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## Consolidated Financial Results for the Six Months Ended August 31, 2022 [Japanese GAAP]



October 5, 2022

Company name: AEON Fantasy Co., Ltd.  
 Stock exchange listing: Tokyo Stock Exchange  
 Code number: 4343  
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 Scheduled date of filing quarterly securities report: October 14, 2022  
 Scheduled date of commencing dividend payments: October 31, 2022  
 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, 2022 (March 1, 2022 - August 31, 2022)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
August 31, 2022	35,079	24.4	296	–	1,331	–	(316)	–
August 31, 2021	28,193	72.1	(2,579)	–	(2,862)	–	(3,501)	–

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

Six months ended August 31, 2021: ¥(3,464) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
August 31, 2022	(16.00)	–
August 31, 2021	(177.19)	–

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2022	54,124	11,221	20.3
As of February 28, 2022	51,235	11,841	22.8

(Reference) Equity: As of August 31, 2022: ¥10,998 million

As of February 28, 2022: ¥11,692 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, 2022	–	15.00	–	5.00	20.00
Fiscal year ending February 28, 2023	–	5.00			
Fiscal year ending February 28, 2023 (Forecast)			–	15.00	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, 2023 (March 1, 2022 - February 28, 2023)

(% indicates changes from the previous corresponding period.)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	
Full year	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
	78,900	31.1	2,600	–	1,700	–	400	–	20.24	

(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 10 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, 2022:	19,768,825 shares
February 28, 2022:	19,768,825 shares

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

August 31, 2022:	1,875 shares
February 28, 2022:	1,743 shares

- 3) Average number of shares during the period:

Six months ended August 31, 2022:	19,767,012 shares
Six months ended August 31, 2021:	19,762,929 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.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

In April 2022, the Company formulated the “Purpose” of “inspiring enthusiasm in every child so that there is a smile on every face.” At the same time, the Company established the Sustainability Policy, and is moving ahead with business activities toward the realization of contributing to a sustainable society and improving corporate value.

For the six months ended August 31, 2022 (March 1, 2022 to August 31, 2022), the operating results of the Company and its consolidated subsidiaries were as follows: net sales of ¥35,079 million (up 24.4% year on year), operating profit of ¥296 million (operating loss of ¥2,579 million in the same period of the previous fiscal year), ordinary profit of ¥1,331 million (ordinary loss of ¥2,862 million in the same period of the previous fiscal year), and loss attributable to owners of parent of ¥316 million (loss attributable to owners of parent of ¥3,501 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 ¥1,258 million were posted under non-operating income. From the same period of previous fiscal year, the consolidated financial results showed drastic improvements of ¥2,876 million in operating profit, ¥4,194 million in ordinary profit, and ¥3,185 million in loss attributable to owners of parent.

In the Japan business, the Prizes Department, which performed well, continued to drive operating results. The ASEAN business remained robust in each country. The China business saw severe business environment due to the continued regulations on behavior under the zero-COVID policy.

As for the number of stores, 60 new stores were opened and 19 stores were closed during the six months ended August 31, 2022. As a result, the total number of stores as of August 31, 2022 was 981 (971 directly managed stores, 10 franchised stores, etc.), including 549 stores in Japan and 432 stores overseas.

### (Japan business)

The Japan business has been recovering steadily since the first quarter ended May 31, 2022. However, the business saw a downward trend in the number of customers from late July when cases of COVID-19 increased sharply across the country. While sales activities were affected by events such as some stores being constrained to operate under reduced business hours, the business showed a gradual recovery from the middle of August. As a result, operating profit for the second quarter ended August 31, 2022 amounted to ¥764 million, securing operating profit for three consecutive quarters from the fourth quarter of the fiscal year ended February 28, 2022. It was the first time in three years that the Company posted operating profit in the second quarter.

In the Prizes Department, which is our mainstay business, sales of film-related products and our limited premiums remained robust, and net sales of existing stores in the department for the six months ended August 31, 2022 were 116.4% compared to the same period of the previous fiscal year, which drove overall sales.

During the six months ended August 31, 2022, we opened 30 new stores of TOYS SPOT PALO, a capsule toy specialty store, which we have been opening at an accelerated rate. Accordingly, the total number of stores reached 111. Net sales of the Capsule Toys Department for the six months ended August 31, 2022 were 170.3% compared to the same period of the previous fiscal year (541.3% compared to the same period of 2019), showing continued growth.

