Consolidated Financial Results
for the Year Ended February 28, 2025
[Japanese GAAP]

April 10, 2025

Company name: MINISTOP CO., LTD.
Listing: Tokyo Stock Exchange
Securities code: 9946
URL: https://www.ministop.co.jp/
Representative: Akihiro Fujimoto , President and Representative Director
Inquiries: Naoki Motohashi , Executive Officer, General Manager of Business Administration
Telephone: +81-43-212-6472
Scheduled date of annual general meeting of shareholders: May 16, 2025
Scheduled date to commence dividend payments: May 1, 2025
Scheduled date to file annual securities report: May 30, 2025
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Yes (for institutional investors and analysts)

(Yen amounts are rounded down to millions, unless otherwise noted.)

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (March 1, 2024 to February 28, 2025)

(1) Consolidated Operating Results (Percentages indicate year-on-year changes.)

	Gross operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Fiscal year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
February 28, 2025	87,475	10.7	(3,486)	-	(2,868)	-	(6,774)	-
February 29, 2024	79,056	(2.7)	(609)	-	10	-	(468)	-

(Note) Comprehensive income: Fiscal year ended February 28, 2025: ¥ (7,318) million [-%]
Fiscal year ended February 29, 2024: ¥ (509) million [-%]

	Basic earnings per share	Diluted earnings per share	Rate of return on equity	Ordinary profit to total assets ratio	Operating profit to gross operating revenues ratio
Fiscal year ended	Yen	Yen	%	%	%
February 28, 2025	(233.53)	-	(18.8)	(3.8)	(4.0)
February 29, 2024	(16.14)	-	(1.2)	0.0	(0.8)

(Reference) Equity in earnings (losses) of affiliated companies: Fiscal year ended February 28, 2025: ¥ - million
Fiscal year ended February 29, 2024: ¥ - million

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	Yen
February 28, 2025	74,686	32,781	43.5	1,120.67
February 29, 2024	77,900	40,681	50.9	1,366.28

(Reference) Equity: As of February 28, 2025: ¥ 32,508 million
As of February 29, 2024: ¥ 39,633 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at the end of period
Fiscal year ended	Millions of yen	Millions of yen	Millions of yen	Millions of yen
February 28, 2025	1,939	(492)	(806)	23,086
February 29, 2024	585	(7,780)	(795)	22,416

2. Dividends

	Annual dividends					Total dividends	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total			
Fiscal year ended	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
February 29, 2024	-	10.00	-	10.00	20.00	580	-	1.4
February 28, 2025	-	10.00	-	10.00	20.00	580	-	1.6
Fiscal year ending February 28, 2026 (Forecast)	-	10.00	-	10.00	20.00		-	

(Note) Revision to the forecast for dividends announced most recently: None

3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 28, 2026 (March 1, 2025 to February 28, 2026)

(Percentages indicate year-on-year changes.)

	Gross operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	97,000	10.9	1,200	-	1,600	-	70	-	2.41

* Notes:

(1) Significant changes in the scope of consolidation during the period: None

Newly included: -

Excluded: -

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

1) Changes in accounting policies due to revisions to accounting standards and other regulations: None

2) Changes in accounting policies due to other reasons: None

3) Changes in accounting estimates: None

4) Restatement: None

(3) Number of issued shares (common shares)

1) Total number of issued shares at the end of the period (including treasury shares):

February 28, 2025: 29,372,774 shares

February 29, 2024: 29,372,774 shares

2) Number of treasury shares at the end of the period:

February 28, 2025: 364,537 shares

February 29, 2024: 364,100 shares

3) Average number of shares outstanding during the period:

Fiscal Year ended February 28, 2025: 29,008,489 shares

Fiscal Year ended February 29, 2024: 29,008,941 shares

* These consolidated financial results are outside the scope of audit by certified public accountants or an audit firm.

* Explanation of the proper use of financial results forecast and other notes

Forward-looking statements contained in this document, including financial results forecast, are based on information currently available to the Company and certain assumptions that the Company considers reasonable, and actual financial results, etc. may significantly differ from the projections due to various factors. For the use of financial results forecast, please see “1. Overview of Operating Results, etc. (4) Future Outlook” on page 14 of the attachments.

Table of Contents - Attachments

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year under Review

In the fiscal year under review, amid the improvement of the employment and income environment, the Japanese economy was on a moderate recovery path as the Bank of Japan lifted its negative interest rate policy and raised interest rates for the first time in 17 years in March, in an attempt to achieve a steady and gradual rise in prices, in light of the virtuous cycle of rising wages and prices, and the record-braking heat from July and lingering late summer heat continuing in September and beyond stimulated consumption behavior. However, soaring raw material and energy prices attributable to increasingly unstable global situation and changes in trade policies in the United States and other countries are affecting the spending behavior of consumers, and the economic outlook remains unclear.

Under these circumstances, on a mission of 'We realize a society full of beaming smiles with "deliciousness" and "convenience,"' we decided to promote our policy of "carrying out structural reforms and promoting strategic growth," formulated in the second half of fiscal 2024, the second year of the 2023-2025 Medium-term Management Plan, by focusing management resources on structural reforms with a higher priority. In the growth strategy, we promoted changes to root the concept of emphasizing business profit that remains in our hands in the corporate culture by focusing our efforts on structural reforms and switching mindsets based on franchise agreements, after carefully selecting measures by restraining investment for growth such as opening new stores and revitalization of existing stores. As a result of estimating the collectability based on this future plan of shifting our priority to structural reforms, we have recorded impairment losses. As the business model transition is progressing toward the MINISTOP Partnership Agreement in which franchised stores and the company headquarters share the business profit created through their combined efforts, we are swiftly promoting, as one, management system reforms, including the establishment of an effective and efficient management and leadership structure and human resources training and recruitment as measures for such transition.

In the domestic business, we promoted the establishment of the "new combo store model," which aims to refine the values of both "fast foods" and "convenience," the components of the combo store model since our foundation, and to improve the competitiveness of individual stores, and in the second phase, we have further evolved the provided values of both components, which resulted in increases in both customer numbers and per day sales at existing stores. Meanwhile, sales of value-oriented products such as ready-to-eat rice and noodles were sluggish amid soaring raw material prices, resulting in a weak gross profit ratio growth. In May, we remodeled and reopened the flagship store, symbolizing the second phase. Our numerous efforts that make the best use of the know-how accumulated from our foundation and resources of the Aeon Group are generating results, and we have closely examined and identified them as winning sales formulas, and horizontally rolled them out, which resulted in the support by numerous customers. In addition, we have carefully selected 61 existing stores and implemented the revitalization of these stores with a focus on franchised stores and the introduction of winning sales formulas from the new combo store, centered on mindset renovation to foster a customer-first mindset, which outperformed the overall results. Based on these results, we will promote preparations for the revitalization of existing stores in the third phase, in which the core efforts for the flagship store will be fully rolled out to stores with square meters having the highest proportion of stores.

As for management guidance reforms that we have promoted by focusing our management resources since the second half of fiscal 2024, we are promoting our efforts, starting with the renewal of the directly managed store management model, based on management system reforms, with a core concept of shifting the mindsets and design to emphasize business profit that remains in our hands. The number of directly managed stores amounted to 271 stores as of February 28, 2025, an increase of 84 stores from February 29, 2024. With a view to the reconstruction of the process of establishing a successful models of efficient store management and horizontally rolling them out to franchised stores and full implementation at all stores, we started by redesigning our human resources recruiting and training systems, and worked to utilize management improvement tools such as manual-based ordering and store manager work schedules, and implement operation system reforms. We have promoted the shift to Partnership Agreement stores ahead of the plan made at the beginning of the fiscal year, and the number of Partnership Agreement stores reached 884 stores as of February 28, 2025, which accounted for more than 50% of all franchised stores. With both the building of a system to interface with each franchise store owner and the establishment of a management guidance policy, and the utilization of store records consisting of holistic x-ray views of store management figures and prescriptions, we are promoting the transition to effective and efficient management guidance. As for management system reforms that serve as the basis for structural reforms, we are promoting human resource efforts such as recruiting and training. As the business model transition progresses, we implemented organizational and cultural reforms based on the Partnership Agreement, and enhanced the development of personnel systems and training organization including human resources recruitment and human resources exchange with the Aeon Group. We also promoted dispatching trainers from the company headquarters to franchised stores.

As for new businesses, while shifting our priorities to structural reforms, we carefully selected measures producing results and promoted business growth. As for the digital business, we made efforts in delivery services to improve business profit and enhance convenience for customers. As for e-commerce, we worked to expand sales and provide products and services in conjunction with stores and the Aeon Group by using the sales infrastructure that we had developed and leveraging a product appeal substantiated at actual stores. For the MINISTOP app, which serves as an interface connecting actual stores with digital services, we made efforts to implement campaigns and measures to expand our membership base and create loyal customers, and to improve functions. In the digital business, we promoted business growth and functionalization that integrates digital services with actual stores. As for the occupational field business, the number of locations of MINISTOP POCKET stores, unmanned convenience stores set up in offices and other facilities, was 1,700 as of February 28, 2025, including locations for related services. In addition to gaining new market share, we worked to enhance product supply services and manage inventory with a focus on popular products, which resulted in an increase in profit per location, and the occupational field business continues to generate stable business profit. We will continue to promote these new businesses whose business bases have been developed through investment for growth and which have substantiated the generation of results.

In the overseas business, we are promoting our efforts to redesign the merchandising process, which is the core for the regrowth of the Vietnam business, and strengthening the involvement of our officers as a parent company. In addition to making efforts to promote category management, the establishment of an individual store model based on empirical testing of successful models and horizontal rollout, and the development of a logistics support system, we opened 32 new stores. Although we worked to redesign our price policy, emphasize our high-value-added products that satisfy customers, and expand our lineup of popular products of the Aeon Group, the distribution center trouble that occurred in October 2024 caused delays and shortages in the supply of products, affecting per day sales. With regard to the development of a logistics support system, we promoted the adoption of the superintendent system ("SI system"), in which one store manager oversees multiple stores, along with practical training and operation system reforms.

For the practical application of purpose management that directly connects business growth with the resolution of social issues based on MINISTOP's mission, we promoted branding initiatives for soft-serve ice cream as a symbol of purpose management and implemented training aimed at improving employee engagement in each division, thereby striving to create new value and solve social issues.

As a result of the above, consolidated operating results for the fiscal year under review were gross operating revenue of ¥87,475 million (up 10.7% compared with the previous fiscal year), operating loss of ¥3,486 million (operating loss of ¥609 million in the previous fiscal year), ordinary loss of ¥2,868 million (ordinary profit of ¥10 million in the previous fiscal year), and loss attributable to owners of parent of ¥6,774 million (loss attributable to owners of parent of ¥468 million in the previous fiscal year).

The operating results of each segment are as follows.

[Domestic business]

While ongoing price increases are facilitating more rational purchasing behavior of consumers on the two axes of price and value, the emphasis on the price of convenience store products has been established, and the support of customers has expanded. We also expanded the lineup of high-value-added products. As a result, net sales at all stores of MINISTOP increased by 0.7% compared with the previous fiscal year. Net sales per day per existing store compared with the previous fiscal year for MINISTOP stores increased by 0.8%. Average per day per existing store customer numbers increased by 0.6%, while per day per existing store average customer purchase increased by 0.3%. Per day per existing store sales of convenience store products decreased by 0.5% and per day per existing store sales of fast food products processed in store increased by 8.1%. Gross profit ratio decreased by 0.3 percentage points from the previous fiscal year to 30.2% due to the enhancement of our price-oriented product lineup with a focus on rice balls and sweet bread, which are convenience store products, in addition to the impact of soaring raw material prices.

As for "fast foods," one of the components of the combo store model, we combined our know-how that we have cultivated over 45 years since our foundation to work on their evolution. We focused on the deliciousness of freshy cooked foods with the quality of specialty stores, as well as worked to develop high-value-added products that newly incorporate the value of "health," implement branding initiatives that emphasize the new value such as environmental friendliness, and, through digitalization, overhaul our emphasis on the value of products and reform our methods for offering products.

In the category of hand-made rice balls made with rice cooked in store and carefully selected seasonal ingredients, the deliciousness with a focus on combining voluminous ingredients and home-grown Koshihikari rice was highly evaluated in a TV program, and popular staple products such as *Hokkaido Yaki Salmon* and *Hakata Spicy Cod Roe* were supported by numerous customers. We launched seasonal products including *Maitake Mushroom Tempura* in November, using Maitake mushroom to enjoy the aroma of autumn and *Bamboo Shoot Rice* in February, which was made with carefully selected dashi broth and bamboo shoot to deliver the feeling of spring, and they were well received. As for bentos hand-made in store, which provide freshly-cooked deliciousness by combining flavorful, generously-portioned side dishes with rice cooked in store, we launched a *Pork Loin Cutlet Rice Bowl* in October, which features filling pork loin cutlet from three-way crossbred pigs luxuriously stewed in an aromatic egg sauce, and *Colorful Vegetables with Sweet-and-Sour Sauce Bento* in December, which uses plenty of colorful vegetables with health value. Those products for which we paid particular attention to the ingredients and processing operations and worked to evolve the value of in-store processing were well received. In order to provide a product lineup of high-value-added rice cooked in store that satisfies customers, we redesigned our rice cooking procedures in February to increase the amount of rice cooked in one batch, keeping the deliciousness of rice, and systematically increased production quantities and improved work efficiency. As a result, sales of hand-made rice increased by 17.5% compared with the previous fiscal year. In addition, as an effort to support franchised stores in uncharted territory, we trained trainers at the company headquarters and then dispatched them to franchised stores, and promoted training of new hand-made rice producers and hygiene education, with a view to perfect execution by franchised stores according to work schedules and production plans. We will continue to demonstrate our strength, and work to develop high-value-added products that incorporate health value into deliciousness, and realize the expansion of the lineup.

