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



October 5, 2022

Company name: **MINISTOP Co., Ltd.**  
 Stock exchange listing: Tokyo Stock Exchange(Prime Market)  
 Code number: 9946  
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 Scheduled date of filing quarterly securities report: October 6, 2022  
 Scheduled date of commencing dividend payments: November 8, 2022  
 Availability of supplementary explanatory materials on quarterly financial results: Available  
 Schedule of quarterly financial results briefing session: Scheduled (for institutional investors and analysts)

(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.)

	Gross operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended August 31, 2022	42,643	–	5	–	467	–	15,058	–
August 31, 2021	95,259	3.7	(1,588)	–	(1,458)	–	(2,952)	–

(Note) Comprehensive income: Six months ended August 31, 2022: ¥14,704 million [–%]  
 Six months ended August 31, 2021: ¥(3,114) million [–%]

	Basic earnings per share	Diluted earnings per share
Six months ended August 31, 2022	Yen 519.11	Yen 519.06
August 31, 2021	(101.77)	–

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter ended May 31, 2022. The figures for the six months ended August 31, 2022 reflect these accounting standards, and therefore, changes from the previous corresponding period are not shown.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
As of August 31, 2022	84,981	43,094	50.7
As of February 28, 2022	117,261	28,487	24.3

(Reference) Equity: As of August 31, 2022: ¥43,090 million  
 As of February 28, 2022: ¥28,441 million

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter ended May 31, 2022. The figures for the six months ended August 31, 2022 reflect these accounting standards.

## 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	–	10.00	–	10.00	20.00
Fiscal year ending February 28, 2023	–	10.00			
Fiscal year ending February 28, 2023 (Forecast)			–	10.00	20.00

(Note) Revision to the dividend forecast 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.)

	Gross operating revenue		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
	80,500	–	(200)	–	(400)	–	10,200	–	351.61

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

(Note) The Company has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and other standards from the beginning of the first quarter ended May 31, 2022. The figures of the consolidated financial results forecast stated above reflect these accounting standards, and therefore, changes from the previous corresponding period are not shown.

**\* Notes:**

- (1) Changes in significant subsidiaries during the period under review: Yes  
(Changes in specified subsidiaries resulting in changes in scope of consolidation)  
Newly included: –  
Excluded: two companies (MINISTOP Korea Co., Ltd. and QINGDAO MINISTOP CO., LTD.)
- (2) Accounting treatment 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 see “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies)” on page 12 of the attachments.
- (4) Total number of issued and outstanding shares (common shares)
- 1) Total number of issued and outstanding shares at the end of the period (including treasury shares):

August 31, 2022:	29,372,774 shares
February 28, 2022:	29,372,774 shares
  - 2) Total number of treasury shares at the end of the period

August 31, 2022:	363,551 shares
February 28, 2022:	363,550 shares
  - 3) Average number of shares during the period:

Six months ended August 31, 2022:	29,009,223 shares
Six months ended August 31, 2021:	29,009,414 shares

\* These quarterly consolidated financial results are outside the scope of a quarterly review 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. Qualitative Information on Quarterly Financial Results (3) Explanation of Consolidated Financial Results Forecast and Other Forecasts” on page 5 of the attachments.

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## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Operating Results

In the six months ended August 31, 2022, due in part to the easing of COVID-19-related movement restrictions, economic and social activities showed some signs of returning to normal. Meanwhile, factors including a sharp depreciation of the yen, in addition to the prolonged instability of the supply chain, rises in raw material prices, logistics costs, and utilities costs, have contributed to the continued unpredictability of the future outlook.

Under these circumstances, the Group transferred all the shares the Company held in MINISTOP Korea Co., Ltd., a consolidated subsidiary, in March, and the subsidiary was excluded from the scope of consolidation from the beginning of the first quarter ended May 31, 2022. As a result, gross operating revenue decreased year on year. However, operating profit was recorded in the six months ended August 31, 2022 for the first time in four years, as we cut expenses related to advertising, equipment, and others. In addition, we recorded a gain on sale of shares of subsidiaries and associates of ¥23,831 million in the six months ended August 31, 2022 following the transfer of MINISTOP Korea Co., Ltd.

