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## Consolidated Financial Results for the Six Months Ended August 31, 2023 [Japanese GAAP]



October 11, 2023

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 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4343  
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 Scheduled date of filing quarterly securities report: October 13, 2023  
 Scheduled date of commencing dividend payments: November 2, 2023  
 Availability of supplementary explanatory materials on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Scheduled (for analysts and institutional investors)

(Amounts of less than one million yen are rounded down.)

### 1. Consolidated Financial Results for the Six Months Ended August 31, 2023 (March 1, 2023 - August 31, 2023)

(1) Consolidated Operating Results (% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended August 31, 2023	40,840	16.4	2,024	582.3	2,441	83.4	1,181	–
August 31, 2022	35,079	24.4	296	–	1,331	–	(316)	–

(Note) Comprehensive income: Six months ended August 31, 2023: ¥928 million [–%]

Six months ended August 31, 2022: ¥(521) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended August 31, 2023	Yen 59.75	Yen 59.71
August 31, 2022	(16.00)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2023	51,588	8,981	17.0
As of February 28, 2023	46,917	8,138	16.9

(Reference) Equity: As of August 31, 2023: ¥8,755 million

As of February 28, 2023: ¥7,945 million

## 2. Dividends

	Annual dividends				
	1st quarter-end	2nd quarter-end	3rd quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended February 28, 2023	–	5.00	–	5.00	10.00
Fiscal year ending February 29, 2024	–	5.00			
Fiscal year ending February 29, 2024 (Forecast)			–	5.00	10.00

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

## 3. Consolidated Financial Results Forecast for the Fiscal Year Ending February 29, 2024 (March 1, 2023 - February 29, 2024)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	86,200	18.6	4,000	371.0	2,700	104.8	600	–	30.35

(Note) Revision to the financial results forecast announced most recently: None

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review  
(Changes in specified subsidiaries resulting in changes in scope of consolidation): None
- (2) Accounting methods adopted particularly for the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates and retrospective restatement
- 1) Changes in accounting policies due to the revision of accounting standards: Yes
  - 2) Changes in accounting policies other than 1) above: None
  - 3) Changes in accounting estimates: None
  - 4) Retrospective restatement: None
- (Note) For details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 11 of the Attachments.

(4) Total number of issued shares (common shares)

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

August 31, 2023:	19,770,725 shares
February 28, 2023:	19,768,825 shares

- 2) Total number of treasury shares at the end of the period:

August 31, 2023:	2,052 shares
February 28, 2023:	1,919 shares

- 3) Average number of shares during the period:

Six months ended August 31, 2023:	19,767,276 shares
Six months ended August 31, 2022:	19,767,012 shares

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

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

The financial results forecasts and other forward-looking statements herein are based on information currently available to the Company and certain assumptions deemed to be reasonable, and the Company does not guarantee the achievement of the projections. In addition, actual results may differ significantly from these forecasts due to various factors.

## Table of Contents - Attachments

1. Qualitative Information on Quarterly Financial Results .....	2
(1) Explanation of Operating Results .....	2
(2) Explanation of Financial Position .....	3
(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information ...	4
2. Quarterly Consolidated Financial Statements and Principal Notes .....	5
(1) Quarterly Consolidated Balance Sheets .....	5
(2) Quarterly Consolidated Statements of Income and Comprehensive Income .....	7
Quarterly Consolidated Statements of Income	
Six Months Ended August 31 .....	7
Quarterly Consolidated Statements of Comprehensive Income	
Six Months Ended August 31 .....	8
(3) Quarterly Consolidated Statements of Cash Flows .....	9
(4) Notes to Quarterly Consolidated Financial Statements .....	11
(Notes on going concern assumption) .....	11
(Notes in case of significant changes in shareholders' equity) .....	11
(Changes in significant subsidiaries during the six months ended August 31, 2023) .....	11
(Changes in accounting policies) .....	11
(Additional information).....	11
(Segment information, etc.) .....	12
(Significant subsequent events) .....	12

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

With our “Purpose” of “inspiring enthusiasm in every child so that there is a smile on every face,” the Company is moving ahead with business activities toward the realization of improving corporate value and contributing to a sustainable society.

For the six months ended August 31, 2023 (March 1, 2023 to August 31, 2023), the operating results of the Company and its consolidated subsidiaries were as follows: net sales of ¥40,840 million (up 16.4% year on year), operating profit of ¥2,024 million (up 582.3% year on year), ordinary profit of ¥2,441 million (up 83.4% year on year), and profit attributable to owners of parent of ¥1,181 million (loss attributable to owners of parent of ¥316 million in the same period of the previous fiscal year). As a result of the depreciation of the yen against other currencies, foreign exchange gains of ¥576 million was posted as non-operating income.

