Consolidated Financial Results
for the Nine Months Ended November 30, 2024
[Japanese GAAP]

January 10, 2025

Company name: MINISTOP CO., LTD.
Listing: Tokyo
Securities code: 9946
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Scheduled date to commence dividend payments: -
Preparation of supplementary material on financial results: Yes
Holding of financial results briefing: Not scheduled

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

1. Consolidated Financial Results for the Nine Months Ended November 30, 2024 (March 1, 2024 to November 30, 2024)

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

	Gross operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
November 30, 2024	66,578	10.1	(2,023)	-	(1,692)	-	(1,854)	-
November 30, 2023	60,486	(3.9)	86	-	585	29.0	313	(97.9)

(Note) Comprehensive income: Nine months ended November 30, 2024: ¥ (2,251) million [-%]
Nine months ended November 30, 2023: ¥ 235 million [(98.4) %]

	Basic earnings per share	Diluted earnings per share
Nine months ended	Yen	Yen
November 30, 2024	(63.92)	-
November 30, 2023	10.81	10.81

(2) Consolidated Financial Position

	Total assets	Net assets	Capital adequacy ratio
As of	Millions of yen	Millions of yen	%
November 30, 2024	87,807	37,848	42.4
February 29, 2024	77,900	40,681	50.9

(Reference) Equity: As of November 30, 2024: ¥ 37,237 million
As of February 29, 2024: ¥ 39,633 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 29, 2024	-	10.00	-	10.00	20.00
Fiscal year ending February 28, 2025	-	10.00	-		
Fiscal year ending February 28, 2025 (Forecast)				10.00	20.00

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

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

(Percentages indicate year-on-year changes.)

	Gross operating revenues		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	90,000	13.8	(2,300)	-	(1,900)	-	(2,500)	-	(86.18)

(Note) Revision to the financial results forecast announced most recently: Yes

* Notes:

(1) Significant changes in the scope of consolidation during the period:

Newly included: -

Excluded: -

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

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

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

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

3) Changes in accounting estimates: None

4) Restatement: None

(4) Number of issued shares (common shares)

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

November 30, 2024: 29,372,774 shares

February 29, 2024: 29,372,774 shares

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

November 30, 2024: 364,405 shares

February 29, 2024: 364,100 shares

3) Average number of shares outstanding during the period:

Nine months ended November 30, 2024: 29,008,546 shares

Nine months ended November 30, 2023: 29,009,010 shares

* Review of the Japanese-language originals of the attached consolidated quarterly financial statements by certified public accountants or an audit firm: Yes(voluntary)

* Proper use of earnings forecasts, and other special matters

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 10 of the attachments.

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1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Operating Results

In the nine months ended November 30, 2024, amid the continued improvement of the employment and income environment, the Japanese economy was on a moderate recovery path due to the continued recovery in consumer spending as the record-breaking late summer heat from September stimulated consumption behavior, largely in the area of food and beverage products. However, soaring raw material prices attributable to increasingly unstable global situations and hikes in prices due to the yen's depreciation have led to more budged-minded consumers and more rational purchasing behavior on the two axes of price and value. With prices in the United States and other countries expected to continue rising due to political and economic changes, the economic outlook remains unclear.

Under these circumstances, on a mission of 'We realize a society full of beaming smiles with "deliciousness" and "convenience,"' we have promoted our policy of "carrying out structural reforms and promoting strategic growth," formulated in the second half of fiscal 2024, by focusing management resources on structural reforms as a priority measure. We have moved forward at an accelerated pace with addressing the issues concerning the increased number of directly managed stores in the first half of fiscal 2024 and human resource issues associated with this increase, as well as the transition to effective and efficient management guidance for Partnership Agreement stores, which is proceeding ahead of the plan made at the beginning of the fiscal year. We are working as one to complete this by fiscal 2025, the final year of the 2023-2025 Medium-term Management Plan.