As a result of the above, consolidated operating results for the six months ended August 31, 2022 were gross operating revenue of ¥42,643 million (gross operating revenue of ¥95,259 million in the same period of the previous fiscal year), operating profit of ¥5 million (operating loss of ¥1,588 million in the same period of the previous fiscal year), ordinary profit of ¥467 million (ordinary loss of ¥1,458 million in the same period of the previous fiscal year), and profit attributable to owners of parent of ¥15,058 million (loss attributable to owners of parent of ¥2,952 million in the same period of the previous fiscal year).

The Group has applied the “Accounting Standard for Revenue Recognition” (Accounting Standards Board of Japan (ASBJ) Statement No. 29, March 31, 2020), etc. from the beginning of the first quarter of the fiscal year under review. As a result, the way we record gross operating revenue is different from the way we recorded it in the six months ended August 31, 2021, and therefore, the amount of change and the rate of year-on-year change (%) in gross operating revenue are not stated in the Explanation of Operating Results section. For more details, please refer to “2. Quarterly Consolidated Financial Statements and Principal Notes (4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies).”

The operating results of each segment are as follows.

#### [Domestic business]

Net sales at all stores of MINISTOP alone compared with the same period of the previous fiscal year decreased by 2.0%. Net sales per day per existing store compared with the same period of the previous fiscal year (“per-day/per-store sales”) for MINISTOP stores decreased by 0.7%. Per-day/per-store sales of convenience store products decreased by 1.3%, and per-day/per-store sales of fast food products processed in store increased by 3.1%. Average per-day/per-store customer numbers fell by 2.5%, while per-day/per-store average customer purchase value increased by 1.8%. The number of customers decreased year on year due in part to a rebound from the impact of such factors as the TV commercials broadcast last year, but increased year on year at stores located in business districts where the flow of people recovered due to the easing of COVID-19-related movement restrictions.

Our mission is “We realize a society full of beaming smiles with “deliciousness” and “convenience,” and our vision is “creating stores that are more convenient, more healthy, more exciting, that customers will want to visit every day.” Under the policy of establishing “meal destination stores” where consumers would go to purchase their meals every day, we have expanded our product design and offerings that pursue “deliciousness” filled with a sense of “freshly cooked” and excitement, and promoted various initiatives to save customers’ time. We have striven to make our stores more convenient by, for example, reviewing the methods of processing and delivering fast food products processed in store, installing additional self-service registers, enhancing sales promotions using the MINISTOP app, increasing the number of stores providing delivery services which would create additional touchpoints with customers, and introducing online services.

Regarding convenience store products, we expanded the sales areas for frozen foods and alcoholic beverages in response to changes in customer's lifestyles. In addition, to provide deliciousness and fun to our customers, we strengthened our lineup of attractive original products by launching bentos, salads, and sweets supervised by several famous restaurants, as well as snacks and beverages featuring our popular fast food products. In addition, we held the Okinawa Fair in April, the Asian Fair in May, and the Kyushu Fair in June to enable customers to enjoy local attractions even while staying at home during the pandemic.

Regarding in-store-processed fast food products, we changed the sales method of hot snacks such as chicken and skewered foods at all stores by displaying them on fixtures that are easier for customers to pick up. Meanwhile, we strengthened the lineup of potato fries which are cooked in store after receiving orders, focusing on store operations capable of providing customers with deliciousness of freshly cooked foods. New products, *French Fried Potatoes* and *Canadian Potatoes* sold well, pushing up sales of the entire potato category. As for cold sweets, sales were boosted by *Taiwan Mitsuimo Soft* (hot baked sweet potatoes with soft-serve ice cream on top), which was launched at the end of August. Sales of *onigiri* rice balls cooked in store grew as we improved the rice-cooking process and enhanced the product lineup. The number of stores handling handmade bentos combined with side dishes totaled 1,069 as of August 31, 2022.

Gross profit ratio decreased by 0.7 percentage points from the previous fiscal year to 29.7%, due to the impact of increases in inventory purchase prices since the previous fiscal year, resulting from rises in raw material prices. We will work to develop products that pursue new added value, while curbing the increase in cost rate by incorporating TOPVALU product assortments leveraging the economies of scale of Aeon Group.