As for potato fries, with which we deliver freshly-cooked deliciousness by recooking them in store after receiving an order from a customer, we worked to increase recognition and emphasize the value of products, with a focus on *X-cut French Fries*, a popular staple product. In addition to intermittently conducting a “1.5x Larger X-cut French Fries” campaign, emphasizing the value of volume, we held the MINISTOP General Election in September, in which customers voted for their favorite products. *X-cut French Fries* were voted No.1 with over 46,000 votes. In November, we conducted a photo submission campaign on social media to commemorate the 20th anniversary of the launch of *X-cut French Fries*, which received 36,949 entries, far exceeding our goal, contributing to the branding initiatives for *X-cut French Fries* as a product that represents our hot snack. As for chicken, we launched *Crunchy Chicken with Consomme W Punch Flavor* in June, as the first tie-up project with a manufacturer’s popular product for *Crunchy Chicken*, our popular staple product with a distinctive texture made with our original batter, and the product was well received. As for snacks, we launched *Cheese Hattog* in February, a highly filling snack with juicy sausage and stretchy melted cheese wrapped in a batter of dough made from rice flour combined with potatoes with a distinctive texture. This is a revived product in response to customer requests as a popular product that sold a total of over 9.3 million units in 2019, and again, the product was supported by numerous customers. As a result, sales of hot snacks exceeded those of the previous fiscal year.

We launched a *Hot Dog* nationwide in September as a core product for the staple foods category frequently purchased by customers. We made the product using wheat germ bread with refined texture and juicy 100% pork sausage, resulting in deliciousness that customers want to eat every day, and have established operations that enable us to speedily deliver freshly-cooked products to customers at stores. This valuable product was released at an affordable pre-tax price of ¥199, and well received. We expanded the lineup by including additional flavors, such as a *Chili Dog* in October, a hot dog with hearty ingredients and a satisfactory feeling, and a *Cheese Dog* in November, a hot dog with rich taste. Meanwhile, there were delays in the introduction of new products through the fourth quarter, and sales of a set with French fries were sluggish. We will continue to accelerate the development of valuable products with deliciousness that customers want to eat every day, to evolve the staple foods category.

In cold sweets, through which we deliver freshly-cooked deliciousness, a large-scale TV program about elaborately produced products introduced our products in July, and all of them were highly evaluated for the first time as a convenience store chain. Our special attention paid to ingredients and processing methods for high-value-added products were highly evaluated, such as *HALOHALO Frozen Watermelon*, which uses watermelons, staple summer fruit, processed using our special method that preserves their flavor to turn them into fruit ice with a fresh texture, then combine them with watermelon syrup made with Yukishio (powdered salt) produced in Miyako Island, and *Blueberry Yoghurt Parfait* with the value of health, which combines large blueberry fruits from Canada with a good balance of acidity and sweetness, and healthy yoghurt made from ingredients from Tokachi, Hokkaido. In September, we renewed *Smooth Pudding Parfait*, a popular product, to create deliciousness that customers will never get tired of, with carefully selected fresh Hokkaido milk and cream. In January, we launched *White Parfait*, with rich milk pudding made with fresh Hokkaido cream and raspberry sauce, luxuriously topped with Toyonoka strawberries. As the market price of strawberries soared due to decreased shipping volume caused by prolonged late summer heat, we made the product into a pretty parfait like a shortcake with an appearance for customers to enjoy. As a result of our efforts to systematically procure rare seasonal ingredients, and focus on the place of their origin and production methods as well as to pursue the product appearance and freshly-cooked deliciousness, sales of cold sweets exceeded those of the previous fiscal year.

In soft-serve ice cream, one of our signature products, we promoted new branding initiatives emphasizing the values of environmental friendliness and health, in addition to the value of deliciousness. In March, we calculated the carbon footprint (CFP) of soft-serve ice cream (with an edible spoon attached) to visualize the environmental impact, and promoted our emphasis on the value of the product as an environmentally friendly product with 0.2914kgCO2eq. In our photo submission campaign on social media in June, we received 45,111 entries, far exceeding last year's world record high of 23,137 entries, which led to an increase in recognition of the product as our signature product. In October, we launched *Aromatic Vietnam Cacao Choco Soft*, using sustainable ingredients that support cacao producers. In January, we launched *Premium Soft -Strawberry × Choco × Vanilla*, using the same ingredients as the topping. In this way, we continuously rolled out high-value-added products that not only have the value of deliciousness but are also environmentally friendly, and they were well received. Furthermore, in order to deliver to customers products with deliciousness and quality that always satisfy them at stores most familiar to them in the community, we revived our soft-serve ice cream meister program for the first time since 2019, with the purpose of improving employees' knowledge of products and their operational skills. We will continue to promote our branding initiatives based on the development concept of contributing to society including the values of environmental friendliness and health, connection with local communities through familiar stores, and supporting producers of ingredients.

As part of the reforms made to our fast food delivery methods toward a system that allows customers to always place orders with ease, we promoted overhauling our emphasis on the value of products. In the fiscal year under review, we newly replaced menu in store with digital colton at 573 stores and promoted the value of products at 1,024 stores through video as of February 28, 2025, and the development of ordering and paging system, with which customers can place an order at the self-checkout machines linked to digital colton, has progressed. As for mobile orders, we promoted the limited distribution of special coupons and products exclusively for mobile orders, and worked to enhance in-store emphasis on the mobile order system in order to promote its use. As for our efforts on retail media as digital signage, we flexibly promoted advertisement acquisition activities including collaborations with companies under the Aeon Group, and sales and products divisions worked together to create successful cases of in-store rollouts of products displayed on digital signage, which resulted in the emphasis on the value of retail media. We will continue to make efforts to evolve the value of products through linking digital signage to in-store narrowcasting, and enhance convenience for customers.

As for "convenience," through which we fulfill customers' needs and pursue "convenience required now," we worked to enhance product appeal by further refining the merchandising process, and enhance emphasis on the price of products to respond to customers' increasing budget-mindedness, as well as expand the utilization of TOPVALU products and other products provided by the Aeon Group, and expand our lineup of original goods. In addition, we are expanding our lineup of perishable foods and products for daily life to realize one-stop and quick shopping.

In the enhancement of product appeal by further refining the merchandising process, all sweets in convenience store products were highly evaluated at a large-scale TV program in July. Chilled sweets leveraging the product appeal we have cultivated were highly supported by customers at stores as well, and products such as *Taiwanese Honey Sweet Potato & Butter Dorayaki*, sweets with a blend of Japanese and Western flavors, which uses Taiwanese honey sweet potatoes and fermented butter produced in France, and *Belgium Choco Parfait*, our staple product, were well received. In addition, for *Double Cream Puffs*, our No.1 sweets using ingredients from Hokkaido and offered at the affordable pre-tax price of ¥100, we launched *Mango Cream Puff* in August and *Crown Melon Cream Puff* in September, using the same ingredients used in our popular fast food, and in November, we launched *Coffee Cream Puff*, emphasizing their affordable price. Those products achieved strong sales. In addition, we launched a collaboration product with a popular cheesecake specialty store up to the fifth collaboration product, and based on the strong sales results at actual stores, we also began carrying Christmas cakes of the same specialty store for e-commerce in September, which were highly supported by customers, both at actual and digital stores. As a result, sales of sweets exceeded those of the previous fiscal year.

As for our efforts to establish our emphasis on the price, we rolled out a total of 12 products as a series of products offered at a pre-tax price of ¥100, starting with sweet bread such as *Heavily-filled Danish (Apple)* in June and *Curry Bread I Want to Eat Every Day* in July. In addition to rolling them out on the regular sales floor, progress was made in mastering display techniques using jumble fixtures invested in the previous fiscal year, and recognition by customers has increased, which boosted sales of sweet bread. As for rice balls, *Always Pre-tax Price at ¥98 Series*, launched in July, has been firmly established and revitalization of the sales floor has progressed, and customer support increased across all categories of rice balls including staple products. Furthermore, we continued to renew reasonably-priced products to improve the value of products, and sales of rice balls during the fiscal year under review exceeded those of the previous fiscal year. As for the expansion of the lineup of products to create reasons for customers to visit stores, we completed the expansion of display fixtures for tobacco products through up-front investment in May, and we have worked to expand sales promotion and product lineup, and to prevent stockouts since June. These efforts have accumulated their effects over the second half of the fiscal year, and the number of customers during the fiscal year under review exceeded that of the previous fiscal year.

As for expanding our lineup of perishable foods and products for daily life, we promoted the horizontal rollout of winning sales formulas of sales floor creation for agricultural products and daily goods, which achieved results at our flagship store, together with franchised stores, and the efforts resulted in the acquisition of new customers. Since September, we have utilized the Aeon Group's commercial distribution to overhaul the supply system for agricultural products, conduct volume redesign, and improve freshness, starting from the Kanto area, and promoted the expansion of our product lineup of daily goods. As for agricultural products, we started selling *Best Price Bananas*, which has been ranked as top selling private brand product in the banana category, with a moderate sweetness and soft texture, in Tokyo, Chiba, and Saitama Prefectures in May and expanded sales to the entire Kanto area in December, which boosted sales. We will continue to work to expand our lineup of products to be used every day, including agricultural products and daily goods, and prevent stockouts, and to realize a one-stop and quick shopping.

As for expanding products for daily life and emphasizing the price, we further utilized TOPVALU products, products with unique value provided by the Aeon Group, to respond to customers' budget-mindedness, which has been spurred on by price hikes. In side dishes pre-packaged in pouches and frozen foods, which emphasize " time-saving cooking," the value of the convenience of an easily-prepared meal, as we systematically created sales floors and enhanced our product lineups, our sales of products such as *Cheese-stuffed Hamburg Steak with Demi-glace Sauce*, *Stir-fry Pork Belly with Ginger Sauce*, and *What a Huge Spaghetti Napolitana & Milan-style Rice Gratin with Hamburg Steak on Top* in "Big Meal" series, ranked first among companies under the Aeon Group, which boosted sales of daily delivery products and frozen rice products. In beverages, we changed the timing of changing the sales floor in accordance with the temperature to respond to the record-breaking heat and late summer heat, and redesigned the sales floor for reasonably-priced TOPVALU tea and water products based on customers' purchasing behavior, which resulted in boosted sales. In addition, in sweets and processed food, we launched the Tokimeku Snack Club Series in October to expand the product lineup for the M and Z generation customers, and the products gained the support of them. In ramen, we launched two products in November as part of the TOPVALU JCup Series, a series commemorating the 50th anniversary of TOPVALU, which were well received and boosted sales of sweets and processed food. We will continue to increasingly utilize TOPVALU products, products with unique value provided by the Aeon Group, and emphasize them in terms of both price and value to customers.

At the flagship store remodeled and reopened in May under the second phase of the "new combo store model," we worked to evolve our value offerings of both fast foods and convenience. We also promoted the utilization of OMO (Online Merges with Offline) to combine actual stores and digital services with the MINISTOP app as an interface, which was supported by numerous customers, and the horizontal rollout of winning sales formulas created has led to results. The number of winning sales formulas created by the flagship store as a laboratory store have been accumulated in terms of both products and operations, with 80 formulas as of February 28, 2025. Our efforts in creating winning sales formulas have led to more support of new customers due to the realization of one-stop and quick shopping at the flagship store, with per day sales during the fiscal year under review, significantly growing by over 40% on weekdays and over 80% on weekend compared with the previous fiscal year. In fast foods, we launched *Hot Dogs*, a core staple food product, at the opening in May, and we have refined the emphasis on the value of products and operations to realize nationwide sales in September. In addition, we have developed product specifications and operations for sweets to drink of the fast food specialty store business that can be rolled out in the MINISTOP store business, taking the initiative to horizontally roll them out to existing stores. In emphasizing the value of products that convey the fast food worldviews to which we aspire and overhauling the ordering system, we utilized digital signage to refine our emphasis on the value of products through time-based video announcements and audio linkage. We have also established the design for customers to place fast food orders with ease, according to the customer journeys by utilizing self-checkout machines and mobile orders. In convenience, we worked to expand the lineup of perishable foods and products for daily life, which were supported by new customers. In addition, we expanded the supply system for products with redesigned volume, freshness, and specifications to existing stores, which led to results. We also made efforts to expand the lineup of rice, salad, and side dishes which are popular at the Aeon Group. Products such as *TOPVALU Chicken Teriyaki Bowl*, *TOPVALU Grilled Salmon Marinated with Saikyo Miso Paste bento with 10 Ingredients* in the rice category and *Cobb Salad with 18 ingredients*, and *Kinpira Lotus Root* in the salad and side dish category were well received. As a result, sales grew significantly, with those of room-temperature bentos increasing by over 130%, those of salad increasing by over 240%, and those of side dishes increasing by over 2,400%. The proportion of the product lineup of TOPVALU products, products with unique value provided by the Aeon Group, has expanded to 30%, and we worked to horizontally roll out winning sales formulas of sales floor creation. As for the use of OMO, the premium membership program that is available through the MINISTOP app, which serves as an interface for OMO, has raised the frequency of customers visiting stores, leading to the creation of loyal customers. We have horizontally rolled out this program as part of our efforts to promote visits by customers who can visit stores every day at new store openings or revitalization. In e-commerce, we moved forward with the in-store stocking of exclusive e-commerce products, and utilized actual stores as information dissemination hubs for collaboration events. As a result, progress has been made in establishing winning sales formulas in which the strengths of actual stores are also utilized in digital services. Based on the results of the flagship store under the second phase and the results of winning sales formulas horizontally rolled out, we made it our policy to use the “new combo store model” for all future new stores and revitalization of existing stores. We are preparing for the next phase in which the core of the flagship store’s success will be fully rolled out to existing stores.