As an initiative for full digitalization, we have been enhancing “Molly Friends DX,” our membership system, with the numbers of its members exceeding 560 thousand.

During the six months ended August 31, 2022, we opened five stores of Mollyfantasy. In addition, a total of 39 new stores were opened, which consisted of capsule toy specialty stores and prize specialty stores, while 10 stores including unprofitable stores (nine directly managed stores, one franchised store) were closed. As of August 31, 2022, the total number of stores was 549 including one franchised store. We strengthened opening stores at properties not managed by the AEON Group, such as opening the first store at NITORI Mall.

As a result, regarding operating results in the Japan business for the six months ended August 31, 2022, net sales were ¥28,382 million (up 19.7% year on year) and operating profit was ¥808 million (operating loss of ¥1,595 million in the same period of the previous fiscal year).

#### (China business)

In the China business, with the expansion of lockdowns and rigid regulations on behavior under the zero-COVID policy mainly in big cities such as Shanghai and Beijing, the number of customers failed to recover due to the impact of people's stay-at-home under voluntary restraint. Consequently, net sales of existing stores for the second quarter ended August 31, 2022 recorded a severe result of 58.3% compared to the same period of 2019.

As a new initiative, we opened the "Molly Edutainment Sports" in Wuhan with the theme of "playing and exercising." In China, lack of exercise among children became a social problem, leading to the addition of physical education as a subject of an entrance examination. Thanks to the increased needs of parents for exercise following development such as this, the initiative got off to a strong start.

As another new initiative, we have started live sales using our app. This is against the backdrop that the sales method has been rapidly expanding in China, with which customers are able to effortlessly purchase goods while viewing videos on SNS sites such as TikTok.

During the six months ended August 31, 2022, while three new directly managed stores and one new franchised store were opened, six stores including unprofitable stores were closed. Accordingly, as of August 31, 2022, the total number of stores was 197 including six franchised stores.

As a result, regarding operating results in the China business for the six months ended August 31, 2022, net sales were ¥2,613 million (down 34.6% year on year) and operating loss was ¥1,196 million (operating loss of ¥469 million in the same period of the previous fiscal year).

#### (ASEAN business)

The ASEAN business remained robust, with the continued trend from the first quarter ended May 31, 2022 when a record high profit was achieved. Operating profit for the second quarter ended August 31, 2022 amounted to ¥352 million, achieving operating profit for three consecutive quarters from the fourth quarter of the fiscal year ended February 28, 2022. It also posted a record high operating profit for the first six months of a fiscal year.

In the Philippines, where performance was particularly good, during the second quarter ended August 31, 2022, net sales were ¥596 million and net sales of existing stores were 128.2% compared to the same period of 2019, which were both strong, and operating profit was ¥173 million. In four countries, i.e., the Philippines, Malaysia, Indonesia, and Vietnam, operating profits were recorded. In Thailand where the relaxation of regulations was delayed, business has been steadily recovering with an increase in sales per customer due to the lifting of restraints on hours of operation.

As a new initiative, one capsule toy specialty store was opened in Malaysia in August. This was the first opening of a capsule toy specialty store overseas.

During the six months ended August 31, 2022, while 12 new stores were opened, three unprofitable stores were closed. Accordingly, the total number of stores as of August 31, 2022 was 235, including three franchised stores.

As a result, regarding operating results in the ASEAN business for the six months ended August 31, 2022, net sales were ¥4,084 million (up 663.1% year on year) and operating profit was ¥685 million (operating loss of ¥513 million in the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### (Assets)

Current assets at the end of the second quarter under review were ¥14,234 million, an increase of ¥3,314 million from the end of the previous fiscal year. The main factors were an increase in cash and deposits (¥1,869 million) and an increase in deposits paid from sales (¥1,288 million).

Non-current assets at the end of the second quarter under review were ¥39,889 million, a decrease of ¥426 million from the end of the previous fiscal year. The main factors were a decrease in amusement machines and facilities (¥921 million) due to depreciation that exceeded capital investments, an increase in buildings (¥294 million) due to the opening of new stores, and an increase in right of use assets (¥192

million).