For sales channels other than stores, we strengthened initiatives to increase touchpoints with customers such as the delivery service, e-commerce website, and supply of products to Aeon Group companies. Through these initiatives, we strived to improve convenience for customers, and at the same time, tried to expand our market territories and reach customers living in regions where we have no stores. The number of stores providing delivery services was 677 as of August 31, 2022, and 1,168 as of the latest date in September. We will gradually expand the scope of products they handle to include not only in-store-processed fast food products but also beverages and commodities, and develop them as a pillar of our new sales channel. Our e-commerce website expanded its product lineup to include a variety of gift products including summer gifts, and our original confectionery, as well as frozen fast foods. As part of supply of products to Aeon Group companies, we held several special events to sell our original products at event floors of supermarkets to strengthen the collaboration with Group companies.

For selling, general and administrative expenses, equipment costs such as store rents and depreciation decreased as we further reduced unprofitable stores. Regarding advertising expenses, we changed our sales promotion strategy from one centering on TV commercials in the previous fiscal year to a more efficient and lower cost sales promotion using the MINISTOP app in the current fiscal year. The numbers of downloads and registered members of the MINISTOP app increased as we implemented lottery events where customers can win free coupons for soft-serve ice cream and potato fries. As of August 31, 2022, the number of downloads exceeded 540,000. In addition, as the distribution of special coupons at the time of new product launches contributed to boosting sales, we plan to continue enhancing the benefits offered to our members.

Regarding agreements with franchise stores, in September 2021, we began operating the MINISTOP Partnership Agreement, which is a shift from the conventional royalty-based method to a business profit-sharing method. As of August 31, 2022, there were 232 MINISTOP Partnership Agreement stores. We consider that our true partnership lies in sharing of business profits gained through cooperation with franchise stores and joint efforts aimed at responding to changes in the social environment and economic conditions. We will continue providing opportunities to promote mutual understanding of the details of the agreements with franchise stores, and work together with them to foster a business community that will prosper together.

Regarding store development, five new stores were opened, and 34 stores were closed during the six months ended August 31, 2022. There were 1,930 stores as of August 31, 2022.

In terms of new business, we expanded the number of MINISTOP POCKET stores, which are unmanned convenience stores set up in offices and other facilities, bringing the total number of such stores to 773 as of

August 31, 2022.

As part of our efforts to contribute to the environment and society, we promoted the “Temaedori” initiative (an initiative aimed at reducing food loss by encouraging customers to actively select products that are close to their best-before dates, such as those at the front of the shelf, if they plan to eat them immediately after their purchase), which is led by the Ministry of Agriculture, Forestry and Fisheries in cooperation with local municipalities for the purpose of reducing food loss. In addition, to promote the reduction of disposable plastics, we have been promoting awareness campaigns in cooperation with administrative organizations to encourage customers to refrain from using unnecessary disposable spoons and straws. Further, by replacing the disposable plastic spoons provided with our signature *Soft Cream Vanilla* to edible spoons, we are making step-by-step efforts to reduce plastics, while providing customers with a pleasant eating experience without sacrificing convenience. As for power saving measures, we held the Light Down Campaign in which we turned off storefront signboards on the Cool Earth Day on July 7 as an opportunity to increase the awareness of power saving together with our customers. We have also been taking energy- and power-saving measures at each of our stores.

Network Service Inc. runs a co-operative distribution business for stores in Japan, operating 13 fixed-temperature centers, six ambient centers, and 10 frozen food distribution centers. It has been working to reduce costs and environmental impact by reviewing delivery routes and delivery methods.

As a result of the above, gross operating revenue in the domestic business for the six months ended August 31, 2022 was ¥39,465 million (gross operating revenue of ¥38,004 million for the same period of the previous fiscal year), and operating profit was ¥214 million (operating loss of ¥690 million for the same period of the previous fiscal year).

#### [Overseas business]

The overseas business saw gross operating revenue decrease as we excluded MINISTOP Korea Co., Ltd. from the scope of consolidation from the beginning of the first quarter ended May 31, 2022, but operating loss shrunk year on year as profitability improved in the Vietnam business.