The revitalization of existing stores, centered on mindset renovation to foster a customer-first mindset, in which winning sales formulas of the “new combo store model” are introduced, was implemented at 61 stores as of February 28, 2025. Stores to be revitalized were carefully selected as we focus management resources on structural reforms starting in the second half of the fiscal year. The number of stores to be revitalized amounted to 230 stores when combined with the number of stores revitalized in fiscal 2023. Mindset renovation has progressed as planned in all areas with facility renovation as a prompt, and systematic learning about efforts to newly welcome customers in the community has progressed with the involvement of everyone from store owners to employees. In addition, we have promoted the planning and execution of merchandising policies as competition countermeasures, and led them to the utilization of store records, which consist of x-ray views for holistic analysis from sales to gross profit and expenses and prescriptions. As a result, at stores to be revitalized during fiscal 2024, net sales per day per store for the fiscal year under review increased by 3.8%, exceeding the Company-wide results. We will continue to promote the revitalization of existing stores of the “new combo store model,” which will enhance the competitiveness of individual stores.

For reforms of the management and leadership structure and the company headquarters on which management resources are focused as a priority measure for structural reforms, we have worked in parallel to renew the directly managed store management model and shift essential management and leadership, based on management system reforms such as recruitment and training of human resources, with a view to shifting the mindsets and design to emphasize business profit that remains in our hands. The number of directly managed stores amounted to 271 stores as of February 28, 2025, an increase of 84 stores from February 29, 2024. As for the fulfillment of human resources in response to an increase in directly managed stores, which became an issue in the first half of the fiscal year, we promoted the improvement of the recruitment process for hourly staff in the second half, and recruitment has progressed as planned, which resulted in improved labor fulfillment rate by 7% as of February 28, 2025, compared to the second-quarter end. In addition, we made efforts to redesign our training systems to focus on basic training, and the fulfillment of store managers who meet the qualification requirements progressed, which resulted in the improvement of the placement of managers with qualifications at 64 stores in the fiscal year under review.

In utilizing management improvement tools in which successful models are established at the directly managed stores and horizontally rolled out to franchised stores, we started manual-based ordering to rationally increase profits by using sales results and AI-based customer forecasting at 168 directly managed stores. We substantiated the improvement in gross profit on the assumption of perfect execution. In addition, both the realization of ordering to increase profits by expanding the implementation of price discount work based on appropriate procedure in combination with manual-based ordering, and reduction of waste of products progressed, which resulted in the improvement of gross profit in fiscal year under review by over 3% compared to the previous fiscal year. Utilization of work schedules and manufacturing plan, as well as classification of value-added operations of store managers using store manager work schedules have progressed. Although personnel costs increased due to temporary fulfillment during labor shortages, mainly in the first half of the fiscal year, as a result of these efforts and redesigning of rules for using external human resources, the cost of using external human resources decreased by over 40% per store in the fiscal year under review. The establishment of successful models for utilizing these management improvement tools has progressed at the directly managed stores and substantiated results, and we will continue to promote horizontal rollout of our efforts from MINISTOP Partnership Agreement stores to franchised stores, to achieve full implementation at all stores, and realize efficient multi-store operation.

The MNISTOP Partnership Agreement has been designed to establish new relationships with franchise stores and facilitate growth together with them. The number of MINISTOP Partnership Agreement stores reached 884 stores as of February 2025, an increase of 215 stores from February 2024. Over fifty percent of all franchised stores shifted to MINISTOP Partnership Agreement stores, which was ahead of the plan made at the beginning of the fiscal year. With a view to qualitative changes in management guidance, including venturing into uncharted territory, and a shift to a system of interfacing with each store owner, we promoted process reforms for enhanced management guidance in June. We consolidated meetings, and with a focus on steady implementation of management guidance on the sales floor based on appropriate information dissemination aligned with 52-week merchandising, we increased the time for managers and store advisors to work together to solve management issues of franchised stores. In September, we formed a project aimed at establishing an ideal management guidance system and led it to cross-disciplinary discussions and institutionalization of the system. In addition, we promoted improvement activities in accordance with target management values that were agreed upon with franchised stores and a problem-solving framework derived from an appropriate x-ray view. These activities were based on both the establishment of a management guidance policy for each franchised store as a business community that will prosper as one, and store records consisting of x-ray views for holistic analysis from sales to expenses and prescriptions. Toward full implementation at all stores, we promoted the utilization of management improvement tools, starting with work schedules that are at the core of those tools. As for direct communication using management tablets introduced at all stores, we worked on the dissemination of information in a timely manner that would lead to specific actions by expanding video content and information on the sales floor creation in line with the themes of 52-week merchandising. As a result, there was a year-on-year increase in net sales per day per Partnership Agreement store in the second half of the fiscal year, compared to the interim period, and the rate of increase in business expenses decreased. As a business community that will prosper as one based on the sharing of roles between franchised stores and the company headquarters, we will continue to complete structural reforms, based on shifting the mindsets and design to emphasize business profit that remains in our hands aimed at realizing the creation of sales floors that meet customer needs and efficient store management.

As for delivery services, we provided delivery services at 1,174 stores as of February 28, 2025, and worked to improve the profitability of locations and increase convenience for customers. In sales promotion to expand sales, we implemented a sale for popular products and a free shipping campaign, aimed at increasing the frequency of customer use and sales, and implemented a sales promotion clarifying cost effectiveness such as emphasizing the price of popular products and working on a collaboration event with a popular anime. In addition, to streamline operations, we integrated order acceptance systems and realized smooth order acceptance and product picking support. For improving convenience for customers, we have expanded the acceptance of 24-hour orders for certain delivery services to around 800 stores as of February 28, 2025. We also expanded our product lineup to roughly 1,100 SKUs, from daily goods including ready-to-eat rice, which is in high demand in delivery services, and large-volume beverages to high-value-added exclusive products for delivery. As a result, business profits of delivery services increased by over 35% compared with the previous fiscal year. We will continue to respond to the growing customer needs for q-commerce (quick commerce), and work on management guidance based on refined inventory management and operations, in addition to working with delivery service carriers, in order to achieve smooth and reliable order handling and prevent stockouts.

In e-commerce, we worked to expand sales using the sales channels that have been developed and logistics infrastructure including frozen food distribution, as well as to develop original goods and planning linked to the results of actual stores and local events, and promote mutual customer referrals with e-commerce of the Aeon Group. In June, we started sales of alcoholic beverages through MINISTOP Online, which is the mother store, and a major e-commerce mall. In July, we opened a specialty store providing reasonably priced beverages to enhance convenience, and also responded to the growing demand for beverages amid the record-breaking heat. In our efforts linked to the results of actual stores, we carried Christmas cakes, a collaboration product with a popular cheesecake specialty store from September. By emphasizing carefully-selected, high-priced products which were not easily available in stores, along with careful information dissemination to MINISTOP fans with collaborators, we had the support of numerous customers, which resulted in the establishment of a reproducible and successful pattern in e-commerce. Regarding mutual customer referrals, in addition to promoting sales of MINISTOP original goods at Green Beans, an internet supermarket of the Aeon Group, we made efforts to direct customers from an internet supermarket to actual stores with special coupons. As a result of promoting the expansion of mindshare to create new MINISTOP fans, e-commerce net sales grew by over 190% compared with the previous fiscal year. We will continue to promote the development of MINISTOP original core products linked to the results of actual stores and implementation of collaboration events, cultivation of linkage with e-commerce of the Aeon Group, and utilization of the Group’s payment methods. In this way, we will change customers’ shopping experience and realize convenience, while generating business profit.

Regarding the MINISTOP app, which serves as an interface for OMO, the number of downloads exceeded 2,590,000 as of February 28, 2025, and net sales to its members increased by over 40% compared with the previous fiscal year. In our efforts to expand our membership base, we implemented campaigns to offer a discount on soft-serve ice cream when using mobile order functions, along with enhancing sales promotion in stores in May. In July, the number of downloads grew due to the distribution of coupons tied up with a large-scale TV program. In one-to-one marketing efforts, we worked to implement sales promotions by distributing coupons for frequently purchased products based on customer attributes, frequency of use of the app, and products purchased, and using push notifications. Regarding the evolution of interface including the enhancement of convenience for customers, we implemented AEON Pay, the code settlement service by the Aeon Group, in July, began the MINI Lottery that customers could play once a day to win special coupons, in October, and launched MY MINISTOP, an in-app experiential store management simulation game, in January. In this way, we worked to enhance the frequency of use of the app by customers through accumulating measures. As an interface to connect actual stores with digital services, we will continue to work mainly on expanding our membership base and promoting the use of the app, leading to the creation of loyal customers.

As for the occupational field business, which is generating stable business profit, the number of location of MINISTOP POCKET stores, unmanned convenience stores set up in offices and other facilities, increased to 1,700 as of February 28, 2025, including locations for related services, an increase of over 20% compared with the previous fiscal year. In addition to promoting expansion to the Kansai region, in the semi-occupational field market including new locations such as hospitals, we improved convenience for customers and realized a new shopping experience by rolling out unmanned stores and stores with "walk-through" systems without need for cash registers by utilizing AI. As a new service that complements the expansion of locations by our collaboration partners, we began providing products to respond to demand for meals in the offices in February, and worked to further expand our market share. In addition, we promoted the operation of inventory management systems including the identification of popular products at each location to prevent stockouts, and net sales per location increased by over 10% compared with the previous fiscal year. We also promoted the rollout of cloud kitchens, which supply high-value-added products to MINISTOP stores, with business partners. We will continue to promote speedy location expansion and improve the operation level of each location, as well as work to create synergy with the MINISTOP store business that has been integrated through OMO.

As for management system reform aimed at steadily carrying out measures to generate results, we are working mainly on human resources measures such as recruitment and training. As the number of directly managed stores increased, we worked to improve the recruitment process of hourly staff. This resulted in improved labor fulfillment situations at directly managed stores and reduced temporary costs associated with using external human resources in the second half of the fiscal year. In December, we formed a new training organization that integrates the store's practical training and career training divisions, and promoted the redesign of training systems that would lead to developing store managers and SIs, human resources development at the company headquarters, and training to support franchised stores. We will continue to promote designing a system including franchised store support in uncharted territory, with a view to redesigning the value chain and resolving human resource issues that are common among franchised stores and the company headquarters.

Aimed at implementing purpose management, based on the Aeon Group's future vision and MINISTOP's mission, we have been promoting business activities to directly connect business growth with the resolution of social issues. As a symbol of purpose management, we promoted branding initiatives for soft-serve ice cream and established the Soft-serve Ice Cream Committee in March, which is aimed at creating new core values such as "environmentally friendly," "healthy," "connected with the local communities," and "contribute to society" in addition to the already-established core value of "deliciousness." The committee established a "narrative" and "brand story." The "narrative," which chronicles the history of soft-serve ice cream and promises to take on the development of new soft-serve ice cream flavors, was shared at the mission roundtable, which we began holding internally in the second half of fiscal 2024 in order to spread the purpose, and is being spread along with the sentiment behind our mission. We will continue to disseminate the "brand story," which expresses our appreciation to customers and other stakeholders and pledges to continue providing environmentally and body-friendly soft-serve ice cream for them to enjoy every day, to a wider range of stakeholders going forward.

At the mission roundtable, which has been held since the second half of fiscal 2024 by considering each employee as the source of our business activities, we share the significance of spreading our mission, AEON'S Foundational Ideals, and future vision, and review the history of MINISTOP. In the group work with all participants, we share their sentiments and efforts. The roundtable discussion hosted by general managers provided an opportunity to discover the significance of working in the same workplace, a common understanding, and new challenges, with a total of 366 employees from 36 teams across Japan participated. The roundtable discussion between officers and employees provides an opportunity for a frank exchange of opinions on issues in the sales floors and policies, and in fiscal 2024, it started with 22 teams in the sales division which are closely involved with stores and which would be creating value together with franchised stores. We plan to hold the roundtable discussion for the product and staff divisions in fiscal 2025. Through these roundtable discussions, we will connect employees' dreams and what they wish to accomplish with the corporate ideal and lead them to actions to realize the corporate ideal, as well as promote branding initiatives for soft-serve ice cream, thereby practicing more sustainable corporate management.