The Japan business saw a recovery of demand for going out as well as the positive impact on indoor facilities due to extremely hot weather, with the beginning of the first summer holidays after downgrading COVID-19 to Category V under the Infectious Diseases Control Law. As a result, net sales for the six months ended August 31, 2023 increased to ¥31,792 million, hitting a record high.

In the China business, sales were sluggish since July and net sales for the six months ended August 31, 2023 were ¥3,809 million, due to a decrease in the number of customers visiting our shopping centers because of a reaction from recovered travel demand during the long holiday. Meanwhile, operating profit improved by ¥613 million as a result of our working on closing unprofitable stores and reducing costs. In consideration of loss on temporary closing of stores EL of approximately ¥686 million posted as extraordinary loss in the six months ended August 31, 2022, operating profit virtually improved by ¥1,299 million.

In the ASEAN business, net sales for the six months ended August 31, 2023 were ¥5,343 million, with operating profit posted in all five countries. Accordingly, operating results were in the black for seven consecutive quarters.

As for the number of stores, 109 new stores were opened and 35 stores were closed during the six months ended August 31, 2023. As a result, the total number of stores as of August 31, 2023 was 1,118 (1,107 directly managed stores, 11 franchised stores, etc.), including 678 stores in Japan and 440 stores overseas.

#### (Japan business)

With regard to the Japan business, the Medals Department, which made investments in new machines for the first time in three years, conducted additional installment of the popular model of HORI A TALE in July along with other measures such as gain extra medals campaigns. As a result, net sales for the six months ended August 31, 2023 in the department were 126.6% compared to the same period of the previous fiscal year, showing clear recovery. The Time-Based Facilities Department saw a recovery in needs for indoor facilities, and net sales for the six months ended August 31, 2023 in the department were 136.4% compared to the same period of the previous fiscal year, showing a good performance. In the Prizes Department, the kids’ prizes section continued to perform well, and net sales for the six months ended August 31, 2023 were 108.9% compared to the same period of the previous fiscal year.

The Company opened “Mieux Forest” on July 21, the first entertainment-oriented glamping facilities of the Company. The facilities are offering a puzzle-solving adventure, where the Company has brought together its knowhow of events for families accumulated over years and original activities such as a sword battle. These adventure and activities have gained popularity.

During the six months ended August 31, 2023, we opened 49 new stores of TOYS SPOT PALO, a capsule toy specialty store, and the total number of stores reached 195. Net sales of the Capsule Toys Department for the six months ended August 31, 2023 were 123.4% compared to the same period of the previous fiscal year, showing a large growth.

During the six months ended August 31, 2023, we opened 21 new stores of PRIZE SPOT PALO, a prize specialty store, in properties inside and outside the Group, and the total number of stores reached 48.

During the six months ended August 31, 2023, we opened four stores of Mollyfantasy, 49 stores of capsule toy specialty stores, 21 stores of prize specialty stores, and four stores of other types such as new business category, while closing nine stores including unprofitable ones. As of August 31, 2023, the total number of stores was 678.

As a result, regarding operating results in the Japan business for the six months ended August 31, 2023, net sales were ¥31,792 million (up 12.0% year on year) and operating profit was ¥1,863 million (up 130.6% year on year).

(China business)

The China business showed an improvement in operating profit of ¥613 million from the same period of the previous fiscal year due to closing unprofitable stores and reducing costs, despite sluggish sales since July. As a result of opening of strategic small stores with high ROI, net sales of existing stores for the six months ended August 31, 2023 were 139.3% compared to the same period of the previous fiscal year.

During the six months ended August 31, 2023, while nine new directly managed stores were opened, 18 stores including unprofitable stores were closed. Accordingly, as of August 31, 2023, the total number of stores was 186 including six franchised stores.

As a result, regarding operating results in the China business for the six months ended August 31, 2023, net sales were ¥3,809 million (up 45.7% year on year) and operating loss was ¥583 million (operating loss of ¥1,196 million in the same period of the previous fiscal year).

(ASEAN business)

In the ASEAN business, amid intensified rivalries over new store openings with competitors, the Company worked on new store opening and measures for existing stores in each country. Business in Malaysia and the Philippines, which are ranked number one with respect to both the number of stores and sales in the amusement and playground industries, continued to perform well, driving the performance of the ASEAN business overall. Consequently, net sales of existing stores for the six months ended August 31, 2023 were 119.0% compared to the same period of the previous fiscal year, and both net sales and operating profit hit another record high for the second quarter of a fiscal year, following the record for the second quarter in the previous fiscal year.