Operating loss at MINISTOP VIETNAM COMPANY LIMITED shrunk from the same period of the previous fiscal year and became closer to turning positive as per-day/per-store sales increased by 21.9% due partly to a rebound from the temporary suspension of operation last year and reduction of equipment and personnel expenses through the closure of unprofitable stores. In Vietnam, personal spending has continued its recovery trend on the back of the government’s policy for living with COVID-19. Under these circumstances, we pressed ahead with store refurbishments to create new-format stores and establish one-stop convenience stores which pursue the convenience for customers and allow them to complete the purchasing of daily stuff. We strengthened product assortments of vegetables, fruits, frozen foods, etc. and increased the lineup of Every Day Low Price (EDLP) products such as instant noodles and beverages, as well as value-added products such as pre-cut fruits and vegetables. We opened eight new-format stores and refurbished seven existing stores. The number of stores as of June 30, 2022 stood at 128.

China’s QINGDAO MINISTOP CO., LTD. was liquidated in April and excluded from the scope of consolidation in the second quarter ended August 31, 2022.

As a result of the above, gross operating revenue in the overseas business for the six months ended August 31, 2022 was ¥3,178 million (gross operating revenue of ¥57,255 million for the same period of the previous fiscal year), and operating loss was ¥208 million (operating loss of ¥898 million for the same period of the previous fiscal year).

## (2) Explanation of Financial Position

### (Overview of assets, liabilities, and net assets)

Total assets at the end of the second quarter of the fiscal year under review decreased by ¥32,280 million compared with the end of the previous fiscal year to ¥84,981 million. This was mainly attributable to decreases of ¥8,979 million in guarantee deposits, ¥5,364 million in deferred tax assets, ¥11,469 million in property, plant and equipment, and ¥3,874 million in long-term prepaid expenses.

Liabilities decreased by ¥46,887 million compared with the end of the previous fiscal year to ¥41,886 million. This was mainly attributable to decreases of ¥25,300 million in deposits received, ¥7,231 million in short-term borrowings, and ¥4,668 million in accounts payable - trade.

These were due mainly to the exclusion of MINISTOP Korea Co., Ltd. from the scope of consolidation.

Net assets increased by ¥14,606 million compared with the end of the previous fiscal year to ¥43,094 million. This was mainly due to the recording of ¥15,058 million in profit attributable to owners of parent.

### (Overview of cash flows)

Cash and cash equivalents at the end of the second quarter of the fiscal year under review amounted to ¥33,615 million, an increase of ¥4,768 million from the end of the previous fiscal year.

#### 1) Cash flows from operating activities

Net cash provided by operating activities was ¥404 million (an outflow of ¥1,874 million in the same period of the previous fiscal year). The main contributing factors were ¥23,841 million in profit before income taxes, in addition to factors increasing cash flows, which included ¥1,851 million in depreciation and a ¥2,489 million increase in trade payables, and factors reducing cash flows, which included ¥23,831 million in gain on sale of shares of subsidiaries and associates due to the sale of shares of MINISTOP Korea Co., Ltd. and ¥3,654 million in income taxes paid.

#### 2) Cash flows from investing activities

Net cash provided by investing activities was ¥5,054 million (an outflow of ¥2,149 million in the same period of the previous fiscal year.) The main contributing factors were ¥5,424 million in proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation, ¥675 million in purchase of property, plant and equipment, ¥552 million in purchase of intangible assets, and ¥655 million in proceeds from restoration of guarantee deposits.

#### 3) Cash flows from financing activities

Net cash used in financing activities was ¥812 million (a ¥2,902 million decrease compared to the same period of the previous fiscal year). The main contributing factors were ¥386 million in repayments of lease obligations and ¥290 million in dividends paid.

## (3) Explanation of Consolidated Financial Results Forecast and Other Forecasts

The Group will pursue product reform and sales promotion strategies in categories related to frequently purchased meal products and continue working on promotion of more appropriate costs and improvement of management efficiency, expecting to achieve its plan. The consolidated financial results forecast for the fiscal year ending February 28, 2023, which we announced on April 8, 2022, therefore, remains unchanged.