We are focusing on reducing power consumption in our stores, which accounts for 86.3% of CO_2 emissions covered by our estimation as a measure against climate change. With the goal of cutting CO_2 emissions by 50% from fiscal 2013 levels by 2030, we have switched the sources of power used in some areas to renewable energy and changed the lights used inside and outside the stores to LEDs to reduce power consumption and installed power-saving equipment, and achieved the goal ahead of schedule. In future, we will work on further reduction aimed at a target of achieving net-zero CO_2 emissions by 2040 by changing power procurement methods and systematically replacing energy-saving equipment.

We are making efforts for food loss reduction, as a means to encourage recycling resources, with the goal of reducing food loss by 50% from 2015 levels by 2025, however, at present, there is a difference in the status of implementation of food recycling from the time when the goal was set. In stores, we have been promoting "Reduce," an effort to reduce food waste by selling products at discount prices, at 90% of our stores. We will continue to work with franchised stores to promote tool development to further reduce food loss, with a view to building an efficient sales structure through perfect execution of price discount procedures. In order to implement more effective initiatives, we have changed the year in which the goal is to be achieved to fiscal 2030. In fiscal 2024, we worked together with customers to reduce food waste. Regarding the "temaedori" initiative, which is implemented at all stores every October, we made announcements throughout the year to promote the initiative. Furthermore, in order to reduce household food loss, 219 of our stores participated in a food drive campaign promoted by the Aeon Group. With the cooperation of customers, we donated unused food to food banks and Children's Cafeterias. We will continue to focus on Reduce to achieve the goal of reducing food loss by 50%, and make efforts to realize a sustainable society.

In our efforts to reduce plastic use, we promoted deplasticization by shifting to paper cups and strawless sipper lids for iced coffee at all stores. As a result, since we completed the shift at all stores, we have reduced plastic use by about 60% as of February 28, 2025. We have achieved the goal of halving the use of single-use plastics from fiscal 2018 levels by 2030 ahead of schedule, and are working on further reductions to maintain our current target levels, even in the face of growing sales that increase plastic usage. Furthermore, we experimented with paper containers for parfait products in some of our fast food lineup and promoted the weight reduction of containers such as reducing the weight of containers for our handmade bentos by 18.5%. We will promote the change of materials used from plastic to paper and the weight reduction of containers, mainly for our fast food products, to expand our efforts for deplasticization. We will also promote changing all single-use plastics to eco-friendly materials.

As for our efforts to connect with local communities, we implemented the "Child Internship" program, a work experience course for elementary and junior high school students, from fiscal 2005. We let children, the bearers of the future, learn MINISTOP's mission of 'We realize a society full of beaming smiles with "deliciousness" and "convenience."' In fiscal 2024, we revised the program so that they can understand environmental issues through soft-serve ice cream, emphasizing the new value of environment and health, and a cumulative total of 269 students from 67 schools participated in the program. At our flagship store, we held a work experience day in collaboration with a local event, focusing on the processing of soft-serve ice cream, and a large number of local children experienced the process. Throughout the year, we conducted fundraising activities for the "Circle of Flowers" program, which delivers flower seedlings to elementary schools. This fiscal year, flower seedlings were presented to 400 elementary schools. Since we first began this program in 1991, we have presented a total of approximately 4,635,000 seedlings to a total of 17,534 schools. As for volunteer activities at nearby welfare and other facilities, mainly with the involvement of our franchised stores, we have deepened our friendship with local communities through engaging in activities such as helping events and clean-up at a cumulative total of 1,642 facilities since 2016. In our Group-wide fundraising activities, together with the Aeon Group, we conducted five fundraising activities including the AEON UNICEF Safe Water Campaign, the 47th telethon of 24-Hour Television, 2024 Noto Peninsula flood relief fundraising efforts (stores in Fukui Prefecture only), the Shurijo Castle Fund, and Children's Cafeterias across Japan. We donated a total of ¥9,005,915 to be utilized for support activities in the three areas of welfare, environment, and disaster recovery with the cooperation of customers.

In order to enable each employee working at MINISTOP to fully demonstrate their individuality and abilities, we are making efforts to create a work environment where diverse human resources can play an active role and everyone can work comfortably, regardless of gender or employment status. In the promotion of the advancement of female employees, we incorporate the placement of female managers into our future management plan, and backcast from this plan to systematically develop candidates. Nine of the candidates for managers participated in the women's advancement program of the Aeon Group to foster awareness of career advancement. In addition, as part of our efforts to promote the advancement of diverse human resources, we actively appointed 17 part-time employees working at stores to the position of store managers (contract-based employees). We have developed a system whereby contract-based employees appointed can steadily learn managerial duties through taking the manual certification test and then participating in the MSP (MINISTOP Step-up Program). We will overhaul our system into one that allows each employee to play an active role according to their abilities and motivation, without being restricted by their employment status. Furthermore, we have newly hired four persons with disabilities who are willing to work, which results in the employment rate of persons with disabilities of 2.53%. After they join us, we will continue to implement careful interviews between persons with disabilities and the

Human Resources Department, aiming to create a work environment where they can continue to work for a long time.

For the purpose of improving productivity and employee satisfaction, we have newly established an L course (work area selection system) in our human resources system, starting from the fiscal year under review, and approximately 20% of our employees have selected the new course. We will continue to create a work environment where each employee can work with peace of mind.

In order to create an environment where all customers can use MINISTOP with peace of mind and all people involved in MINISTOP can work safely and securely, we have launched the Human Rights Due Diligence Committee in fiscal 2024, which aims to realize a society where all people's human rights are respected, in accordance with the Aeon Human Rights Policy. In February, we implemented in-store postings addressing customer harassment. We will provide a secure shopping environment for customers and create an environment where all people involved in our business can play an active role by respecting the human rights and diversity of everyone, and lead to the realization of a society full of beaming smiles.

Network Service Inc. runs a cooperative distribution business for stores in Japan, operating 13 fixed-temperature centers, six ambient centers, and 10 frozen food distribution centers. In addition to optimizing the number of delivery routes and the mileage per route, it scaled up the changes of delivery formats for frozen products. With these efforts, it has been working to reduce costs and environmental impact through the reduction of CO_2 emissions. Furthermore, in response to the limitation on overtime work hours for automobile driving operations from April 2024, it has promoted measures for reforming ways of work for drivers and improving delivery efficiency. In addition to improving vehicle loading rate by mixing ambient and frozen products into fixed-temperature products delivery, it reduced the binding hours of its delivery staff by standardizing store delivery rules. It will continue to work to improve logistics efficiency.

Regarding store development, 10 new stores were opened, and 18 stores were closed. There were 1,848 stores as of February 28, 2025. As we focus management resources on structural reforms, we will continue to open new stores, which are carefully selected with a focus on profitability, based on our area strategy.

As a result of the above, gross operating revenue in the domestic business for the fiscal year under review was ¥77,980 million (up 10.2% compared with the previous fiscal year), and operating loss was ¥2,398 million (operating loss of ¥196 million for the previous fiscal year).

[Overseas business]

In the fiscal year under review, the real GDP growth rate in 2024 was 7.09% (estimated) year on year in Vietnam, achieving the government's target, and the growth rate accelerated, with 7.55% year on year in the fourth quarter of October to December 2024. In addition to a recovery in the manufacturing industry, due partly to the effect of the reduction in value-added taxes (VAT) by the government, net sales for services such as restaurant and sightseeing increased by 12.9% (estimated) year on year, and net sales for retail increased by 8.3% year on year.

In these circumstances, as for MINISTOP VIETNAM COMPANY LIMITED, we have strengthened the involvement of parent company officers, with a focus on the redesign of the merchandising process, which forms the basis of the business, as the business of increasing directly managed stores. We opened 32 stores to establish a dominant position in Ho Chi Minh City, and the number of stores reached 182 stores as of February 28, 2025, and net sales at all stores increased by 14.4% compared with the previous fiscal year. We remodeled four existing stores to expand the sales floor of beverages and frozen foods in response to customer needs. In addition, we remodeled 47 stores by installing drink counters that emphasize the worldview of high-value-added fruit drinks. The total number of stores with drink counters reached 86, and as a result of our efforts to emphasize the value of products, net sales of fruit drinks grew by 60.8% compared with the previous fiscal year.

We responded to changes in consumption trends in Vietnam in a speedy manner, and designed our pricing to ensure a price advantage against competitors such as small grocery stores and traditional markets. We redefined the role of the sales floor in accordance with the category management to emphasize prices of products in carefully selected categories such as natural water, bagged noodles, and paper products, which are purchased most frequently. In addition, we intermittently implemented sales promotion of "Buy1Get1," in which customers can get one replacement product for free when they purchase a subject product, which expanded support of customers. As for snacks, we increased the lineup of value-oriented products and expanded the sales floor to attract associated purchases of alcoholic beverages. As for sundries, we expanded the lineup of products in a growing market, such as hair care products. This resulted in sales growth, which was substantiated as a successful model for sales floor creation, and based on that, we promoted the horizontal rollout of this model to existing stores. In high-value-added fast food products, for fruit drinks processed in store, we changed operations in which drinks are displayed in the cases after being extracted, which led to increased customer recognition and boosted sales. As for bakery, a staple food category, for which we have promoted rollout at all stores, items are baked in store after the customer orders, and we strategically filled an entire retail shelf with products such as *Croissant Choco*, and *Korean Bread* in the deli cases to appeal them, and they were well received. In addition, we rolled out ready-to-eat foods such as noodles that can be cooked in a microwave oven, using the Aeon Group's deli products as a benchmark, and also launched value-added Korean sweets, including *Choco Bread*, which boosted sales.

In the establishment of individual store models, we made efforts to redesign the cost structure with a focus on labor costs and waste and losses. We carefully examined and reduced in-store operations and then worked to redesign work schedules and match them to actual working conditions. As a result, average person-hours for all stores as of February 28, 2025 were 94% of those as of August 31, 2024, and reductions have progressed. In addition, we set the GP ratio after deducting waste as a KPI, and expanded the lineup of top-selling products and managed the progress of the results of waste by individual stores. As a result, we reduced the amount of waste by 25% and loss by 61% as of February 28, 2025, compared with August 31, 2024. We will continue to work on ordering, sales floor creation, and operational system reforms to increase profit.

While efforts to improve business results progressed, we had trouble at our newly relocated distribution center in October, which caused delays and shortages in product supply, affecting per day sales at existing stores. We will work to prevent recurrence and continue to promote the establishment of the merchandising process and horizontal rollout of successful models for the regrowth of the Vietnam business.

Regarding the development of a logistics support system to realize increasing directly managed stores, we promoted the introduction of the SI system, in which one store manager oversees multiple stores, along with promoting the use of work schedules and streamlining of operations, redesigning the training system including SIs themselves and store staff at SI stores. Furthermore, we continued to utilize our store supporting system to comprehensively check whether creating sales floors and providing services are implemented in a satisfactory manner from the viewpoint of customers, continuing to improve the level of stores. We will continue to increase stores with the SI system and implement operation system reforms.

As a result of the above, gross operating revenue in the overseas business for the fiscal year under review was ¥9,495 million (up 14.4% year on year), and operating loss was ¥1,088 million (operating loss of ¥413 million for the previous fiscal year).

(2) Overview of Financial Position for the Fiscal Year under Review

Current assets increased by ¥1,211 million compared with the end of the previous fiscal year to ¥52,242 million. This was mainly attributable to increases of ¥2,313 million in cash and deposits and ¥1,749 million in accounts receivable - other, and a decrease of ¥2,198 million in securities due to redemption.

Non-current assets decreased by ¥4,425 million compared with the end of the previous fiscal year to ¥22,444 million. This was mainly attributable to decreases of ¥3,263 million in software due to impairment, ¥806 million in investment securities, and ¥760 million in guarantee deposits, and an increase of ¥368 million in property, plant and equipment.

Current liabilities increased by ¥4,686 million compared with the end of the previous fiscal year to ¥35,691 million. This was mainly attributable to an increase of ¥4,740 million in deposits received.

Non-current liabilities decreased by ¥0 million compared with the end of the previous fiscal year to ¥6,213 million. This was mainly due to a decrease of ¥139 million in long-term guarantee deposits and an increase of ¥118 million in lease liabilities.

Net assets decreased by ¥7,899 million compared with the end of the previous fiscal year to ¥32,781 million. This was mainly due to the recording of ¥6,774 million in loss attributable to owners of parent and ¥808 million in loss attributable to non-controlling interests, and ¥580 million in dividends paid.

(3) Overview of Cash Flows for the Fiscal Year under Review

Cash and cash equivalents at the end of the fiscal year under review amounted to ¥23,086 million, an increase of ¥670 million from the end of the previous fiscal year.

Net cash provided by operating activities was ¥1,939 million with an increase in an inflow of ¥1,353 million compared with the end of the previous fiscal year. The main contributing factors were the recording of ¥7,404 million in loss before income taxes, in addition to factors increasing cash flows of ¥4,496 million in impairment losses, ¥3,073 million in depreciation, and a ¥4,733 million increase in deposits received, and a factor reducing cash flows of a ¥1,793 million increase in accounts receivable – other.

Net cash used in investing activities was ¥492 million with a decrease in an outflow of ¥7,288 million compared with the end of the previous fiscal year. The main contributing factors were a factor increasing cash flows of ¥3,000 million in proceeds from redemption of securities, and factors reducing cash flows, which included ¥3,026 million in purchase of property, plant and equipment and ¥1,520 million in purchase of intangible assets.