As a result, total assets were ¥54,124 million, an increase of ¥2,888 million from the end of the previous fiscal year.

(Liabilities)

Current liabilities at the end of the second quarter under review were ¥35,673 million, an increase of ¥4,163 million from the end of the previous fiscal year. The main factors were an increase in short-term borrowings (¥2,839 million) and an increase in accounts payable - trade (¥817 million).

Non-current liabilities at the end of the second quarter under review were ¥7,229 million, a decrease of ¥654 million from the end of the previous fiscal year. The main factors were a decrease in long-term borrowings at consolidated subsidiaries (¥467 million), and a decrease in long-term accounts payable - installment purchase (¥282 million).

As a result, total liabilities amounted to ¥42,902 million, an increase of ¥3,508 million from the end of the previous fiscal year.

(Net assets)

Net assets at the end of the second quarter under review amounted to ¥11,221 million, a decrease of ¥620 million from the end of the previous fiscal year. The main factors were the recording of loss attributable to owners of parent (¥316 million), and a decrease in foreign currency translation adjustment due to fluctuations in exchange (¥288 million).

(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 28, 2023, no revisions have been made to the full-year forecast announced on April 8, 2022.

## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	As of February 28, 2022	As of August 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	6,008,031	7,877,546
Accounts receivable - trade	232,656	279,574
Deposits paid from sales	303,081	1,591,796
Inventories	2,207,960	2,550,221
Other	2,168,124	1,935,364
Total current assets	10,919,854	14,234,503
Non-current assets		
Property, plant and equipment		
Buildings, net	5,316,819	5,611,748
Amusement machines and facilities, net	18,708,947	17,787,387
Right of use assets, net	3,796,074	3,988,364
Other, net	2,405,244	2,333,067
Total property, plant and equipment	30,227,085	29,720,568
Intangible assets		
Goodwill	146,866	154,838
Software	1,326,946	1,460,655
Other	4,159	3,820
Total intangible assets	1,477,972	1,619,314
Investments and other assets		
Leasehold and guarantee deposits	4,374,139	4,580,482
Other	4,236,443	3,969,234
Total investments and other assets	8,610,583	8,549,716
Total non-current assets	40,315,641	39,889,599
Total assets	51,235,496	54,124,103

(Thousand yen)

	As of February 28, 2022	As of August 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	1,261,480	2,078,801
Short-term borrowings	20,201,040	23,040,820
Current portion of long-term borrowings	2,037,420	1,766,939
Current portion of long-term accounts payable - installment purchase	559,719	563,012
Lease liabilities	1,746,936	1,928,096
Accrued expenses	1,441,349	1,974,782
Income taxes payable	310,981	627,695
Provision for bonuses	263,721	309,772
Provision for remuneration for directors (and other officers)	10,920	29,853
Provision for loss on closing of stores	24,121	25,968
Notes payable - facilities	682,294	883,497
Other	2,969,412	2,444,051
<b>Total current liabilities</b>	<b>31,509,396</b>	<b>35,673,291</b>
Non-current liabilities		
Long-term borrowings	1,779,408	1,311,485
Long-term accounts payable - installment purchase	2,207,469	1,925,137
Lease liabilities	2,501,834	2,597,000
Retirement benefit liability	199,989	191,162
Asset retirement obligations	928,810	973,703
Other	266,815	230,936
<b>Total non-current liabilities</b>	<b>7,884,328</b>	<b>7,229,426</b>
<b>Total liabilities</b>	<b>39,393,725</b>	<b>42,902,718</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	1,806,987	1,806,987
Capital surplus	4,825,630	4,825,630
Retained earnings	5,477,154	5,062,076
Treasury shares	(3,704)	(4,009)
<b>Total shareholders' equity</b>	<b>12,106,068</b>	<b>11,690,684</b>
Accumulated other comprehensive income		
Foreign currency translation adjustment	(364,491)	(652,545)
Remeasurements of defined benefit plans	(49,145)	(39,203)
<b>Total accumulated other comprehensive income</b>	<b>(413,636)</b>	<b>(691,749)</b>
Share acquisition rights	31,437	31,437
Non-controlling interests	117,901	191,012
<b>Total net assets</b>	<b>11,841,771</b>	<b>11,221,385</b>
<b>Total liabilities and net assets</b>	<b>51,235,496</b>	<b>54,124,103</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, 2021	For the six months ended August 31, 2022
Net sales	28,193,720	35,079,745
Cost of sales	28,291,813	31,835,914
Gross profit (loss)	(98,093)	3,243,831
Selling, general and administrative expenses	2,481,729	2,947,152
Operating profit (loss)	(2,579,822)	296,678
Non-operating income		
Interest income	40,105	32,158
Foreign exchange gains	–	1,258,963
Insurance claim income	9,709	21,988
Gain on sale of non-current assets	427	144
Gains on write off of deposits	11,876	4,256
Gain on cancellation of leases	24,459	17,791
Refund of Chinese value added tax	–	14,097
Other	25,869	27,734
Total non-operating income	112,448	1,377,135
Non-operating expenses		
Interest expenses	336,296	306,937
Foreign exchange losses	16,694	–
Loss on sale of non-current assets	22,528	10,407
Other	19,915	25,214
Total non-operating expenses	395,435	342,560
Ordinary profit (loss)	(2,862,810)	1,331,254
Extraordinary income		
Subsidies for employment adjustment	174,166	31,901
Income from assistance fund receivables	124,419	–
Total extraordinary income	298,585	31,901
Extraordinary losses		
Provision for loss on closing of stores	42,533	12,996
Impairment losses	172,023	79,342
Loss on store closings	15,784	8,302
Loss on temporary closing of stores	1,151,184	715,035
Loss on disaster	–	15,039
Total extraordinary losses	1,381,527	830,716
Profit (loss) before income taxes	(3,945,751)	532,439
Income taxes - current	108,226	461,469
Income taxes - deferred	(493,173)	323,836
Total income taxes	(384,947)	785,306
Loss	(3,560,804)	(252,866)
Profit (loss) attributable to non-controlling interests	(58,919)	63,376
Loss attributable to owners of parent	(3,501,885)	(316,242)