In the domestic business, we promoted the establishment of the "new combo store model," which aims to refine the values of both "fast foods" and "convenience," the components of the combo store model since its foundation, and to enhance the competitiveness of individual stores, and in the second phase, we have further evolved the provided values of both "fast foods" and "convenience." Furthermore, we responded in a planned manner to the record-breaking late summer heat that continued into September and beyond and to price changes on food and beverage products in October, and we placed an emphasis on reasonably-priced beverages and cold sweets, which resulted in an increase in per-day sales at existing stores. While we emphasized prices and promoted the firm establishment of the sales floor system, efforts to encourage combination purchases were still underway and there were delays in the introduction of value-oriented convenience store products, resulting in a sluggish gross profit ratio. At the flagship stores opened in May, which embody the second phase of the "new combo store model," we worked to evolve "fast foods" and "convenience" and create winning sales formulas to be rolled out to existing stores. We have the support of customers to implement efforts by utilizing the know-how and group synergy that we have accumulated from our foundation at flagship stores as well as at existing stores where we have horizontally rolled out winning sales formulas. In addition, we implemented the revitalization of 61 existing stores with a focus on franchised stores and the introduction of winning sales formulas from the new combo store, centered on mindset renovation to foster a customer-first mindset.

In preparation for the transition to management guidance centered around the MINISTOP Partnership Agreement, we have promoted reforms of the management and leadership structure and the company headquarters based on management system reforms such as human resources efforts such as recruiting and training, starting with the renewal of the directly managed store management model. The number of directly managed stores amounted to 256 stores as of November 30, 2024, an increase of 67 stores from November 30, 2023. In addition to promoting human resource efforts such as recruiting and training, we promoted waste and loss reduction as well as other improvements to management efficiency. Furthermore, the number of MINISTOP Partnership Agreement stores increased ahead of the plan made at the beginning of the fiscal year as of November 30, 2024, amounting to 821 stores, which accounted for more than 50% of all franchised stores. As we are promoting the establishment of a system to interface with each franchise store owner, we will promote management guidance reforms that will allow us to realize effective and efficient management guidance.

As for new businesses, in addition to making efforts to enhance the convenience of delivery services for customers by offering 24-hour availability and an expanded production lineup, we expanded sales promotion efforts aimed at acquiring new customers. As for e-commerce, in addition to collaborations between popular products at actual stores and popular online content, we collaborated with actual stores on a Black Friday event. As a result, e-commerce net sales grew by more than 210% compared with the same period of the previous fiscal year. As for the occupational field business, the number of locations of MINISTOP POCKET stores, unmanned convenience stores set up in offices and other facilities, including locations for related services, exceeded 1,600 as of November 30, 2024. We promoted expansion to the Kansai region as well as expansion of locations to the semi-occupational field market, which includes new locations such as hospitals. We also promoted the expansion of dark stores and cloud kitchens, which are establishing synergy with the MINISTOP store business and generating stable business profit.

In the overseas business, we strengthened the involvement of parent company officers in order to better respond to changes in the economic environment and consumer trends in the Vietnam business. We opened 32 new stores as we promoted the establishment of an individual store model, product design based on category management, and the development of a logistics support system. In addition to expanding and emphasizing our lineup of high-value-added products in response to changing customer needs, we promoted a redesign of our price policy based on empirical testing. As a result, net sales at all stores increased by 19.0% compared with the same period of the previous fiscal year. Furthermore, with regard to the logistics support system, we worked on the streamlining of store operations to expand the superintendent system (“SI system”), in which one store manager oversees multiple stores, and the design of a training system for it.

We promoted management system reforms in order to steadily carry out these measures, with a focus on human resources measures. We promoted the development of personnel systems aimed at growth, with a focus on human resources recruitment, human resources exchange with the Aeon Group, and training. In addition, for the practical application of purpose management, training aimed at improving employee engagement was promoted in each division, and we promoted efforts to create new value and solve social issues.

As a result of the above, consolidated operating results for the nine months ended November 30, 2024 were gross operating revenue of ¥66,578 million (up 10.1% compared with the same period of the previous fiscal year), operating loss of ¥2,023 million (operating profit of ¥86 million in the same period of the previous fiscal year), ordinary loss of ¥1,692 million (ordinary profit of ¥585 million in the same period of the previous fiscal year), and loss attributable to owners of parent of ¥1,854 million (profit attributable to owners of parent of ¥313 million in the same period of the previous fiscal year).

The operating results of each segment are as follows.

