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### **Notice Concerning the Recording of Non-operating Income, Non-operating Expenses, Extraordinary Losses and Income taxes - deferred**

AEON Fantasy Co., Ltd. (the “Company”) hereby announces that it has recorded non-operating income, non-operating expenses, extraordinary losses, and Income taxes - deferred in its consolidated and non-consolidated financial statements for the fiscal year ending February 28, 2025 (March 1, 2024 to February 28, 2025), as follows.

For reporting purposes, the consolidated totals represent the amounts recorded in the consolidated financial statements, while the domestic business amounts reflect the amounts recorded in the non-consolidated financial statements.

#### **1. Recording of Non-operating Income (Consolidated and Non-Consolidated)**

A gain on cancellation of right-of-use assets resulting from the mid-term cancellation of closed stores was recorded as “gain on cancellation of leases” in the amount of ¥338,642 thousand for the China business, ¥10,466 thousand for the ASEAN business, totaling ¥349,109 thousand on a consolidated basis under non-operating income.

#### **2. Recording of Non-operating Expenses (Consolidated and Non-Consolidated)**

Due to fluctuations in foreign exchange rates, foreign exchange losses of ¥284,813 thousand for the domestic business, ¥124,775 thousand for the China business, and ¥47,447 thousand for the ASEAN business, totaling ¥457,036 thousand on a consolidated basis, were recorded under non-operating expenses.

#### **3. Recording of Extraordinary Losses (Consolidated and Non-consolidated)**

##### **(1) Impairment losses (consolidated and non-consolidated)**

Extraordinary losses totaling ¥2,612,930 thousand were recorded on a consolidated basis as impairment losses due to unprofitable stores and store closures in the consolidated fiscal year, comprising ¥267,466 thousand for the domestic business, ¥2,230,593 thousand for the China business, and ¥114,870 thousand for the ASEAN business.

##### **(2) Provision for loss on closing of stores (consolidated and non-consolidated)**

Extraordinary losses totaling ¥291,700 thousand were recorded on a consolidated basis as losses expected in connection with the closure of newly designated stores, comprising ¥8,341 thousand for the domestic business, ¥283,218 thousand for the China business, and ¥141 thousand for the ASEAN business.

##### **(3) Loss on store closings (consolidated and non-consolidated)**

Extraordinary losses totaling ¥285,722 thousand were recorded on a consolidated basis as losses incurred due to store closures, comprising ¥50,035 thousand for the domestic business, ¥208,763 thousand for the China business, and ¥26,922 thousand for the ASEAN business.

(4) Provision of allowance for doubtful accounts for subsidiaries and associates (non-consolidated)

Extraordinary losses totaling ¥3,944,704 thousand were recorded in the non-consolidated financial statements as an allowance for doubtful accounts related to loans to subsidiaries and associates since, due to the deteriorating performance of AEON Fantasy (China), a consolidated subsidiary of the Company, it was deemed necessary to set aside an allowance for doubtful accounts of subsidiaries and associates. Since this provision will be eliminated in the consolidated financial statements, it will have no impact on the Company's consolidated financial results.

(5) Provision for loss on business of subsidiaries and associates (non-consolidated)

Extraordinary losses totaling ¥2,025,937 thousand were recorded in the non-consolidated financial statements as a provision for loss on business of subsidiaries and associates due to the deteriorating performance of the Company's consolidated subsidiaries, particularly in China. Since this provision will be eliminated in the consolidated financial statements, it will have no impact on the Company's consolidated financial results.

#### **4. Recording of Income Taxes-Deferred (Consolidated and Non-Consolidated)**

Due to the reversal of deferred tax assets resulting from a decrease in net operating loss carryforwards amid a recovery in business performance, income taxes-deferred totaling ¥452,651 thousand were recorded on a consolidated basis, comprising ¥229,136 thousand for the domestic business and ¥223,514 thousand for the ASEAN business.

#### **5. Impact on Business Performance**

The above non-operating income, extraordinary losses and income taxes - deferred are reflected in the "Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 [Japanese GAAP]" announced today.

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