Net cash used in financing activities was ¥806 million with an increase in an outflow of ¥10 million compared with the end of the previous fiscal year. The main contributing factors were factors reducing cash flows, which included ¥151 million in repayments of lease liabilities and ¥580 million in dividends paid.

Reference: Trends of Cash Flow-related Indicators

Fiscal year ended	Feb. 28, 2021	Feb. 28, 2022	Feb. 28, 2023	Feb. 29, 2024	Feb. 28, 2025
Equity ratio (%)	29.9	24.3	51.3	50.9	43.5
Equity ratio at fair value (%)	36.7	35.5	50.9	58.4	64.1
Interest-bearing debt / cash flow ratio (%)	74.2	(272.9)	(83.8)	65.1	16.6
Interest coverage ratio (times)	103.0	(28.9)	(88.3)	47.4	68.2

Notes:

- Equity ratio: Equity / Total assets
- Equity ratio at fair value: Market capitalization/Total assets
- Interest-bearing debt / cash flow ratio (%): Interest-bearing debt / Cash flow from operating activities
- Interest coverage ratio: Cash flow from operating activities / Interest paid
- Note 1: All indicators are calculated based on financial figures on a consolidated basis.
- Note 2: Market capitalization is calculated based on the number of shares issued excluding treasury shares.
- Note 3: Cash flow from operating activities uses cash flow from operating activities in the Consolidated Statement of Cash Flows.
- Note 4: Interest-bearing debt covers all liabilities for which interest is paid recorded on the Consolidated Balance Sheet.

(4) Future Outlook

Amid the continued improvement of the employment and income environment, the Japanese economy is expected to recover moderately, as the government's economic and fiscal policies will promote a virtuous cycle of rising wages and prices and a moderate rise in prices due to higher real wages will support consumer spending. Meanwhile, in addition to being affected by changes in trade policies and economic conditions in the United States and other countries, there are concerns over the deterioration of revenue due to soaring raw material prices caused by growing geopolitical risks, unstable supply chains, and hikes in personnel expenses.

Furthermore, in Vietnam, where we engage in overseas business, its GDP growth target is raised to 8% under its socioeconomic development plan in 2025, and economic growth is expected to further accelerate along with the expansion of public investment, amid a recovery in trade and domestic consumption. Meanwhile, the economy may become unstable as unstable global situations affect industries sensitive to overseas demand, including the manufacturing industry.

Under these forecasts, to achieve the enhancement of its corporate value and sustainable growth, the Group will promote carrying out structural reforms and strategic growth, based on shifting the mindsets and design to emphasize business profit that remains in our hands, along with the transition of our business model. In the domestic business, we will accelerate our efforts to complete structural reforms, as well as promote our growth strategy carefully selected for its budding measures. In the overseas business, we will work to redesign merchandising policies based on category management and establish individual store models to generate revenue in the growing economy, promoting the expansion of store openings as the business of increasing directly managed stores.

In the domestic business, we will promote management guidance reforms based on both the management guidance policy that interfaces with each franchise store owner about structural reforms, and the implementation of prescriptions that are determined and agreed upon with franchised stores, based on holistic x-rays view of sales, gross profit, and expenses on store records. By promoting multiple store management based on the established management guidance policy, we will realize systematic operations of directly managed stores. In implementing prescriptions of store records, we will horizontally roll out operations of five management improvement tools that have established successful models at directly managed stores to Partnership Agreement stores and franchise agreement stores, to generate results. We will promote person-hour control by matching models and actual staffing based on work schedule and work procedure manuals, and promote the utilization of store manager work schedules to realize efficient multiple store management. Furthermore, we will promote the expansion of manual-based ordering which has been substantiated, in order to emphasize business profit that remains in our hands, along with the utilization of AI. In addition, we will change the merchandising design of the company headquarters to a more meticulous design to increase business profit that remains in our hands, and promote product structure reforms to implement product planning with probability for each category. In parallel with the above measures, we will work on redesigning our value chain, which is the foundation of our management guidance reforms and product structure reforms, and management system reforms including human resources measures. Given that both franchised stores and the company headquarters have common human resources issues, we will systematically promote human resources development and support for franchised stores by building a pool of human resources based on our human resources supply and training systems. In addition to building a system to support franchised stores by dispatching personnel starting from the development of store managers and SIs, we will develop a career training system with a focus on basic retail training, and work to develop human resources for the company headquarters. In operating five management improvement tools, the company headquarters will implement human resources development and training support for franchised stores, as well as promote operation system reforms. In this way, we will achieve productivity improvement and the reduction of costs associated with using external human resources, with a view to full implementation at all stores.

In our growth strategy, we will continue to promote the establishment of the "new combo store model." In addition to utilizing OMO that combines actual stores and digital services for the evolution of the provided values of both "fast food" and "convenience," we will promote transition to the third phase, in which the successful factors, the core efforts of the second phase, will be fully rolled out to existing stores that are legacy. In fiscal 2025, we will promote our efforts to use the "new combo store model" for all new stores and the revitalization of existing stores. Especially in the revitalization of existing stores in the third phase, in order to maximize the use of existing legacy, we will fully transport winning sales formulas, the core of the second phase, into stores with square meters having the highest proportion of stores. We will also promote the design and its execution that focus on generating profit, along with mindset renovation, on which we have been working since fiscal 2023 as a central pillar of revitalization. The flagship store in the second phase, which substantiated significant results in fiscal 2024, will continue to work on creating winning sales formulas as a laboratory store. We will also work to open a new prototype store with a focus on improving profitability. We will utilize both the flagship store and the prototype store as locations for establishing model stores by location and training human resources to operate new combo stores.

As for new business we are working on to establish and functionalize our business, we will promote carefully selected investment based on the substantiated results. In e-commerce, we will promote coordination with actual stores and the Aeon Group to achieve the recording of profit, and work on the development of MINISTOP original core products and collaboration events linked to the sales results at stores, and mutual customer referrals with e-commerce of the Aeon Group to create MINISTOP fans. In delivery services, we will work to improve the profitability of locations and increase convenience for customers. In addition to introducing new exclusive products that can be sold through a new sales channel of delivery, we will prevent stockouts through the linkage of inventory management systems and management guidance, and expand our product lineup. Regarding the MINISTOP app, which serves as an interface, we will promote expanding our membership base to create loyal customers and improving functions as an interface, to achieve convenience by combining actual stores and digital services. As for the occupational field business, which constitutes a central pillar of our new business, we will expand locations in coordination with our new collaboration partners in a speedy manner. We will also work on expanding our product lineup, inventory management, and coordination in production to improve profitability at each location. In this way, we will promote the acquisition of market share in offices and semi-occupational fields. In addition, we will promote the expansion of cloud kitchens and dark stores and the expansion of product supply to existing MINISTOP stores. In the fast food specialty store business, we will work to re-expand directly managed stores including the opening of small unit stores in the Aeon Group locations. We will also create business synergy by horizontally rolling out *MINISOF Drinks*, our original sweets to drink, which has been substantiated at the flagship store in the second phase, to the MINISTOP store business.

We will make efforts for new value creation and practical application of “environmentally friendly,” “healthy,” “connecting with local communities,” and “contributions to society,” with our mission of ‘We realize a society full of beaming smiles with “deliciousness” and “convenience”’ as the purpose. We will continue to promote branding initiatives for soft-serve ice cream, which is a symbol of purpose management, as well as promote product development and emphasis on the value, with the core value of “deliciousness” and “health” to implement our action plan to spread health value to customers. In addition to our efforts such as creating a connection including work experience at stores most familiar to customers in the communities and local production and local consumption of product ingredients, we will promote our efforts such as “Circle of Flowers,” volunteer activities at nearby welfare and other facilities, conducted mainly with the involvement of our franchised stores, and a food drive at directly managed stores.

In the overseas business, we will work to redesign merchandising policies based on category management and horizontal rollout of individual store models based on empirical testing in the Vietnam business. We will redefine the role of categories, promote merchandising process designed up to gross profit, emphasize prices and high-value-added products in response to the two axes of price and value, and expand the introduction of popular products of the Aeon Group. We will also work on cost structure reforms of stores and the company headquarters, promote cost control including labor costs to improve profitability, as well as achieve the expansion of store openings and the recording of profit as the business of increasing directly managed stores.

As a result of the above, in the consolidated results for the year ending February 28, 2026, we forecast gross operating revenue of ¥97,000 million, operating profit of ¥1,200 million, ordinary profit of ¥1,600 million, and profit attributable to owners of parent of ¥0 million.

(5) Basic Policy for the Distribution of Profit and Dividend Payouts for the Current and Next Fiscal Year

The Company puts emphasis on enhancing shareholder returns while strengthening its financial structure and management foundation. Regarding internal reserves, the Company invests in existing store renovations, information systems, new businesses, and other areas in an effort to expand business and improve financial results. Distribution of profit for the fiscal year under review will be an interim dividend of ¥10.00 per share and a year-end dividend of ¥10.00 per share, for an annual dividend of ¥20.00 per share. For future dividends, the Company will maintain its dividend policy that takes consolidated results into consideration while establishing a sustainable corporate structure.

(6) Business and Other Risks

Disclosure of business and other risks for the Company in the fiscal year under review has been omitted, as there has been no material change from the following details stated in the Annual Securities Report submitted on May 27, 2024.

(1) Risk of sustained stagnation in the retail industry; (2) Risks related to intensification of competition; (3) Risks related to food safety; (4) Risks related to disruptions of purchasing and distribution networks; (5) Risks related to poor weather conditions; (6) Risks related to earthquakes and other natural disasters and terrorist activity; (7) Risks related to infectious diseases; (8) Risks

related to environmental burden; (9) Risks related to leaks of personal information; (10) Risks related to tightening of statutory regulations; (11) Risks related to foreign exchange rate fluctuations; (12) Risks related to bad debt; (13) Risks related to franchisees abandoning their businesses and a downturn in new franchises; (14) Risks related to recovery of guarantees for leased properties for stores; (15) Risks related to intellectual property rights; (16) Risks related to human rights; (17) Risks related to significant legal proceedings, etc.

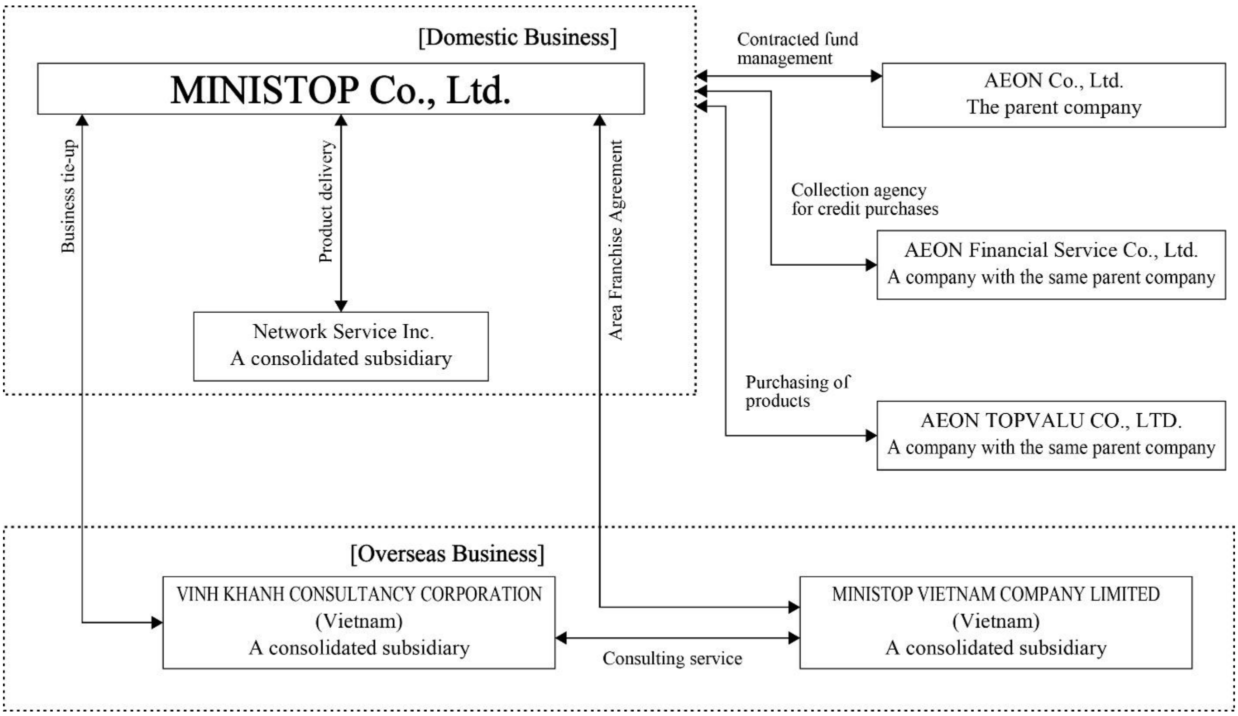
2. Overview of Group Operations

The MINISTOP Group comprises the Company and three (3) consolidated subsidiaries. The details of the main businesses that each company engages in and their positioning in those businesses are as follows.