## 2. Quarterly Consolidated Financial Statements and Principal Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2022	As of August 31, 2022
<b>Assets</b>		
Current assets		
Cash and deposits	8,663	8,749
Accounts receivable - due from franchised stores	8,358	6,758
Merchandise	3,309	1,701
Accounts receivable - other	10,669	10,502
Deposits paid to subsidiaries and associates	21,000	25,000
Other	6,125	3,675
Allowance for doubtful accounts	(145)	(72)
Total current assets	57,981	56,316
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	9,560	6,723
Machinery, equipment and vehicles, net	1,572	1,470
Furniture and fixtures, net	5,809	2,168
Land	429	428
Leased assets, net	866	645
Right of use assets, net	4,704	—
Construction in progress	26	63
Total property, plant and equipment	22,969	11,499
Intangible assets		
Software	4,068	3,620
Other	127	104
Total intangible assets	4,195	3,724
Investments and other assets		
Investment securities	72	68
Long-term loans receivable	517	1
Guarantee deposits	21,502	12,522
Deferred tax assets	5,367	3
Other	4,792	982
Allowance for doubtful accounts	(139)	(138)
Total investments and other assets	32,114	13,440
Total non-current assets	59,280	28,665
Total assets	117,261	84,981

(Million yen)

	As of February 28, 2022	As of August 31, 2022
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	20,494	15,826
Accounts payable - due to franchised stores	695	328
Short-term borrowings	7,613	382
Accounts payable - other	5,106	3,954
Income taxes payable	293	738
Deposits received	36,576	11,276
Provision for bonuses	192	200
Provision for loss on store closings	46	56
Provision for loss on business withdrawal	124	28
Other	7,223	1,832
Total current liabilities	78,367	34,622
Non-current liabilities		
Long-term borrowings	169	196
Lease obligations	2,482	568
Long-term guarantee deposits	4,974	3,841
Deferred tax liabilities	—	179
Retirement benefit liability	286	216
Asset retirement obligations	2,129	1,895
Other	362	365
Total non-current liabilities	10,406	7,264
Total liabilities	88,774	41,886
Net assets		
Shareholders' equity		
Share capital	7,491	7,491
Capital surplus	5,744	6,032
Retained earnings	15,757	30,431
Treasury shares	(642)	(642)
Total shareholders' equity	28,351	43,313
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19	16
Foreign currency translation adjustment	202	(92)
Remeasurements of defined benefit plans	(131)	(148)
Total accumulated other comprehensive income	89	(223)
Share acquisition rights	3	3
Non-controlling interests	42	—
Total net assets	28,487	43,094
Total liabilities and net assets	117,261	84,981

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
Quarterly Consolidated Statements of Income  
Six months ended August 31

(Million yen)

	For the six months ended August 31, 2021	For the six months ended August 31, 2022
Gross operating revenue	95,259	42,643
Operating costs	63,361	21,221
Operating gross profit	31,897	21,421
Selling, general and administrative expenses	33,486	21,415
Operating profit (loss)	(1,588)	5
Non-operating income		
Interest income	265	209
Dividend income	1	1
Penalty income	90	49
Compensation income	74	165
Other	126	47
Total non-operating income	557	472
Non-operating expenses		
Interest expenses	116	7
Share of loss of entities accounted for using equity method	211	—
Other	98	3
Total non-operating expenses	426	11
Ordinary profit (loss)	(1,458)	467
Extraordinary income		
Gain on sale of non-current assets	7	37
Gain on sale of shares of subsidiaries and associates	—	*1 23,831
Other	—	74
Total extraordinary income	7	23,943
Extraordinary losses		
Loss on sale of non-current assets	0	—
Impairment losses	498	249
Loss on store closings	206	259
Provision for loss on store closings	110	56
Provision for loss on business withdrawal	848	—
Infectious disease related cost	18	—
Other	0	3
Total extraordinary losses	1,683	569
Profit (loss) before income taxes	(3,134)	23,841
Income taxes - current	58	4,151
Income taxes - deferred	(87)	4,629
Total income taxes	(29)	8,781
Profit (loss)	(3,105)	15,060
Profit (loss) attributable to non-controlling interests	(153)	1
Profit (loss) attributable to owners of parent	(2,952)	15,058

Quarterly Consolidated Statements of Comprehensive Income

Six months ended August 31

(Million yen)