[Domestic business]

There was strong performance from the reasonably-priced beverages and cold sweets which were emphasized as planned in response to the prolonged late summer heat from September. In addition, we expanded the lineup of rice cooked in store, a strong performer, and rolled out a *Hot Dog* nationwide, the first release of a new core staple food product in 11 years. As a result, net sales at all stores of MINISTOP alone increased by 0.6% compared with the same period of the previous fiscal year. Net sales per day per existing store compared with the same period of the previous fiscal year for MINISTOP stores increased by 0.4%. Average per day per existing store customer numbers increased by 0.3%, while per day per existing store average customer purchase increased by 0.1%. Per day per existing store sales of convenience store products decreased by 1.1 % and per day per existing store sales of fast food products processed in store increased by 9.0%. Gross profit ratio decreased by 0.3 percentage point from the same period of the previous fiscal year to 30.4% due to the enhancement of our price-oriented product lineup with a focus on rice balls and sweet bread, which are convenience store products, to meet the needs of customers’ budget-mindedness.

As for “fast foods,” one of the components of the combo store model that we have cultivated since our foundation and which has leveraged a product appeal refined over 45 years, we focused on the deliciousness of freshly cooked foods, developed high-value-added products that incorporate the value of “health,” implemented branding initiatives that emphasize the new values of “environmentally friendly” and “sustainable,” and, through digitalization, overhauled our emphasis on the value of products and promoted reforms of our methods for offering products.

In the staple foods category, through which we deliver freshly-cooked deliciousness to customers with speedy delivery, we rolled out a *Hot Dog* nationwide in September, our first new product in 11 years. It was released as a valuable product that uses wheat germ bread and a coarse-ground sausage and is highly delicious and filling, at an affordable pre-tax price at ¥199. The product was well received. Following its release in September, we expanded the lineup to include a *Chili Dog*, a hot dog topped with a hearty chili sauce, in October, and a *Cheese Dog*, a hot dog generously topped with rich cheese sauce, in November. We also introduced a set with the popular compatible product, *X-cut French Fries*, which boosted sales. We improved sales floor profitability by providing high-value-added products in a speedy manner. We will continue to promote the development of products with a focus on freshly-cooked deliciousness as the “fast food” for which MINISTOP aims.

As for potato fries, with which we deliver freshly-cooked deliciousness by recooking them in store after receiving an order from a customer, *X-cut French Fries*, a popular product that has been loved for 20 years since its release, were voted No. 1 with over 46,000 votes in the MINISTOP General Election, a campaign held in September in which customers voted for their favorite products. To fulfill a promise made in November, we conducted a well-received 20-yen-off sale on *X-cut French Fries*, our main product supported by numerous customers who are MINISTOP fans. In November, we conducted a photo submission campaign on social media to commemorate the 20th anniversary of the launch of *X-cut French Fries*, which received 36,949 entries, far exceeding our goal. The product once again gained a great deal of recognition as a hot snack that represents our company. In addition, in October, we launched *V-cut French Fries* with a refined aroma and texture, and, in November, we conducted a “1.5x Larger X-cut French Fries” campaign as a Black Friday special. As a result, *X-cut French Fries* sales grew more than 30% year on year, driving overall sales of hot snacks.

In the category of hand-made rice balls made with rice cooked in store and carefully selected seasonal ingredients, in September, we launched *Ise-Shima-produced Nori Boiled in Soy Sauce*, which, focusing on the place of origin of ingredients, uses nori seaweed sourced from Ise-Shima and wasabi stems sourced from Shizuoka Prefecture, and *Sesame-Scented Nozawana Pickles*, which use generous amounts of healthy Nozawana pickles. In addition, in October, we launched *Chestnut Rice*, which uses seasonal chestnuts, and in November, we launched *Salted Mackerel*, which uses generous amounts of seasonal Norwegian fatty mackerel produced in a special way so that the flavor does not escape. These products were well received. As for bentos hand-made in store, which provide freshly-cooked deliciousness by combining flavorful, generously-portioned side dishes with rice cooked in store, we launched a *Pork Loin Cutlet Rice Bowl* in October, which features thickly-sliced, filling pork loin cutlets from three-way crossbred pigs luxuriously stewed in an aromatic egg sauce. We promoted the development of rice bowl bentos as a new category based on customer needs. With an emphasis on the satisfaction of a single meal, we thought outside of the box and used famous restaurants as a benchmark, paying particular attention to the ingredients and production methods of the cutlets, stewed egg sauce, and rice, and to in-store processing operations. In addition, by rolling out multiple sizes so that many different customers could enjoy the product, we achieved strong sales and boosted overall sales of hand-made rice. In addition to freshly-cooked deliciousness with a focus on the season and origin of ingredients, we will continue to promote the development of products with refined "health" value such as those with an abundance of vegetables.

