28, 2018	16,659	17,057	227,093	244,150	2,668	199,254	52,289	254,211

(Millions of yen)

	Shareholders' equity		Valuation, Translation Adjustments, and Others			Total equity
	Treasury stock	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, 2017	(222)	498,292	149	(625)	(476)	497,815
Changes in items during the period						
Reversal of general reserve		—				—
Dividends from surplus		(14,188)				(14,188)
Net income		30,694				30,694
Purchase of treasury shares	(1,104)	(1,104)				(1,104)
Disposal of treasury shares	4	4				4
Net changes in items other than shareholders' equity			(115)	207	92	92
Total changes in items during the period	(1,100)	15,407	(115)	207	92	15,499
Balance, February 28, 2018	(1,321)	513,698	34	(418)	(384)	513,314

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 10, 2018

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

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Koichi Okubo (Seal)

Designated Unlimited Liability Partner,  
Engagement Partner,  
Certified Public Accountant:  
Haruko Nagayama (Seal)

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of February 28, 2018 of FamilyMart UNY Holdings Co., Ltd. (the "Company"), and its subsidiaries, and the related consolidated statements of profit or loss and changes in equity for the fiscal year from March 1, 2017, to February 28, 2018, and the related notes.

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

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in

accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

**Audit Opinion**

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of FamilyMart UNY Holdings Co., Ltd. and its subsidiaries as of February 28, 2018, and the results of their operations for the year then ended.

**Interest**

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

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

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

(TRANSLATION)

**INDEPENDENT AUDITOR'S REPORT**

April 10, 2018

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

Deloitte Touche Tohmatsu LLC

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

Koichi Okubo (Seal)

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

Haruko Nagayama (Seal)

Pursuant to the first item, second paragraph of Article 436 of the Companies Act of Japan, we have audited the accompanying financial statements of FamilyMart UNY Holdings Co., Ltd. (the "Company"), namely, the balance sheet as of February 28, 2018, and the related statements of income and changes in equity for the 37th fiscal year from March 1, 2017, to February 28, 2018, and the related notes and the accompanying supplemental schedules.

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

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether the financial statements and the accompanying supplemental schedules are free from material misstatement.

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

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

**Audit Opinion**

In our opinion, the financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of FamilyMart UNY Holdings Co., Ltd. as of February 28, 2018, and the results of its operations for the year then ended, in accordance with accounting principles generally accepted in Japan.

**Interest**

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

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

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**Attested Copy of the Board of Corporate Auditors' Audit Report**

(TRANSLATION)

**AUDIT REPORT**

Regarding the execution of duties by directors for the 37th fiscal year beginning March 1, 2017, and ending February 28, 2018, the Board of Corporate Auditors of FamilyMart UNY Holdings Co., Ltd. (the "Company"), hereby submits its audit report, which has been prepared after discussions based on audit reports issued by each of the corporate auditors.

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

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

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

- i) The corporate auditors attended the meetings of the Board of Directors and other important meetings; received reports about the execution of their duties from the directors, employees, etc. and requested explanations as required; examined important authorized documents and associated information; and studied business operations and financial positions at the head office and principal offices. With regard to the Company's subsidiaries, each corporate auditor communicated and exchanged information with its directors and corporate auditors, etc. of the Company's subsidiaries and received reports about the business from the Company's subsidiaries as required.
- ii) The corporate auditors have received reports from the directors and employees, etc. and requested explanations as required, with regard to the substance of the resolution adopted by the Board of Directors regarding the improvement of in-house systems, as stipulated by Article 100, Paragraphs 1 and 3, of the Enforcement Regulations of the Companies Act, as well as the established and operational status of the in-house systems ("Internal Control Systems") that have been improved pursuant to the resolution concerned. Such Internal Control Systems are set forth in the aforementioned paragraphs as necessary to ensure compliance of the execution of duties by directors with laws, regulations, and the Articles of Incorporation, as well as to ensure the propriety of other business operations of a *Kabushiki-Kaisha* (joint stock corporation) and other subsidiaries.
- iii) The corporate auditors have studied the substance of the Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations).
- 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. The Board of Corporate Auditors recognizes the need an effort to review and improve on a continual basis the issues to be addressed—including the division of duties—and labor management regarding the established and operational status of the internal control systems of the Group companies and will pay close attention to the improvement efforts being made by the Board of Directors and the progress thereof.
  - iv) We have found no matters to remark with regard to the Basic Policy Regarding the Control of *Kabushiki Kaisha* (joint stock corporations).
- (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.

April 11, 2018

Board of Corporate Auditors, FamilyMart UNY Holdings Co., Ltd.

Yasuhiro Baba, Standing Corporate Auditor (Outside Corporate Auditor)

Akira Ito, Standing Corporate Auditor

Mika Takaoka, Corporate Auditor (Outside Corporate Auditor)

Shuji Iwamura, Corporate Auditor (Outside Corporate Auditor)

Naotaka Nanya, Corporate Auditor (Outside Corporate Auditor)

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



**Explanation of Company’s Opinion on Planned Commencement of Tender Offer for Company’s Shares by Wholly Owned Subsidiary of ITOCHU Corporation**

On April 19, 2018, ITOCHU Corporation (“**ITOCHU**”), which is the largest shareholder of FamilyMart UNY Holdings Co., Ltd. (the “**Company**”), announced that a tender offer for shares of the Company’s common stock, with a tender offer price of 11,000 yen per share, is planned by a wholly owned subsidiary of ITOCHU (the “**Tender Offer**”), for the purpose of making the Company a consolidated subsidiary of ITOCHU. The Company resolved at its board of directors meeting held on the same day to express its opinion at that time in favor of the Tender Offer if it commences, because the Company has come to the conclusion that becoming a consolidated subsidiary of ITOCHU will enable the Company to boost its corporate value over the medium and long term. Furthermore, the Company also resolved at the same board of directors meeting to leave decisions by its shareholders regarding whether to tender their shares in the Tender Offer to the discretion of those shareholders, because the Company’s shares will remain listed even after the Tender Offer.

ITOCHU has stated that it intends to commence the Tender Offer around August 2018 with a tender offer period of 20-30 business days, and the board of directors of the Company has decided that it will make another resolution to express its opinion concerning the Tender Offer at the time of commencement thereof.

If the Tender Offer is completed as planned, ITOCHU will become the Company’s parent company holding a majority of voting rights in the Company; however, the Company intends to maintain the independence of its operations as a listed company.

Please refer to the “Announcement of Expression of Opinion regarding Planned Commencement of Tender Offer of Shares in FamilyMart UNY Holdings Co., Ltd. by a Wholly-Owned Subsidiary of ITOCHU Corporation” dated April 19, 2018 (and published on the Company’s website at <http://www.fu-hd.com/>) for further details.