	For the six months ended August 31, 2021	For the six months ended August 31, 2022
Profit (loss)	(3,105)	15,060
Other comprehensive income		
Valuation difference on available-for-sale securities	0	(2)
Foreign currency translation adjustment	(80)	(336)
Remeasurements of defined benefit plans, net of tax	35	(16)
Share of other comprehensive income of entities accounted for using equity method	35	—
Total other comprehensive income	(8)	(355)
Comprehensive income	(3,114)	14,704
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(2,963)	14,699
Comprehensive income attributable to non-controlling interests	(150)	5

## (3) Quarterly Consolidated Statements of Cash Flows

(Million yen)

	For the six months ended August 31, 2021	For the six months ended August 31, 2022
Cash flows from operating activities		
Profit (loss) before income taxes	(3,134)	23,841
Depreciation	5,988	1,851
Impairment losses	498	249
Increase (decrease) in allowance for doubtful accounts	(29)	1
Increase (decrease) in provision for loss on business	848	(108)
Increase (decrease) in retirement benefit liability	55	(60)
Interest and dividend income	(266)	(210)
Interest expenses	116	7
Share of loss (profit) of entities accounted for using equity method	211	—
Loss (gain) on sale of shares of subsidiaries and associates	—	(23,831)
Loss (gain) on sale and retirement of non-current assets	(5)	(37)
Decrease (increase) in accounts receivable-due from franchised stores	1,334	(135)
Decrease (increase) in inventories	424	34
Decrease (increase) in accounts receivable - other	(484)	(1,835)
Decrease (increase) in other current assets	506	14
Increase (decrease) in trade payables	(6,507)	2,489
Increase (decrease) in due to franchised stores	503	98
Increase (decrease) in accounts payable - other	(569)	318
Increase (decrease) in deposits received	(1,347)	592
Increase (decrease) in other current liabilities	(424)	265
Other, net	528	348
Subtotal	(1,752)	3,895
Interest and dividends received	213	172
Interest paid	(107)	(7)
Income taxes refund (paid)	(228)	(3,654)
Net cash provided by (used in) operating activities	(1,874)	404
Cash flows from investing activities		
Purchase of property, plant and equipment	(2,157)	(675)
Proceeds from sale of property, plant and equipment	9	56
Purchase of intangible assets	(583)	(552)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	5,424
Loan advances	(247)	—
Proceeds from collection of loans receivable	164	0
Payments of guarantee deposits	(449)	(20)
Proceeds from restoration of guarantee deposits	1,327	655
Proceeds from guarantee deposited	488	180
Payments for repayment of guarantee deposits	(204)	(189)
Other, net	(496)	174
Net cash provided by (used in) investing activities	(2,149)	5,054

(Million yen)

	For the six months ended August 31, 2021	For the six months ended August 31, 2022
Cash flows from financing activities		
Proceeds from short-term borrowings	944	—
Repayments of short-term borrowings	—	(80)
Repayments of long-term borrowings	(1,449)	—
Purchase of treasury shares	(0)	(0)
Dividends paid	(290)	(290)
Repayments of lease obligations	(2,887)	(386)
Other, net	(31)	(55)
Net cash provided by (used in) financing activities	(3,714)	(812)
Effect of exchange rate change on cash and cash equivalents	50	121
Net increase (decrease) in cash and cash equivalents	(7,688)	4,768
Cash and cash equivalents at beginning of period	15,140	28,846
Cash and cash equivalents at end of period	7,451	33,615

(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 accounting policies)

(Application of the 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"), etc. from the beginning of the first quarter of the fiscal year under review. The Company recognizes revenue when control of a promised good or service is transferred to a customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for the good or service. As a result, part of consideration paid to customers, which was previously recorded mainly as sales commissions in selling, general and administrative expenses, is now presented by deducting from gross operating revenue due to the application of the Revenue Recognition Accounting Standard, etc.

The application of the Revenue Recognition Accounting Standard, etc., is subject to the transitional treatment provided for in the proviso to Paragraph 84 of the Revenue Recognition Accounting Standard. The cumulative effect of the retrospective application of the new accounting policy, assuming it has been applied to the periods prior to the beginning of the first quarter of the fiscal year under review, has been added to or subtracted from retained earnings at the beginning of the first quarter of the fiscal year under review, and the new accounting policy has been applied from the said beginning balance.