[Domestic Business]	The domestic business comprises the Company and one (1) domestic subsidiary. The Company is engaged in the convenience store business through franchise stores using the franchise chain method and through company-managed stores, and the subsidiary, Network Service Inc., conducts logistics operations for MINISTOP stores in Japan.
[Overseas Business]	The overseas business comprises two (2) overseas subsidiaries. Subsidiary MINISTOP VIETNAM COMPANY LIMITED is engaged in the convenience store business through franchise stores using the franchise chain method and through company-managed stores. Subsidiary VINH KHANH CONSULTANCY CORPORATION operates the convenience store business in Vietnam through equity participation in MINISTOP VIETNAM COMPANY LIMITED, a holding company.

The Company belongs to the supermarket business category of the Aeon Group, which comprises the Company's parent company, Aeon Co., Ltd. and its subsidiaries, etc. The relationship between Aeon Co., Ltd., a pure holding company, and the Company includes contracting of fund management. The Company is engaged in the convenience store business independently.

The organizational chart of the business is as shown below.



3. Management Policy

(1) Basic Policy on Company Management

The Aeon Group to which the Company belongs has established the Basic Principles of "Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core." Based on the Basic Principles, the Company has established a mission of 'We realize a society full of beaming smiles with "deliciousness" and "convenience."' Believing the franchise stores and the company headquarters to be a "business community" that practices "the customer comes first" and aims to prosper together, we will pursue responses to changes in the times and the environment as well as responding proactively to new demands of the times. We will create new business models for the convenience store business and fulfill our corporate social responsibility.

(2) Target Management Indicators

The management goal that takes top priority is to increase franchise stores' earnings. The management indicator is gross profit per store. We will also strive to improve efficiency of store investment for the enhancement of corporate value and to increase return on equity (ROE).

(3) Medium-term Management Strategies

The Company will promote carrying out structural reforms and promoting strategic growth as the medium-term management strategies. We will aim to become a unique business entity that will generate profit through the Partnership Agreement in which franchise stores and the company headquarters share the business profit created through their combined efforts, an organization that can provide management guidance that works for both franchise and directly managed stores, and can offer high value products that customers demand in all sales channels including MINISTOP stores as well as delivery, e-commerce, occupational fields, and external sales.

In the domestic business, we will focus management resources on management system reforms including management guidance reforms and recruitment and training of human resources, based on shifting the mindsets and design to emphasize business profit that remains in our hands. In addition, we will promote a growth strategy that generated results to promote transition to the third phase in the "new combo store model," and work on the establishment and functionalization of new businesses, thereby changing customers' shopping experience.

In the overseas business, we will work to redesign merchandising policies and horizontally roll out individual store models to generate revenue in Vietnam. We will promote sales floor creation, product development, and emphasis on the value that respond to changing customers' consumption trends, and work on cost structure reforms.

(4) Issues to be Addressed

1) Completion of structural reforms

We will realize increases in per day sales by pursuing the establishment of the "new combo store model" in order to strengthen our competitiveness of individual store model. We will further promote the MINISTOP Partnership Agreement that establishes new relationships with franchise stores. We will also reform the management and leadership structure, emphasizing business profit that remains in our hands, and improve store management efficiency of franchise stores. In order to promote structural reforms and the growth strategy, we will renovate the company headquarters' organization and reform the management system including human resources measures, and realize the regrowth of business.

2) Promotion of the growth strategy

As for delivery services and e-commerce, which have grown as the business, we will make them function as pieces of our OMO initiatives and generate a new shopping experience by combining them with actual stores, utilizing the MINISTOP app as an interface. We will connect the occupational field business with the MINISTOP stores in the areas such as product supply and also increase its profitability by increasing locations in new markets. We will steadily make an investment in the Vietnam business as the business of increasing directly managed stores and promote its growth by redesigning merchandising policies and increasing profitability of individual store model.

3) Practical Application of Purpose Management

Aimed at practical application of purpose management, based on the Aeon Group's future vision and the MINISTOP's mission of 'We realize a society full of beaming smiles with "deliciousness" and "convenience,"' we have been promoting business activities to connect businesses themselves with the solution of social issues. Under the mission, we formulated the "MINISTOP Sustainability Principle" in November 2021. We have held the mission roundtable since the second half of fiscal 2024, considering that the linkage between employees' dreams and what they wish to accomplish and a corporate ideal will lead to their actions to realize a corporate ideal. Through the mission roundtable, we will promote corporate management that considers each employee as the source of our business activities.

(5) Efforts Toward the Activities for Environment and Social Contributions

The Company set environmental goals of "cutting CO_2 and other emissions by stores by 50% from fiscal 2013 levels by 2030," "reducing food loss generated by stores by 50% from fiscal 2015 levels by 2025," and "halving the use of single-use plastics from fiscal 2018 levels by 2030," and has been working to promote efforts to realize a sustainable society. Regarding cutting CO_2, we have supported the Task Force on Climate-related Financial Disclosures (TCFD) and will identify climate-related risks and opportunities, quantitatively grasp their impact on the MINISTOP business, carefully examine the planning of countermeasures and our efforts to deepen the details of our engagement.

As activities to solve social issues in local communities with children, the bearers of the future, we have supported the program "Circle of Flowers: Let us grow, flowers and green, in a school yard" advocated by the Public Interest Incorporated Foundation for the Agriculture of Flowers and Greenery since 1991 and delivered flower seedlings to elementary schools every year, funded by in-store fundraising from customers and 1% of soft-serve ice cream sales on Saturdays. In addition to presenting seedlings to elementary schools in the areas where our stores are operated, we have presented seedlings to elementary schools that have been recommended by franchise stores. In this way, we will continue to play a role as a bridge between elementary schools, local communities, and stores.

We started our "Child Internship" program in 2005, where students from elementary and junior high schools learn a work experience at a convenience store, the most familiar place to them. We let them learn, through a work experience course, AEON's ideals of pursuing peace, respecting humans, and contributing to local communities, always with customers as our starting point. By providing them with an opportunity to experience processing soft-serve ice cream, we aim to create local communities full of beaming smiles.

(6) Responses to Human Capital and Diversity

The Company believes that humans constitute the core and sources of the Company and humans create corporate culture, generate business, and constitute the driving force to realize a corporate ideal. Our thinking is that, if each employee comes to think that the real nature of their work means "good opportunities to grow themselves," such thinking will generate business renovation, which will ultimately lead to the growth of a company. We will implement the following three initiatives to promote corporate management that places humans as the core of a company.

- We will pursue what each employee wishes to accomplish through each of their work, or a dream.
- We will link the dream of each employee to a corporate ideal, or a mission.
- We will share role models among employees to enhance their chances of becoming what they wish to become and accomplishing what they dream about.

We consider that unlocking the potential and enthusiasm of each is important for each employee to grow as an employee sincere to all stakeholders and highly committed. We believe that becoming an organization in which employees make contributions with their own perspectives and experience and which is valued by them will increase employee engagement and promote company growth. Furthermore, we aim to create an organization, where each employee gains an exact and in-depth understanding of a corporate ideal, or a mission, and links what they wish to accomplish with a corporate ideal, and thereby the enthusiasm and potential of each employee energetically play an active part for realizing a corporate ideal.

4. Basic Policy on Selection of Accounting Standards

The MINISTOP Group has adopted Japanese GAAP.

With regard to the application of International Financial Reporting Standards (IFRS), the Company's policy is to take appropriate measures after consideration of the situation in Japan and overseas.

5. Consolidated Financial Statements and Principal Notes

(1) Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Assets		
Current assets		
Cash and deposits	8,783	11,096
Accounts receivable - due from franchised stores	7,871	8,570
Securities	3,000	802
Merchandise	1,979	2,568
Short-term loans receivable	0	0
Accounts receivable - other	11,331	13,081
Deposits paid to subsidiaries and associates	14,000	12,000
Other	4,117	4,186
Allowance for doubtful accounts	(54)	(64)
Total current assets	51,030	52,242
Non-current assets		
Property, plant and equipment		
Buildings and structures	24,844	24,671
Accumulated depreciation	(18,966)	(19,614)
Buildings and structures, net	5,878	5,056
Machinery, equipment and vehicles	2,630	2,613
Accumulated depreciation	(1,436)	(1,567)
Machinery, equipment and vehicles, net	1,193	1,045
Furniture and fixtures	20,196	21,541
Accumulated depreciation	(17,174)	(17,423)
Furniture and fixtures, net	3,022	4,118
Land	428	593
Leased assets	3,450	3,405
Accumulated depreciation	(3,387)	(3,249)
Leased assets, net	62	155
Construction in progress	55	40
Total property, plant and equipment	10,641	11,009
Intangible assets		
Software	3,363	99
Other	292	190
Total intangible assets	3,656	290
Investments and other assets		
Investment securities	907	101
Long-term loans receivable	1	0
Long-term prepaid expenses	502	274
Guarantee deposits	10,781	10,020
Retirement benefit asset	212	565
Deferred tax assets	2	4
Other	307	282
Allowance for doubtful accounts	(143)	(105)
Total investments and other assets	12,572	11,144
Total non-current assets	26,870	22,444
Total assets	77,900	74,686

(Millions of yen)

	As of February 29, 2024	As of February 28, 2025
Liabilities		
Current liabilities		
Accounts payable - trade	2,150	2,842
Accounts payable-trade of franchised stores	11,669	10,992
Accounts payable - due to franchised stores	261	202
Lease liabilities	151	46
Accounts payable - other	4,097	3,997
Accounts payable-other of franchised stores	83	80
Income taxes payable	163	330
Deposits received	11,491	16,231
Provision for bonuses	179	128
Provision for directors achievement rewards	6	5
Provision for loss on store closings	24	23
Other	*1 724	*1 809
Total current liabilities	31,005	35,691
Non-current liabilities		
Lease liabilities	33	151
Long-term guarantee deposits	3,804	3,665
Deferred tax liabilities	211	298
Asset retirement obligations	1,856	1,867
Other	*1 308	*1 231
Total non-current liabilities	6,214	6,213
Total liabilities	37,219	41,904
Net assets		
Shareholders' equity		
Share capital	7,491	7,491
Capital surplus	6,032	6,032
Retained earnings	26,869	19,514
Treasury shares	(642)	(643)
Total shareholders' equity	39,750	32,395
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	41
Foreign currency translation adjustment	(266)	(216)
Remeasurements of defined benefit plans	110	288
Total accumulated other comprehensive income	(116)	113
Share acquisition rights	3	3
Non-controlling interests	1,043	269
Total net assets	40,681	32,781
Total liabilities and net assets	77,900	74,686

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Gross operating revenue	79,056	87,475
Operating costs	38,170	46,720
Operating gross profit	40,885	40,755
Selling, general and administrative expenses		
Sales commission	9	12
Advertising expenses	1,300	1,266
Employees' salaries and bonuses	7,990	9,744
Provision for bonuses	183	129
Provision for directors achievement rewards	6	5
Legal and other welfare expenses	1,498	1,584
Rent expenses on land and buildings	16,902	17,039
Rent expenses	198	267
Depreciation	3,467	3,073
Outsourcing expenses	1,942	2,145
Other	7,994	8,973
Total selling, general and administrative expenses	41,495	44,242
Operating loss	(609)	(3,486)
Non-operating income		
Interest income	430	433
Dividend income	2	3
Penalty income	48	22
Foreign exchange gains	65	-
Compensation income	9	165
Consumption taxes for prior periods	65	-
Other	20	35
Total non-operating income	643	659
Non-operating expenses		
Interest expenses	12	28
Foreign exchange losses	-	8
Other	10	5
Total non-operating expenses	22	41
Ordinary profit (loss)	10	(2,868)

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Extraordinary income		
Gain on sale of non-current assets	*1 19	*1 6
Reversal of provision for loss on store closings	70	13
Gain on reversal of impairment in fixed assets	3	-
Other	0	1
Total extraordinary income	93	21
Extraordinary losses		
Impairment losses	*2 543	*2 4,496
Loss on store closings	5	40
Provision for loss on store closings	9	13
Loss on retirement of non-current assets	-	7
Other	0	-
Total extraordinary losses	558	4,557
Loss before income taxes	(454)	(7,404)
Income taxes - current	96	170
Income taxes - deferred	(8)	7
Total income taxes	87	178
Loss	(542)	(7,582)
Loss attributable to non-controlling interests	(74)	(808)
Loss attributable to owners of parent	(468)	(6,774)

Consolidated Statements of Comprehensive Income

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Loss	(542)	(7,582)
Other comprehensive income		
Valuation difference on available-for-sale securities	15	1
Foreign currency translation adjustment	(158)	84
Remeasurements of defined benefit plans, net of tax	176	177
Total other comprehensive income	33	264
Comprehensive income	(509)	(7,318)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(391)	(6,544)
Comprehensive income attributable to non-controlling interests	(117)	(774)

(3) Consolidated Statements of Changes in Equity

Fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,491	6,032	27,917	(642)	40,799
Changes during period					
Dividends of surplus			(580)		(580)
Loss attributable to owners of parent			(468)		(468)
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(1,048)	(0)	(1,049)
Balance at end of period	7,491	6,032	26,869	(642)	39,750