In cold sweets, through which we leverage our strength to deliver freshly-cooked deliciousness, as part of our planned response to the record-breaking late summer heat from September, we launched *Taiwanese Honey Sweet Potato* in September by combining our signature *Soft-serve Ice Cream Vanilla* with distinctively sweet Taiwanese honey sweet potatoes. This product was well received as a unique sweet treat that allows customers to experience both warmth and cold at the same time. In addition, while our *Smooth Pudding Parfait* is a popular staple product every year, we launched a renewed version in September with an enhanced milky flavor in pudding, accomplished by increasing the ratio of fresh Hokkaido milk and cream which are also used in *Soft-serve Ice Cream Vanilla*. In November, we launched *Condensed Milk Strawberry Parfait*, as a fruit parfait product that is well received every year, which achieves a natural sweetness by focusing on the main ingredient of strawberries. As a result, sales of cold sweets grew.

In soft-serve ice cream, one of our signature products which promotes our branding initiatives of environment and health, we launched *Aromatic Vietnam Cacao Choco Soft* and *Premium Soft -Triple Chocolat-* in October. In addition to using 60DAYS sustainable chocolate, the cacao for which is processed within 60 days of harvesting so that the fresh aroma of cacao is prominent, this year, three years since its launch, we added 60DAYS cacao mass made from the same raw ingredients to bring out a deeper chocolate taste and cacao aroma. By using 100% raw ingredients that comply with the sustainability program to support cacao producers and reducing the distance traveled during overseas shipping for processing, we have ensured that these are sustainable products that will help reduce CO_2 emissions.

Furthermore, in October, we renewed our in-store self-serve coffee, which is extracted from beans in store so that customers can enjoy the freshly-brewed taste, under the new name of *New Aeon Sustainable Coffee*. By using Vietnam Arabica G1 beans produced in Son La, Vietnam, which support the Sustainable Coffee Project promoted by the Aeon Group, we took advantage of the distinctive aroma and richness to develop a blend that suits Japanese tastes, resulting in a well-received product that customers want to drink every day. This created the new added value that customers would contribute to solving social issues by enjoying MINISTOP products, such as the soft-serve ice cream that is a product symbolic of our purpose.

As for the overhaul of our emphasis on the value of products, we introduced digital signage for menu in stores at 144 stores in the third quarter of the fiscal year under review, and promoted the value of products at 889 stores by video as of November 30, 2024. As for our usage as retail media, in addition to promoting collaborations with companies under the Aeon Group, we flexibly promoted advertisement acquisition activities based on successful cases in conjunction with in-store rollouts, as well as ad placement from local governments associated with the House of Representatives election in October. As for the reforms made to our fast food delivery methods so that customers can place orders with ease, with regard to mobile orders, we promoted the limited distribution of special coupons and products exclusively for mobile orders, and worked to enhance in-store emphasis on the mobile order system in order to promote its use. We will continue to make efforts to enhance convenience for customers.

As for "convenience," through which we fulfill customers' needs for convenient experiences, we worked to enhance product appeal by further refining the merchandising process, including reform of the product procurement system, and worked to better utilize Aeon Group products as well as expand our lineup of original goods. In addition, we expanded our lineup of perishable foods and products for daily life in order to meet the new convenience needs of customers.

In the enhancement of product appeal by further refining the merchandising process, we worked to pursue greater deliciousness. In September, we launched *Crown Melon Cream Puff* featuring a sauce made from Crown Melons produced in Shizuoka Prefecture, which are renowned as the highest quality among muskmelons, at the affordable pre-tax price of ¥100. The product achieved strong sales. It was developed as a sustainable product by processing the same raw ingredients used in our fast food. In November, we also launched *Coffee Cream Puff*, with which customers can enjoy the harmony between bittersweet and savory coffee-flavored cream and whipped cream, at the same pre-tax price of ¥100. These were rolled out as a second flavor of the highly-rated *Double Cream Puffs* introduced in the TV campaign in July, during which they were all rated highly. Each of these products was well received. In addition, in November, the *Taiwanese Honey Sweet Potato & Butter Dorayaki*, which uses Taiwanese honey sweet potatoes and fermented butter produced in France, was introduced on a TV program, leading to strong sales following the TV campaign in July, and boosting overall sales of sweets.