During the six months ended August 31, 2023, while 22 new stores were opened, eight unprofitable stores were closed. Accordingly, the total number of stores as of August 31, 2023 was 254, including five franchised stores.

As a result, regarding operating results in the ASEAN business for the six months ended August 31, 2023, net sales were ¥5,343 million (up 30.8% year on year) and operating profit was ¥737 million (up 7.6% year on year) (\*1).

(\*1) In the Philippines, operating profit for the six months ended August 31, 2022, included approximately ¥100 million as effects from reductions on store rent due to COVID-19. In the ASEAN business, operating profit for the six months ended August 31, 2023 included approximately ¥100 million from in-house brand royalty, which was not included in the previous quarter.

## (2) Explanation of Financial Position

(Assets)

Current assets at the end of the second quarter under review were ¥14,001 million, an increase of ¥3,159 million from the end of the previous fiscal year. The main factors were an increase in deposits paid from sales (¥1,248 million), an increase in cash and deposits (¥865 million), and an increase in inventories (¥522 million).

Non-current assets at the end of the second quarter under review were ¥37,586 million, an increase of ¥1,511 million from the end of the previous fiscal year. The main factors were an increase in amusement machines and facilities PPE (¥1,017 million) due to new store openings and store revitalization, and an

increase in buildings (¥595 million).

As a result, total assets were ¥51,588 million, an increase of ¥4,670 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the second quarter under review were ¥37,068 million, an increase of ¥4,713 million from the end of the previous fiscal year. The main factors were an increase in short-term borrowings (¥3,061 million), an increase in notes payable - facilities (¥951 million), and an increase in accounts payable - trade (¥811 million).

Non-current liabilities at the end of the second quarter under review were ¥5,537 million, a decrease of ¥886 million from the end of the previous fiscal year. The main factors were a decrease in long-term borrowings at consolidated subsidiaries (¥539 million), and a decrease in long-term accounts payable - installment purchase (¥285 million).

As a result, total liabilities amounted to ¥42,606 million, an increase of ¥3,827 million from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the second quarter under review amounted to ¥8,981 million, an increase of ¥843 million from the end of the previous fiscal year. The main factors were the recording of profit attributable to owners of parent (¥1,181 million), and a decrease in foreign currency translation adjustment (¥285 million) due to fluctuations in exchange.

(3) Explanation of Consolidated Financial Results Forecast and Other Forward-looking Information

As for the consolidated financial results forecast for the fiscal year ending February 29, 2024, no revisions have been made to the full-year forecast announced on April 12, 2023.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of February 28, 2023	As of August 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	6,081,975	6,947,764
Accounts receivable - trade	248,227	250,196
Deposits paid from sales	734,050	1,982,126
Inventories	2,156,417	2,678,417
Other	1,621,847	2,143,252
Total current assets	10,842,517	14,001,757
Non-current assets		
Property, plant and equipment		
Buildings, net	4,902,698	5,498,370
Amusement machines and facilities net PPE	16,202,773	17,220,726
Right of use assets, net	3,519,085	3,570,651
Other, net	1,970,684	1,970,720
Total property, plant and equipment	26,595,241	28,260,469
Intangible assets		
Goodwill	135,035	128,935
Software	1,299,155	1,372,643
Other	4,685	4,735
Total intangible assets	1,438,876	1,506,313
Investments and other assets		
Leasehold and guarantee deposits	4,601,768	4,602,684
Other	3,438,903	3,216,867
Total investments and other assets	8,040,671	7,819,552
Total non-current assets	36,074,789	37,586,335
Total assets	46,917,307	51,588,092



(Thousand yen)