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	24	(151)	(65)	(192)	3	-	40,610
Changes during period							
Dividends of surplus							(580)
Loss attributable to owners of parent							(468)
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests						1,160	1,160
Net changes in items other than shareholders' equity	15	(115)	176	76	-	(117)	(41)
Total changes during period	15	(115)	176	76	-	1,043	70
Balance at end of period	39	(266)	110	(116)	3	1,043	40,681

Fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	7,491	6,032	26,869	(642)	39,750
Changes during period					
Dividends of surplus			(580)		(580)
Loss attributable to owners of parent			(6,774)		(6,774)
Purchase of treasury shares				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					-
Net changes in items other than shareholders' equity					
Total changes during period	-	-	(7,354)	(0)	(7,355)
Balance at end of period	7,491	6,032	19,514	(643)	32,395

	Accumulated other comprehensive income				Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	39	(266)	110	(116)	3	1,043	40,681
Changes during period							
Dividends of surplus							(580)
Loss attributable to owners of parent							(6,774)
Purchase of treasury shares							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							-
Net changes in items other than shareholders' equity	1	50	177	229	-	(774)	(544)
Total changes during period	1	50	177	229	-	(774)	(7,899)
Balance at end of period	41	(216)	288	113	3	269	32,781

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Cash flows from operating activities		
Loss before income taxes	(454)	(7,404)
Depreciation	3,467	3,073
Impairment losses	543	4,496
Increase (decrease) in allowance for doubtful accounts	(16)	(28)
Increase (decrease) in provision for loss on business	(34)	-
Increase (decrease) in retirement benefit liability	(97)	-
Decrease (increase) in retirement benefit asset	(212)	(352)
Interest and dividend income	(433)	(436)
Consumption taxes for prior periods	(65)	-
Interest expenses	12	28
Loss (gain) on sale and retirement of non-current assets	(19)	1
Loss (gain) on sale of investment securities	0	-
Loss on store closings	4	8
Reversal of provision for loss on store closings	(70)	(13)
Decrease (increase) in accounts receivable-due from franchised stores	(48)	(698)
Decrease (increase) in inventories	(544)	(552)
Decrease (increase) in accounts receivable - other	(1,925)	(1,793)
Decrease (increase) in other current assets	(487)	(134)
Increase (decrease) in trade payables	319	(42)
Increase (decrease) in due to franchised stores	87	(59)
Increase (decrease) in accounts payable - other	174	26
Increase (decrease) in deposits received	682	4,733
Increase (decrease) in other current liabilities	(256)	52
Other, net	(43)	754
Subtotal	580	1,658
Interest and dividends received	386	385
Interest paid	(12)	(28)
Income taxes refund (paid)	(368)	(76)
Net cash provided by (used in) operating activities	585	1,939
Cash flows from investing activities		
Purchase of securities	(3,812)	-
Purchase of property, plant and equipment	(2,868)	(3,026)
Proceeds from sale of property, plant and equipment	53	29
Purchase of intangible assets	(1,718)	(1,520)
Proceeds from redemption of securities	-	3,000
Proceeds from sale of investment securities	2	-
Proceeds from collection of loans receivable	0	0
Payments of guarantee deposits	(80)	(128)
Proceeds from restoration of guarantee deposits	1,229	1,050
Proceeds from guarantee deposited	489	396
Payments for repayment of guarantee deposits	(594)	(523)
Other, net	(480)	229
Net cash provided by (used in) investing activities	(7,780)	(492)

(Millions of yen)

	For the fiscal year ended February 29, 2024	For the fiscal year ended February 28, 2025
Cash flows from financing activities		
Repayments of long-term borrowings	(177)	-
Proceeds from share issuance to non-controlling shareholders	1,160	-
Dividends paid	(580)	(580)
Net increase (decrease) in short-term borrowings	(346)	-
Repayments of lease liabilities	(773)	(151)
Net decrease (increase) in treasury shares	(0)	(0)
Other, net	(77)	(73)
Net cash provided by (used in) financing activities	(795)	(806)
Effect of exchange rate change on cash and cash equivalents	33	29
Net increase (decrease) in cash and cash equivalents	(7,956)	670
Cash and cash equivalents at beginning of period	30,372	22,416
Cash and cash equivalents at end of period	*1 22,416	*1 23,086

(5) Notes to Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

(Notes in case of significant changes in shareholders' equity)

Not applicable.

(Notes on the basis for preparation of consolidated financial statements)

1. Scope of consolidation

   All subsidiaries of the Company are consolidated subsidiaries.

   (1) Number of consolidated subsidiaries 3 companies

   Names of consolidated subsidiaries:

   Network Service Inc.

   VINH KHANH CONSULTANCY CORPORATION

   MINISTOP VIETNAM COMPANY LIMITED

   (2) Change in scope of consolidation

   Not applicable.

2. Application of the equity method

   (1) Number of associates accounted for using the equity method

   Not applicable.

   (2) Change in scope of application of the equity method

   Not applicable.

3. Fiscal years of consolidated subsidiaries

   The fiscal year end of VINH KHANH CONSULTANCY CORPORATION, and MINISTOP VIETNAM COMPANY LIMITED is December 31.

   The consolidated financial statements were prepared using the non-consolidated financial statements dated as of that date, and adjustments required for consolidation purposes were made regarding any significant transactions that took place between that date and the consolidated fiscal year end date.

   The fiscal year end of Network Service Inc. is the same as the consolidated fiscal year end date.

4. Accounting policies

   (1) Standards and methods for valuation of important assets

   1) Securities

   Held-to-maturity debt securities

   Stated at amortized cost using the straight-line method

   Other securities (including monetary trust claims)

   Securities other than shares, etc. without market value

   Stated at fair value (valuation differences are recorded as a separate component of net assets, and the cost of marketable securities sold is calculated mainly using the moving average method)

   Securities without market value Stated at cost mainly using the moving-average method

   2) Derivatives

   Recorded using the market value method

   3) Inventories

   a. Merchandise

   The Company

   Stated using the average cost retail method as set forth in the Series of Opinions Regarding Adjustment between Business Accounting Principles and Relevant Laws and Regulations No. 4 (balance sheet amounts are written down based on a decline in profitability)

   However, fast foods processed in store are stated using the last purchase price method

Overseas consolidated subsidiaries

Stated mainly by using the moving-average method (balance sheet amounts are written down based on a decline in profitability)

b. Supplies

Stated using the last purchase price method

(2) Depreciation or amortization methods for important depreciable or amortizable assets

1) Property, plant and equipment (excluding leased assets)

Straight-line method based on economic useful life

The estimated useful lives of major categories of property, plant and equipment are as follows:

Buildings and structures	
Stores and offices	20–40 years
Facilities attached to buildings	5–18 years
Structures	5–20 years
Machinery, equipment and vehicles	
Machinery and equipment	17 years
Vehicles	5 years
Furniture and fixtures	
Signboard installation	5–10 years
Store fittings, other	5–10 years

2) Intangible assets

Straight-line method

Software for internal use is amortized by the straight-line method based on the estimated useful life of the software (5 years in principle).

3) Leased assets

Leased assets arising from transactions under finance lease contracts that do not transfer ownership to the lessee

Depreciated to a residual value of zero by the straight-line method using the lease term as the estimated useful life

4) Long-term prepaid expenses

Amortized by equal payments over the contract term

(3) Basis for significant reserves

1) Allowance for doubtful accounts

To provide for possible bad debt losses on accounts receivable, the Company records an allowance based on a historical percentage for ordinary receivables and on an estimate of the collectability of receivables for specific claims with default possibility.

2) Provision for bonuses

To provide for future bonus payments to employees, the portion of the projected payable amount to be paid in the consolidated fiscal year under review is recorded.

3) Provision for directors achievement rewards

To provide for performance-linked compensation to be paid to directors and other officers, the portion of the projected payable amount to be paid in the consolidated fiscal year under review is recorded.

4) Provision for loss on store closings

To provide for losses due to store closings, estimated store-closing-related losses such as early cancellation penalties reasonably estimated to be incurred due to store closings are recorded.

(4) Accounting treatment of retirement benefits

1) Method of attributing projected retirement benefits to periods

When calculating retirement benefit obligations, expected benefits are attributed to the period until the end of the consolidated fiscal year under review on a benefit formula basis.

2) Method of amortization of actuarial differences and past service costs

Past service costs are accounted for in the consolidated fiscal year they are incurred. Actuarial differences are charged to expenses in the consolidated fiscal year following the year in which they were incurred, mainly by amortizing a proportional amount using the straight-line method over a definite period no longer than the average remaining service years of employees (10 years) of the consolidated fiscal year in which they were incurred.

(5) Basis for significant revenue and expense

The details of primary performance obligations regarding revenue generated from contracts with customers by the Company and its consolidated subsidiaries as well as the typical timing when the applicable performance obligation is satisfied (the typical timing of revenue recognition) are as stated below. Since consideration corresponding to the performance obligations is received primarily within one month of satisfaction of performance obligations in accordance with payment terms as separately prescribed, no significant financing component is included.

1) Revenue from franchised stores

The Group assumes contractual obligations to franchised convenience stores, such as providing know-how of store operations, granting licenses for trademarks, etc., providing services including accounting services for the stores, lending fixtures for sale, signboards, and information systems. These activities are determined to be a single performance obligation except for lease transactions since they are closely connected with each other and cannot be separately performed as distinct services. The performance obligation is deemed to be satisfied over time or when the service is provided, and revenue is recognized over the contract period as the applicable operating gross profit is generated, since the transaction prices are royalties that fluctuate based on the operating gross profit of the stores. With respect to MINISTOP Partnership Agreement stores, revenue is recognized over the contract period as the applicable business profit and operating gross profit are generated, since the transaction prices consist of the company headquarters' portion that fluctuates based on the business profit of the stores and equipment revenue that fluctuates based on the operating gross profit of the stores.

Incentives and compensations paid to franchised stores are deducted from the transaction prices. Revenue generated from lease transactions is recognized in accordance with the "Accounting Standard for Lease Transactions" and included in revenue from franchised stores.

2) Sale of goods

The Group sells products such as foods and commodities to customers of directly managed stores and assumes performance obligations to deliver goods to customers. With respect to the sale of these goods, when goods are delivered to a customer, the obligation is satisfied with the customer obtaining control of the goods. Therefore, revenue is recognized when the applicable goods are delivered.

With respect to sales such as the sale of wholesaler-owned goods, where the Company determines its role as an agent, revenue is recognized on the net amount by subtracting payments to suppliers from the total amount of consideration received from customers.

(6) Standards of translation of important assets and liabilities denominated in foreign currencies into Japanese yen

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the consolidated fiscal year end, with translation differences recognized as gains or losses.

All assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate prevailing at the fiscal year end of the consolidated subsidiaries. Revenues and expenses are translated into Japanese yen at the average exchange rate during the consolidated fiscal year, and translation adjustments are included in non-controlling interests and foreign currency translation adjustment under net assets.

(7) Scope of funds in the Consolidated Statements of Cash Flows

Cash and cash equivalents in the Consolidated Statements of Cash Flows consist of cash on hand, demand deposits, and short-term investments that have original maturities or redemption dates of three months or earlier at the date of acquisition and that are highly liquid, easily convertible, and carry only immaterial risk of fluctuation in value.

(Notes to the Consolidated Balance Sheets)

*1 Contract liabilities

Fiscal year ended February 29, 2024 (as of February 29, 2024)

For “other” under current liabilities, the balance of contract liabilities was ¥20 million. For “other” under non-current liabilities, the balance of contract liabilities was ¥46 million.

Fiscal year ended February 28, 2025 (as of February 28, 2025)

For “other” under current liabilities, the balance of contract liabilities was ¥16 million. For “other” under non-current liabilities, the balance of contract liabilities was ¥50 million.

(Notes to the Consolidated Statements of Income)

*1 The details of gain on sale of non-current assets are as follows:

	For the fiscal year ended Feb. 29, 2024	For the fiscal year ended Feb. 28, 2025
Buildings and structures	¥11 million	¥4 million
Furniture and fixtures	¥8 million	¥1 million
Machinery, equipment and vehicles	¥0 million	¥0 million
Total	¥19 million	¥6 million

*2 The details of impairment losses are as follows:

The Group recorded impairment losses in the following asset groups.

(1) Overview of asset groups in which impairment losses were re cognized

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

Use	Type	Location	Number of stores	Amount
Store	Buildings, etc.	Japan	389	539
Store	Buildings, etc.	Vietnam	6	3
Total			395	543

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

Use	Type	Location	Number of stores	Amount
Store	Buildings, etc.	Japan	448	647
Store	Buildings, etc.	Vietnam	132	535
Shared asset	Software, etc.	Japan	–	3,122
Shared asset	Software, etc.	Vietnam	–	191
Total			580	4,496

(2) Background leading to recognition of impairment losses

The book values of asset groups that continue to or are projected to continue to generate losses from operating activities have been marked down to their recoverable values, and those losses have been recorded as impairment losses in extraordinary losses.

(3) Amount of impairment losses

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

Type	Amount
Buildings and structures	303
Machinery, equipment and vehicles	1
Furniture and fixtures	215
Leased assets	22
Land	0
Total	543

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

Type	Amount
Buildings and structures	716
Machinery, equipment and vehicles	5
Furniture and fixtures	469
Leased assets	1
Software	3,131
Long-term prepaid expenses	172
Total	4,496

(4) Asset grouping method

Grouping was performed based on stores as the minimum cash flow-generating units.