As for sweet bread, we implemented a pricing strategy in the ¥100 Special Pre-tax Price Series, in which we launched *Chocolate Bar* in October, which contains a generous helping of chocolate, and *Heavily-filled Japanese Chestnut Danish* in November, which uses seasonal Japanese chestnuts. Along with the reasonably-priced staple products *Curry Bread I Want to Eat Every Day* and *Melon Bread I Want to Eat Every Day*, we always keep at least 10 price-oriented products on the sales floor. The firm establishment of this policy has led to increased customer support and boosted sales of sweet bread.

As for rice balls, which are convenience store rice products, we launched *Always Pre-tax Price at ¥98 Series*, which customers can purchase at bargain prices every day, and worked to establish them as our staple products from July 2024. We launched a renewed version of *Wakame Rice* in October and *Moreish Rice Ball* in November, and we developed a total of eight products as a series and emphasized their appeal as a set, firmly establishing the sales floor system and enhancing our product lineup. As a result, customer support increased and sales of rice balls, which are convenience store products, grew year on year during the nine months ended November 30, 2024. Furthermore, with regard to room-temperature bentos, we utilized the procurement capability of the Aeon Group to enhance our lineup of the reasonably-priced *TOPVALU Black Rice Bento with Assorted Side Dishes*, which resulted in boosted sales. We will continue to promote overall supply chain reforms and enhance product value.

As for tobacco products, along with measures implemented in the first quarter of the fiscal year to expand display fixtures and enhance our product lineup, we continued working to increase recognition such as in-store promotion. This created reasons for customers to visit stores and boosted sales of tobacco products in the nine months ended November 30, 2024. As a result of promoting a series of measures that create reasons for customers to visit stores, the number of customers during the nine months ended November 30, 2024 exceeded that in the same period of the previous fiscal year.

As for expanding our lineup of perishable foods, we have been working to overhaul the sequential supply system for agricultural products and daily goods since September. In order to respond to new convenience needs, we have worked to expand our product lineup and seasonal product offerings, conduct volume design, and improve freshness, and we are promoting supply at over 750 stores in the Kanto area, which boosted sales in the nine months ended November 30, 2024. In addition, in preparation for the horizontal rollout of winning sales formulas of perishable foods and products for daily life at flagship stores, we worked with franchised stores to promote an expanded lineup of agricultural and daily delivery products, and empirical testing of sales floor creation. Furthermore, we gained support from new customers through efforts to streamline product purchasing, create rules for sales floor creation, emphasize prices, and increase recognition, which were issues with carrying conventional agricultural products. We will continue to promote the horizontal rollout in order to realize a one-stop shopping experience that responds to changes in customer purchasing behavior.

As for expanding products for daily life and emphasizing the price, we further utilized TOPVALU products, products with unique value provided by the Aeon Group, to respond to customers' budget-mindedness, which will be further spurred on by price hikes for food and beverage products in September and beyond. In side dishes pre-packaged in pouches, which emphasize the value of the convenience of an easily-prepared meal, we expanded the lineup of the Eat-at-home CAFÉ Meal Series with *Luxury Meals* inspired by street food from around the world. These were rolled out as a set, boosting sales of daily delivery products. In beverages, in addition to changing the sales floor later than usual to respond to the record-breaking late summer heat, we redesigned the sales floor for reasonably-priced TOPVALU tea and water products based on customers' purchasing behavior, which resulted in boosted sales. In ramen, we launched two products in November as part of the TOPVALU JCup Series, a series commemorating the 50th anniversary of TOPVALU. Available with broth flavors of *Tasmanian Beef* or *Junkikei Chicken*, these two valuable products were launched at a bargain price and well received. In sweets, we expanded the lineup of the Tokimeku Snack Club Series in October. As a result of promoting sales floor creation and appeal in line with customer needs as a retail store, in November, some of our products were ranked as top sellers within the Aeon Group and were otherwise well received, which boosted sales of sweets and processed food. We will continue to increasingly utilize TOPVALU products, products with unique value provided by the Aeon Group, and emphasize them in terms of both price and value to customers.