	As of February 28, 2023	As of August 31, 2023
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,432,864	2,244,686
Short-term borrowings	19,542,050	22,603,650
Current portion of long-term borrowings	1,307,274	1,245,266
Current portion of long-term accounts payable - installment purchase	566,324	569,656
Lease liabilities	2,018,731	1,947,720
Accrued expenses	1,690,766	2,088,736
Income taxes payable	658,746	760,703
Provision for bonuses	495,106	398,539
Provision for remuneration for directors (and other officers)	32,128	37,285
Provision for loss on closing of stores	190,757	158,859
Notes payable - facilities	1,478,985	2,430,643
Other	2,940,795	2,582,665
Total current liabilities	32,354,531	37,068,414
Non-current liabilities		
Long-term borrowings	1,025,655	485,714
Long-term accounts payable - installment purchase	1,641,144	1,355,481
Lease liabilities	2,504,862	2,392,560
Retirement benefit liability	115,567	109,298
Asset retirement obligations	941,623	1,017,453
Other	195,569	177,373
Total non-current liabilities	6,424,423	5,537,880
Total liabilities	38,778,955	42,606,295
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,806,987	1,809,786
Capital surplus	4,825,630	4,828,429
Retained earnings	1,902,889	2,985,146
Treasury shares	(4,176)	(4,635)
Total shareholders' equity	8,531,331	9,618,726
Accumulated other comprehensive income		
Foreign currency translation adjustment	(568,301)	(853,619)
Remeasurements of defined benefit plans	(17,204)	(9,244)
Total accumulated other comprehensive income	(585,506)	(862,863)
Share acquisition rights	31,437	40,017
Non-controlling interests	161,089	185,917
Total net assets	8,138,352	8,981,797
<b>Total liabilities and net assets</b>	<b>46,917,307</b>	<b>51,588,092</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six Months Ended August 31

(Thousand yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Net sales	35,079,745	40,840,898
Cost of sales	31,835,914	35,559,081
Gross profit	3,243,831	5,281,817
Selling, general and administrative expenses	2,947,152	3,257,713
Operating profit	296,678	2,024,103
Non-operating income		
Interest income	32,158	34,383
Foreign exchange gains	1,258,963	576,824
Insurance claim income	21,988	19,464
Gain on sale of non-current assets	144	418
Gains on write off of deposits NOI	4,256	845
Gain on cancellation of leases	17,791	40,605
Refund of Chinese value added tax NOI	14,097	25,519
Other	27,734	24,889
Total non-operating income	1,377,135	722,950
Non-operating expenses		
Interest expenses	306,937	262,834
Loss on sale of non-current assets	10,407	9,309
Other	25,214	33,151
Total non-operating expenses	342,560	305,295
Ordinary profit	1,331,254	2,441,757
Extraordinary income		
Subsidies for employment adjustment	31,901	–
Gain on reversal of impairment losses	–	21,213
Total extraordinary income	31,901	21,213
Extraordinary losses		
Provision for loss on closing of stores	12,996	15,143
Impairment losses	79,342	233,249
Loss on store closings	8,302	35,879
Loss on temporary closing of stores EL	715,035	–
Loss on disaster	15,039	–
Total extraordinary losses	830,716	284,272
Profit before income taxes	532,439	2,178,698
Income taxes - current	461,469	568,005
Income taxes - deferred	323,836	416,521
Total income taxes	785,306	984,527
Profit (Loss)	(252,866)	1,194,171
Profit attributable to non-controlling interests	63,376	13,080
Profit (Loss) attributable to owners of parent	(316,242)	1,181,091

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended August 31

(Thousand yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Profit (Loss)	(252,866)	1,194,171
Other comprehensive income		
Foreign currency translation adjustment	(278,319)	(273,570)
Remeasurements of defined benefit plans, net of tax	9,941	7,960
Total other comprehensive income	(268,378)	(265,609)
Comprehensive income	(521,245)	928,562
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(594,355)	903,733
Comprehensive income attributable to non-controlling interests	73,110	24,828

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	532,439	2,178,698
Depreciation	5,073,925	4,902,287
Loss (gain) on sale and retirement of non-current assets	31,051	25,126
Increase (decrease) in provision for bonuses	35,969	(102,683)
Interest income	(32,158)	(34,383)
Interest expenses	306,937	262,834
Foreign exchange losses (gains)	(1,258,963)	(576,824)
Insurance claim income	(21,988)	(19,464)
Gain on cancellation of leases	(17,791)	(40,605)
Subsidies for employment adjustment	(31,901)	–
Gain on reversal of impairment losses	–	(21,213)
Impairment losses	79,342	233,249
Loss on disaster	15,039	–
Decrease (increase) in trade receivables	(44,912)	(767)
Decrease (increase) in deposits paid from sales	(1,286,794)	(1,245,046)
Decrease (increase) in inventories	(271,262)	(496,511)
Increase (decrease) in trade payables	800,032	802,262
Other, net	(963,590)	(864,292)
Subtotal	2,945,373	5,002,665
Interest received	11,441	15,209
Interest paid	(313,539)	(266,499)
Subsidies for employment adjustment received	31,901	–
Income taxes paid	(116,014)	(322,370)
Net cash provided by (used in) operating activities	2,559,162	4,429,005
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,074,805)	(4,244,040)
Proceeds from sale of property, plant and equipment	10,477	13,469
Purchase of intangible assets	(274,136)	(294,132)
Payments for increase in long-term prepaid expenses	(26,139)	(212,587)
Payments of leasehold and guarantee deposits	(185,469)	(323,072)
Proceeds from refund of leasehold and guarantee deposits	99,660	135,612
Other, net	(48,211)	(51,406)
Net cash provided by (used in) investing activities	(2,498,623)	(4,976,158)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	3,947,644	3,590,226
Repayments of long-term borrowings	(1,126,087)	(655,504)
Dividends paid	(98,835)	(98,834)
Repayments of lease liabilities	(960,846)	(1,246,281)
Repayments of installment payables	(279,038)	(282,331)
Other, net	(305)	(459)
Net cash provided by (used in) financing activities	1,482,531	1,306,813