Headquarters' assets such as the core store system are considered a shared asset as it does not generate an independent cash flow.

(5) Method of calculating recoverable amount

The recoverable amount for asset groups was measured either by net sales value or utility value. Land was measured mainly by net sales value, and other assets were measured mainly by utility value. Net sales value is appraised by a reasonable estimate that takes examples of transactions, etc. into consideration. Utility value is calculated by discounting future cash flows by 5.7%, and when utility value is negative, the recoverable amount is calculated as zero.

(Notes to the Consolidated Statements of Changes in Equity)

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

1. Matters concerning outstanding shares

Type of shares	Number of shares as of Mar. 1, 2023	Increase	Decrease	Number of shares as of Feb. 29, 2024
Ordinary shares (Thousand shares)	29,372	–	–	29,372

2. Matters concerning treasury shares

Type of shares	Number of shares as of Mar. 1, 2023	Increase	Decrease	Number of shares as of Feb. 29, 2024
Ordinary shares (Thousand shares)	363	0	–	364

(Overview of reasons for changes)

The details of the increase in the number are as follows:

Increase due to acquisition of shares of less than one share unit 0 thousand shares

3. Share acquisition rights

Company	Details	Type of shares to be acquired	Number of shares to be acquired (Thousand shares)				Balance as of Feb. 29, 2024 (Millions of yen)
			Mar. 1, 2023	Increase	Decrease	Feb. 29, 2024	
Submitting Company	Share acquisition rights as stock options	–	–	–	–	–	3
Total			–	–	–	–	3

4. Dividends

(1) Dividend amount

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 12, 2023	Ordinary shares	290	10.00	February 28, 2023	April 28, 2023
Board of Directors meeting on October 11, 2023	Ordinary shares	290	10.00	August 31, 2023	November 8, 2023

(2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

Resolution	Type of shares	Source of dividends	Total dividend amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 10, 2024	Ordinary shares	Retained earnings	290	10.00	February 29, 2024	May 2, 2024

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

1. Matters concerning outstanding shares

Type of shares	Number of shares as of Mar. 1, 2024	Increase	Decrease	Number of shares as of Feb. 28, 2025
Ordinary shares (Thousand shares)	29,372	–	–	29,372

2. Matters concerning treasury shares

Type of shares	Number of shares as of Mar. 1, 2024	Increase	Decrease	Number of shares as of Feb. 28, 2025
Ordinary shares (Thousand shares)	364	0	–	364

(Overview of reasons for changes)

The details of the increase in the number are as follows:

Increase due to acquisition of shares of less than one share unit 0 thousand shares

3. Share acquisition rights

Company	Details	Type of shares to be acquired	Number of shares to be acquired (Thousand shares)				Balance as of Feb. 28, 2025 (Millions of yen)
			Mar. 1, 2024	Increase	Decrease	Feb. 28, 2025	
Submitting Company	Share acquisition rights as stock options	–	–	–	–	–	3
Total			–	–	–	–	3

4. Dividends

(1) Dividend amount

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 10, 2024	Ordinary shares	290	10.00	February 29, 2024	May 2, 2024
Board of Directors meeting on October 9, 2024	Ordinary shares	290	10.00	August 31, 2024	November 8, 2024

(2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

Resolution	Type of shares	Source of dividends	Total dividend amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 10, 2025	Ordinary shares	Retained earnings	290	10.00	February 28, 2025	May 1, 2025

(Notes to the Consolidated Statements of Cash Flows)

*1 The relationship between the end-of-fiscal-year balance of cash and cash equivalents and the amounts carried on the Consolidated Balance Sheet are as follows.

	For the fiscal year ended Feb. 29, 2024	For the fiscal year ended Feb. 28, 2025
Cash and deposits	8,783 million yen	11,096 million yen
Deposits paid to subsidiaries and associates	14,000 million yen	12,000 million yen
Time deposits with deposit terms exceeding three months	(367) million yen	(10) million yen
Cash and cash equivalents	22,416 million yen	23,086 million yen

2. Details of significant non-fund transactions are as follows.

Fiscal year ended February 29, 2024

Not applicable.

Fiscal year ended February 28, 2025

Not applicable.

(Segment information, etc.)
[Segment information]

1. Overview of reportable segments

The Group's reportable segments are organizational units for which discrete financial information is available and which are regularly reviewed by the Board of Directors to determine the allocation of management resources and assess business results.

The Group's main businesses are the convenience store business and operations incidental to that business. It has deemed the domestic business, which conducts business activity in Japan, and the overseas business, which conducts business activity overseas, as its two reportable segments.

The domestic business comprises the Company and one (1) domestic subsidiary. The Company is engaged in the convenience store business through franchise stores using the franchise chain method and through company-managed stores, and the subsidiary, Network Service Inc., conducts logistics operations for MINISTOP stores in Japan.

The Overseas Business comprises two (2) overseas subsidiaries. Subsidiary MINISTOP VIETNAM COMPANY LIMITED is engaged in the convenience store business through franchise stores using the franchise chain method and through company-managed stores. Subsidiary VINH KHANH CONSULTANCY CORPORATION operates the convenience store business in Vietnam through equity participation in MINISTOP VIETNAM COMPANY LIMITED as a holding company.

2. Calculation of gross operating revenue, income (loss), assets, and other items by reportable segment

The accounting treatment of reportable segments is as stated in the "Notes on the basis for preparation of consolidated financial statements." Profit figures for reportable segments are calculated based on operating profit. Inter-segment revenue and transfers are calculated based on prevailing market prices.

3. Information on amounts of gross operating revenue, income (loss), assets, and other items, and breakdown of revenue by reportable segment

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

	Reportable segment		Total
	Domestic Business	Overseas Business	
Gross operating revenue			
Revenue from franchised stores Note 1	30,860	568	31,429
Sale of goods Note 2	22,459	7,528	29,987
Other Note 3	2,249	202	2,452
Revenue from contracts with customers	55,569	8,299	63,869
Other revenue Note 4	15,186	—	15,186
Gross operating revenue from outside customers	70,756	8,299	79,056
Inter-segment gross operating revenue or transfers	110	—	110
Total	70,866	8,299	79,166
Segment loss Note 5	(196)	(413)	(609)
Segment assets	49,226	1,982	51,208
Other items			
Depreciation	3,379	88	3,467
Investment in entities accounted for using equity method	—	—	—
Increase in property, plant and equipment and intangible assets	4,469	271	4,741

Notes:
1. Revenue from franchised stores includes income such as royalty income from franchised stores and net sales of products to franchised stores.
2. Sale of goods refers to the sale of goods to customers at directly managed stores.
3. Other includes royalty income, digital signage advertising fees, solar-power-generated electricity sale income, etc. received from area franchisers.
4. Other revenue includes transportation service charges and fees received from product vendors and other business partners.
5. Segment loss corresponds to operating loss in the Consolidated Statements of Income.

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

	Reportable segment		Total
	Domestic Business	Overseas Business	
Gross operating revenue			
Revenue from franchised stores Note 1	29,966	406	30,373
Sale of goods Note 2	30,448	8,900	39,348
Other Note 3	2,313	188	2,501
Revenue from contracts with customers	62,728	9,495	72,223
Other revenue Note 4	15,252	—	15,252
Gross operating revenue from outside customers	77,980	9,495	87,475
Inter-segment gross operating revenue or transfers	115	—	115
Total	78,096	9,495	87,591
Segment loss Note 5	(2,398)	(1,088)	(3,486)
Segment assets	49,006	1,680	50,686
Other items			
Depreciation	2,938	134	3,073
Investment in entities accounted for using equity method	—	—	—
Increase in property, plant and equipment and intangible assets	4,260	300	4,561

Notes: 1. Revenue from franchised stores includes income such as royalty income from franchised stores and net sales of products to franchised stores.
2. Sale of goods refers to the sale of goods to customers at directly managed stores.
3. Other includes royalty income, digital signage advertising fees, solar-power-generated electricity sale income, etc. received from area franchisers.
4. Other revenue includes transportation service charges and fees received from product vendors and other business partners.
5. Segment loss corresponds to operating loss in the Consolidated Statements of Income.

4. Differences between reportable segment totals and amounts recorded in the consolidated financial statements and main details of those differences (adjustments)

(Millions of yen)

Assets	Fiscal year ended Feb. 29, 2024	Fiscal year ended Feb. 28, 2025
Reportable segments total	51,208	50,686
Corporate assets (Note)	26,691	24,000
Total assets recorded in consolidated financial statements	77,900	74,686

Note: Corporate assets mainly include surplus assets (cash and deposits, deposits paid to subsidiaries and associates) and long-term investment funds (investment securities).

[Information on impairment losses on non-current assets by reportable segment]

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(Millions of yen)

	Reportable segment		
	Domestic Business	Overseas Business	Total
Impairment losses	539	3	543

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(Millions of yen)

	Reportable segment		
	Domestic Business	Overseas Business	Total
Impairment losses	3,770	726	4,496

(Revenue recognition)

1. Breakdown of revenue from contracts with customers

The breakdown of revenue from contracts with customers is as stated in “Notes to Consolidated Financial Statements (Segment information, etc.).”

2. Useful information in understanding revenue from contracts with customers

Regarding revenue from franchised stores and sale of goods, useful information in understanding revenue is as stated in “(Notes on the basis for preparation of consolidated financial statements) 4. Accounting policies (5) Basis for significant revenue and expense.”

3. Information regarding relations of satisfaction of performance obligations within contracts with customers and cash flows arising from such contracts, and the amount and timing of revenue arising from customers existing at the end of the fiscal year under review expected to be recognized in and after the following fiscal year.

For the fiscal year ended February 29, 2024 (from March 1, 2023 to February 29, 2024)

(1) Balance of contract liabilities, etc.

(Millions of yen)

	For the fiscal year ended Feb. 29, 2024
Contract liabilities (beginning balance) Long-term unearned revenue (including current portion)	76
Contract liabilities (ending balance) Long-term unearned revenue (including current portion)	66

Contract liabilities are mainly related to advances received for granting licenses at the opening of franchised stores. Such license fees are fully received at the time of contracts and revenue is recognized over the contract period.

For revenue recognized for the fiscal year ended February 29, 2024, the amount included in contract liabilities at the beginning of the period was ¥29 million.

(2) Transaction prices allocated to the remaining performance obligations

The total transaction prices allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows:

(Millions of yen)

	For the fiscal year ended Feb. 29, 2024
Within one year	20
Over one year and within five years	31
Over five years	14
Total	66

For the fiscal year ended February 28, 2025 (from March 1, 2024 to February 28, 2025)

(1) Balance of contract liabilities, etc.

(Millions of yen)

	For the fiscal year ended Feb. 28, 2025
Contract liabilities (beginning balance) Long-term unearned revenue (including current portion)	66
Contract liabilities (ending balance) Long-term unearned revenue (including current portion)	66

Contract liabilities are mainly related to advances received for granting licenses at the opening of franchised stores. Such license fees are fully received at the time of contracts and revenue is recognized over the contract period.

For revenue recognized for the fiscal year ended February 28, 2025, the amount included in contract liabilities at the beginning of the period was ¥21 million.

(2) Transaction prices allocated to the remaining performance obligations

The total transaction prices allocated to the remaining performance obligations and the time frame the Company expects to recognize the amount as revenue are as follows:

(Millions of yen)

	For the fiscal year ended Feb. 28, 2025
Within one year	16
Over one year and within five years	31
Over five years	19
Total	66

(Per share information)

	For the fiscal year ended Feb. 29, 2024	For the fiscal year ended Feb. 28, 2025
Net assets per share	1,366.28 yen	1,120.67 yen
Loss per share	(16.14) yen	(233.53) yen
Diluted earnings per share	—	—

Notes: 1. Diluted earnings per share are not presented above, as net loss was recorded on potential shares with a dilutive effect.

2.The following data was used to calculate loss per share.

	For the fiscal year ended Feb. 29, 2024	For the fiscal year ended Feb. 28, 2025
Loss per share		
Loss attributable to owners of parent (Millions of yen)	(468)	(6,774)
Amount not attributable to common shareholders (Millions of yen)	―	―
Loss attributable to owners of parent relating to ordinary shares (Millions of yen)	(468)	(6,774)
Average number of ordinary shares outstanding during the period (Thousand shares)	29,008	29,008
Diluted earnings per share		
Dilutive effect on profit attributable to owners of parent (Millions of yen)	―	―
Increase in the number of ordinary shares (Thousand shares)	―	―
[Of which, share acquisition rights (Thousand shares)]	[―]	[―]
Overview of potential shares not included to calculate diluted earnings per share as there was no dilutive effect.	―	

3.The following data was used to calculate net assets per share.

	As of Feb. 29, 2024	As of Feb. 28, 2025
Total net assets (Millions of yen)	40,681	32,781
Amount deducted from total net assets (Millions of yen)	1,047	273
[Of which, share acquisition rights (Millions of yen)]	[3]	[3]
[Of which, non-controlling interests (Millions of yen)]	[1,043]	[269]
Net assets attributable to ordinary shares (Millions of yen)	39,633	32,508
Number of ordinary shares outstanding used to calculate net assets per share (Thousand shares)	29,008	29,008

(Significant subsequent events)

Not applicable.