At flagship stores opened in May under the second phase of the "new combo store model," we continued working to evolve both fast foods and convenience. We also promoted utilization of OMO (Online Merges with Offices) to combine actual stores and digital services with the MINISTOP app as an interface. We have positioned the flagship stores as laboratory stores to create winning sales formulas and created 77 winning sales formulas for products and operations by November 30, 2024 to promote their horizontal rollout to existing stores. These efforts prompted changes in customer purchasing behavior and we had more support from new customers, with per day sales during the nine months ended November 30, 2024 growing by over 30% on weekdays and over 90% on weekend compared with the same period of the previous fiscal year. In fast foods, *Hot Dogs*, which were launched as a core staple food product at the post-remodel reopening in May, were rolled out nationwide in September based on empirical testing of product specifications and operations, and they achieved strong sales. In addition, as for the popular *X-cut French Fries*, we tested a rollout method in which three different volumes could be chosen. Sales of the product reached over 1.3 times that of the same period of the previous fiscal year. With regard to digital signage emphasizing the fast food worldview to which MINISTOP aspires, we introduced time-based digital menu screens and set display times to effectively promote products, through which sales growth was substantiated with a focus on core products. We will continue working to conduct empirical testing and create winning sales formulas, such as carrying sweets to drink in collaboration with the fast food specialty store business. In convenience, agricultural products achieved strong sales as we expanded our lineup of seasonal fruits based on sales results, while promoting downsizing and pack processing, and conducted empirical testing aimed at developing products that are easy for customers to pick up. In meat and seafood, in addition to expanding our lineup of semi-processed hot pot dishes in response to customers' needs for time-saving cooking, we created sales floors for daily delivery and deli products in accordance with sales efficiency based on the results of empirical testing, and worked to expand our lineup of Craft Delica products provided by the Aeon Group. This resulted in boosted sales. As for the use of OMO, the premium membership program which offers benefits exclusively to customers who make purchases over a certain amount and is available through the MINISTOP app, which serves as an interface, continued to serve as a reason for customers to visit stores. In response, the program is being rolled out horizontally as a method of acquiring app members at new store openings or revitalization. In e-commerce, we moved forward with the in-store stocking of *Fruit-topped Rich Bar*, an exclusive e-commerce product, which was well received. In addition, we implemented efforts to make actual stores into information dissemination hubs for popular anime content in collaboration with the e-commerce business. As a result, we substantiated mutual customer referrals between digital and actual stores. As for services, based on the results of empirical testing, the ChargeSPOT smartphone charger rental service was expanded to 50 existing stores, which has created reasons for customers to visit stores.

We will continue to promote initiatives for the second phase, in which our know-how since our foundation was combined, leading to the realization of results and the horizontal rollout of segmented winning sales formulas with a view to introducing them at existing stores.

The revitalization of existing stores, centered on mindset renovation to foster a customer-first mindset, was implemented at 61 stores as of November 30, 2024 by introducing winning sales formulas of the "new combo store model." Stores to be revitalized were carefully selected under a process of focusing management resources on structural reforms starting in the second half of the fiscal year. In addition to promoting mindset renovation as planned, reducing holiday closures, and carefully selecting renovation details, we promoted the planning and execution of merchandising policies based on successful cases and competition countermeasures, as well as post-revitalization problem-finding using store records and activity modification. As a result, at stores to be revitalized during fiscal 2024, net sales per day per store for the nine months ended November 30, 2024 increased by 3.7% compared with the same period of the previous fiscal year. Efforts at the stores to be revitalized, which amount to 230 stores when combined with the 169 stores revitalized in fiscal 2023, have also resulted in interfacing with franchised stores in each area and systematically learning about efforts with the involvement of everyone from store owners to employees.