As a result, gross operating revenue for the six months ended August 31, 2022 decreased by ¥1,829 million and selling, general and administrative expenses decreased by ¥1,842 million. However, its impact on operating profit, ordinary profit, profit before income taxes, and per share information is minor.

In accordance with the transitional treatment provided for in Paragraph 28-15 of the "Accounting Standard for Quarterly Financial Reporting" (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers pertaining to the six months ended August 31, 2021 has been omitted.

(Application of the Accounting Standard for Fair Value Measurement, etc.)

The Company has applied the "Accounting Standard for Fair Value Measurement" (ASBJ Statement No. 30, July 4, 2019, hereinafter referred to as the "Fair Value Measurement Accounting Standard"), etc. from the beginning of the first quarter of the fiscal year under review, applying new accounting policies provided for in the Fair Value Measurement Accounting Standard, etc. over the future in accordance with the transitional treatment as provided for in Paragraph 19 of the Fair Value Measurement Accounting Standard and in Paragraph 44-2 of the "Accounting Standard for Financial Instruments" (ASBJ Statement No. 10, July 4, 2019). This has no impact on the quarterly consolidated financial statements.

(Notes to Quarterly Consolidated Statements of Income)

\*1 Gain on sale of shares of subsidiaries and associates

For the six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

This is attributable to the transfer of shares of MINISTOP Korea Co., Ltd., which was a consolidated subsidiary.

(Segment information, etc.)

[Segment information]

I. For the six months ended August 31, 2021 (from March 1, 2021 to August 31, 2021)

1. Information on amounts of gross operating revenue and income (loss) by reportable segment

(Million yen)

	Reportable segment		
	Domestic Business	Overseas Business	Total
Gross operating revenue			
Gross operating revenue from outside customers	38,004	57,255	95,259
Inter-segment gross operating revenue or transfers	296	—	296
Total	38,300	57,255	95,555
Segment loss	(690)	(898)	(1,588)

Note: Segment loss corresponds to operating loss in the Quarterly Consolidated Statements of Income.

2. Information on impairment loss on non-current assets by reportable segment

(Million yen)

	Domestic Business	Overseas Business	Total
Impairment loss	190	307	498

II. For the six months ended August 31, 2022 (from March 1, 2022 to August 31, 2022)

1. Information on amounts of gross operating revenue, income (loss) and breakdown of revenue by reportable segment

(Million yen)

	Reportable segment		
	Domestic Business	Overseas Business	Total
Gross operating revenue			
Income from franchised stores	15,603	214	15,818
Sale of goods *1	14,700	2,852	17,553
Other *2	1,210	110	1,320
Revenue from contracts with customers	31,514	3,178	34,692
Other revenue *3	7,950	—	7,950
Gross operating revenue from outside customers	39,465	3,178	42,643
Inter-segment gross operating revenue or transfers	32	—	32
Total	39,498	3,178	42,676
Segment profit (loss) *4	214	(208)	5

Notes 1: Sale of goods refers to sale of goods to customers at directly managed stores.

2: Other includes royalty income, digital signage advertising fees, solar-power-generated electricity sale income, etc. received from area franchisers.

3: Other revenue includes fees received from product vendors and other business partners.

4: Segment profit (loss) corresponds to operating profit in the Quarterly Consolidated Statements of Income.



2. Information on impairment loss on non-current assets by reportable segment

(Million yen)

	Domestic Business	Overseas Business	Total
Impairment loss	246	3	249

3. Changes, etc. in reportable segments

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

As stated in “(4) Notes to Quarterly Consolidated Financial Statements (Changes in accounting policies),” the Company has applied the Revenue Recognition Accounting Standard, etc. from the beginning of the first quarter of the fiscal year under review and changed the accounting method for revenue recognition. The measurement method for the amounts of income (loss) by business segment has changed accordingly.

As a result of the change, gross operating revenue of the “Domestic Business” for the six months ended August 31, 2022 decreased by ¥1,829 million, and segment profit increased by ¥12 million, compared with the previous method.

In accordance with the transitional treatment provided for in Paragraph 28-15 of the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue from contracts with customers pertaining to the six months ended August 31, 2021 has been omitted.

(Revenue recognition)

1. Breakdown of revenue from contracts with customers

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