Quarterly Consolidated Statements of Comprehensive Income

Six Months Ended August 31

(Thousand yen)

	For the six months ended August 31, 2021	For the six months ended August 31, 2022
Loss	(3,560,804)	(252,866)
Other comprehensive income		
Foreign currency translation adjustment	86,336	(278,319)
Remeasurements of defined benefit plans, net of tax	10,275	9,941
Total other comprehensive income	96,611	(268,378)
Comprehensive income	(3,464,193)	(521,245)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(3,412,674)	(594,355)
Comprehensive income attributable to non-controlling interests	(51,518)	73,110

## (3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	For the six months ended August 31, 2021	For the six months ended August 31, 2022
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(3,945,751)	532,439
Depreciation	5,341,075	5,073,925
Loss (gain) on sale and retirement of non-current assets	35,272	31,051
Increase (decrease) in provision for bonuses	(33,817)	35,969
Interest income	(40,105)	(32,158)
Interest expenses	336,296	306,937
Foreign exchange losses (gains)	16,694	(1,258,963)
Insurance claim income	(9,709)	(21,988)
Gain on cancellation of leases	(24,459)	(17,791)
Subsidies for employment adjustment	(174,166)	(31,901)
Income from assistance fund receivables	(124,419)	–
Impairment losses	172,023	79,342
Loss on disaster	–	15,039
Decrease (increase) in trade receivables	(20,694)	(44,912)
Decrease (increase) in deposits paid from sales	151,286	(1,286,794)
Decrease (increase) in inventories	(263,816)	(271,262)
Increase (decrease) in trade payables	485,689	800,032
Other, net	(895,731)	(963,590)
Subtotal	1,005,669	2,945,373
Interest received	19,068	11,441
Interest paid	(359,352)	(313,539)
Subsidies for employment adjustment received	22,116	31,901
Income from assistance fund receivables received	82,040	–
Income taxes paid	(303,159)	(116,014)
Net cash provided by (used in) operating activities	466,382	2,559,162
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,398,074)	(2,074,805)
Proceeds from sale of property, plant and equipment	7,121	10,477
Purchase of intangible assets	(316,592)	(274,136)
Payments for increase in long-term prepaid expenses	(33,178)	(26,139)
Payments of leasehold and guarantee deposits	(81,945)	(185,469)
Proceeds from refund of leasehold and guarantee deposits	83,001	99,660
Other, net	(24,452)	(48,211)
Net cash provided by (used in) investing activities	(3,764,121)	(2,498,623)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	5,635,330	3,947,644
Repayments of long-term borrowings	(1,207,069)	(1,126,087)
Dividends paid	(296,406)	(98,835)
Repayments of lease liabilities	(781,739)	(960,846)
Repayments of installment payables	–	(279,038)
Other, net	(295)	(305)
Net cash provided by (used in) financing activities	3,349,819	1,482,531
Effect of exchange rate change on cash and cash equivalents	(52,029)	324,764
Net increase (decrease) in cash and cash equivalents	51	1,867,834
Cash and cash equivalents at beginning of period	5,718,115	5,986,843
Cash and cash equivalents at end of period	5,718,166	7,854,678