	For the six months ended August 31, 2022	For the six months ended August 31, 2023
Effect of exchange rate change on cash and cash equivalents	324,764	104,327
Net increase (decrease) in cash and cash equivalents	1,867,834	863,988
Cash and cash equivalents at beginning of period	5,986,843	6,058,627
Cash and cash equivalents at end of period	7,854,678	6,922,615

(4) Notes to Quarterly Consolidated Financial Statements

(Notes on going concern assumption)

Not applicable.

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

Not applicable.

(Changes in significant subsidiaries during the six months ended August 31, 2023)

Not applicable.

(Changes in accounting policies)

(Application of Implementation Guidance on Accounting Standard for Fair Value Measurement)

From the beginning of the first quarter ended May 31, 2023, the "Implementation Guidance on Accounting Standard for Fair Value Measurement" (ASBJ Guidance No. 31, June 17, 2021; hereinafter referred to as the "Fair Value Measurement Guidance") has been applied, and, in accordance with the transitional treatment stipulated in Paragraph 27-2 of the Fair Value Measurement Guidance, the Company will prospectively apply the new accounting policies stipulated in the Fair Value Measurement Guidance. This has no impact on the quarterly consolidated financial statements.

(Additional information)

(Important accounting estimates: Impairment of non-current assets)

There are no significant changes to the assumptions for China stated in "Important accounting estimates: Impairment of non-current assets" as stated in the securities report for the previous fiscal year.

(Segment information, etc.)

I. Six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

1. Information on the amount of net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Adjustment	Amount recorded in Quarterly Consolidated Statements of Income (Note)
	Japan	China	ASEAN	Total		
Net sales						
Net sales to external customers	28,381,762	2,613,976	4,084,006	35,079,745	–	35,079,745
Inter-segment net sales or transfers	1,222	–	–	1,222	(1,222)	–
Total	28,382,984	2,613,976	4,084,006	35,080,967	(1,222)	35,079,745
Segment profit (loss)	808,099	(1,196,631)	685,232	296,699	(21)	296,678

(Note) Adjustments were made due to the elimination of inter-segment transactions, etc.

2. Information on impairment losses on non-current assets or goodwill by reportable segment

(Important impairment losses on non-current assets)

For the six months ended August 31, 2022, impairment losses were recorded as follows: ¥9,666 thousand for Japan, ¥52,424 thousand for China, and ¥17,250 thousand for ASEAN.

II. Six months ended August 31, 2023 (from March 1, 2023 to August 31, 2023)

1. Information on the amount of net sales and profit (loss) by reportable segment

(Thousand yen)

	Reportable segment				Adjustment	Amount recorded in Quarterly Consolidated Statements of Income (Note)
	Japan	China	ASEAN	Total		
Net sales						
Net sales to external customers	31,687,429	3,809,662	5,343,806	40,840,898	–	40,840,898
Inter-segment net sales or transfers	105,215	–	–	105,215	(105,215)	–
Total	31,792,644	3,809,662	5,343,806	40,946,113	(105,215)	40,840,898
Segment profit (loss)	1,863,442	(583,578)	737,488	2,017,352	6,750	2,024,103

(Note) Adjustments were made due to the elimination of inter-segment transactions, etc.

2. Information on impairment losses on non-current assets or goodwill by reportable segment  
(Important impairment losses on non-current assets)

For the six months ended August 31, 2023, impairment losses were recorded as follows: ¥1,349 thousand for Japan, ¥211,125 thousand for China, and ¥20,774 thousand for ASEAN.

(Significant subsequent events)

Not applicable.