#### (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, 2022)

Not applicable

(Changes in accounting policies)

(Application of Accounting Standard for Revenue Recognition, etc.)

The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020; hereinafter referred to as the "Revenue Recognition Accounting Standard") and other standards from the beginning of the first quarter ended May 31, 2022, whereby revenue is recognized at the amount of money expected to be received in exchange for goods or services when control of the agreed goods or services is transferred to the customer.

Accordingly, revenue related to proxy procurement of amusement machines and facilities and the like for overseas subsidiaries and others, which was recognized as a total amount of consideration received from the customer, is now recognized as the net amount received from the customer minus the amount paid to suppliers, after considering the roles (of the principal or agent) in the provision of goods or services to customers.

The application of the Revenue Recognition Accounting Standard and other standards is in accordance with the transitional treatment stipulated in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard, whereby the cumulative effects of retroactively applying the new accounting policy prior to the beginning of the first quarter ended May 31, 2022 has been added to or subtracted from the retained earnings at the beginning of the first quarter ended May 31, 2022. However, this has no impact on the balance at the beginning of the first quarter ended May 31, 2022.

As a result, for the six months ended August 31, 2022, the impact on net sales and cost of sales is minor, and there is no impact on operating profit, ordinary profit, or profit before income taxes.

(Application of accounting standard for fair value measurement)

From the beginning of the first quarter ended May 31, 2022, the Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019; hereinafter referred to as the "Fair Value Measurement Accounting Standard") and other standards have been applied, and, in accordance with the transitional treatments stipulated in Paragraph 19 of the Fair Value Measurement Accounting Standard and Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019), the Company will prospectively apply the new accounting policies stipulated in the Fair Value Measurement Accounting Standard and other standards. This has no impact on the quarterly consolidated financial statements.

(Additional information)

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

In the six months ended August 31, 2022, the Company amended a portion of assumptions about the “Important accounting estimates: Impairment of non-current assets” as stated in the securities report for the previous fiscal year as below.

In the estimation of future cash flows, the Company has reviewed the timing of recovery of net sales from stores in China, considering the governmental regulations against the impacts of COVID-19. However, there is no change in the prospect that the net sales will recover during the fiscal year ending February 28, 2023. In addition, for stores in Japan and ASEAN, assumptions for the estimation of future cash flows have not been changed.

(Segment information, etc.)

I. Six months ended August 31, 2021 (from March 1, 2021 to August 31, 2021)

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	23,663,572	3,994,952	535,194	28,193,720	—	28,193,720
Inter-segment net sales or transfers	56,909	—	—	56,909	(56,909)	—
Total	23,720,482	3,994,952	535,194	28,250,629	(56,909)	28,193,720
Segment profit (loss)	(1,595,989)	(469,977)	(513,066)	(2,579,033)	(789)	(2,579,822)

(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, 2021, impairment losses were recorded as follows: ¥2,194 thousand for Japan, ¥109,263 thousand for China, and ¥60,566 thousand for ASEAN.

II. 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.

3. Matters concerning changes in reportable segment

As stated in (Changes in accounting policies), the Accounting Standard for Revenue Recognition and other standards have been applied from the beginning of the first quarter ended May 31, 2022, and the accounting

treatment for revenue recognition has been changed. Accordingly, the calculation method for net sales of the business segments has also been changed.

The impact of the said changes on the net sales of each business segment is minor.

(Significant subsequent events)

Not applicable