We have promoted reforms of the management and leadership structure and the company headquarters, starting with the renewal of the directly managed store management model based on management system reforms such as human resources measures, by focusing management resources as a priority measure for structural reforms. The number of directly managed stores amounted to 256 stores as of November 30, 2024, an increase of 67 stores from November 30, 2023. As human resources measures in response to an increase in directly managed stores, we expanded recruitment activities for hourly staff and promoted employee career-based training, which resulted in improved hourly staff fulfillment at the third-quarter end compared to the second-quarter end. In addition, we also promoted the placement of store managers who meet the qualification requirements. Furthermore, with regard to efforts aimed at full implementation at all stores and efficient store management, in addition to promoting the utilization of sales plans based on 52-week merchandising, we worked to thoroughly enforce fast food processing procedures in order to provide fast food, in which we excel, at a quality that always satisfies customers. Compared to the second-quarter end, net sales per day per directly managed store at the third-quarter end exceeded those of the previous fiscal year, and waste and loss were also reduced. In recruitment, we promoted the establishment of a method to hasten the transition from indirect to direct employment. In the streamlining of store operations, the amount of time required to order fast food ingredients was reduced by expanding the use of automated systems based on sales targets, production volume, and inventory quantity. In addition, we promoted the operation of directly managed stores, the design of procedural manuals, and store manager work schedules exclusively for store managers, as well as optimization through the classification of value-added operations. However, personnel costs increased due to temporary fulfillment during labor shortages. In order to streamline operations and generate profit with a view to realizing efficient multi-store operation, we will continue to promote efforts to generate profits in the overall merchandising process and expand empirical testing of manual-based and AI ordering in order to achieve more efficient and profitable ordering.

The MINISTOP Partnership Agreement has been designed to establish new relationships with franchise stores and facilitate growth together with them. The number of MINISTOP Partnership Agreement stores reached 821 stores as of November 30, 2024, an increase of 225 stores from the same period of the previous fiscal year. Fifty percent of all franchised stores shifted to MINISTOP Partnership Agreement stores, which was ahead of the plan made at the beginning of the fiscal year. As the business model transition progresses, we will change the way we interface with franchised stores, through management guidance reforms that venture into uncharted territory as we strive for qualitative changes in management guidance. In September, we formed a cross-disciplinary project aimed at establishing a new management guidance system. In building a new system to interface with franchised stores, we started by establishing a management guidance policy for each franchised store as a business community that will prosper as one. Following this, we established measures to respond to the management conditions of each individual store based on environmental changes and issues at each store found in store records, which provide a comprehensive x-ray view of figures such as sales and expenses. We then promoted improvement activities based on an appropriate problem-solving framework and target management values that were newly agreed upon with franchised stores. As a result, the rate of increase in business expenses for Partnership Agreement stores decreased at the end of November 2024 compared to the end of August 2024. In addition, in efforts to improve store management efficiency and to improve sales through full implementation at all stores, we continue to promote the effective use of operation plans through work schedules, which are at the core of the five management improvement tools. In addition, in order to achieve full implementation at all stores, as efforts to allow the company headquarters to share information on products, sales floor creation, and sales promotions directly with stores and store advisors, we introduced management tablets at all stores in order to expand video content and promote the dissemination of information in a way that clearly organizes specific actions and the reasons for implementing measures. As a result, there was a year-on-year increase in net sales per day per Partnership Agreement store at the end of November 2024 compared to the end of August 2024. As a business community that will prosper as one based on the sharing of roles between franchised stores and the company headquarters, we will continue to focus management resources on management guidance reforms, aimed at realizing the creation of sales floors that meet customer needs and efficient store management.

As we focus management resources on structural reforms, we are working to evolve new businesses formed as part of our growth strategy into pieces that function to integrate into the “new combo store model,” focusing on measures that have produced results. In delivery services, we integrated the enhanced convenience of providing products as a function. Furthermore, in e-commerce, we promoted the supply of high-value-added products and large-volume products that cannot be carried in actual stores, but are linked to results at actual stores. With the MINISTOP app, which serves as an interface for OMO, we implemented one-to-one marketing, which provides an evolved way to approach our target customer base by taking purchasing history into account. In the occupational field business, we expanded the supply of high-value-added products through cloud kitchens.

As for delivery services, we provided multiple delivery services in parallel at 1,169 stores as of November 30, 2024. In addition, we have expanded the acceptance of 24-hour orders for certain delivery services to around 800 stores as of November 30, 2024 for greater convenience for customers. Furthermore, we expanded our product lineup to roughly 1,100 SKUs in order to respond to everyday needs, expanding the lineup of ready-to-eat foods, sweets, processed food, large-volume beverages, and sundries, which are in high demand for delivery. In sales promotion, we implemented a sale for popular fast food products processed in store and a free shipping campaign, aimed at acquiring new customers. We also implemented well-received campaigns clarifying our target customer base, such as a collaboration event with a popular anime, exclusively for delivery. In addition, by promoting the integration of order acceptance systems, we increased the efficiency of order acceptance and product picking support. By working on these efforts in tandem with building an operation system that prevents stockouts and cancellations, business profits of delivery services increased by over 40% compared with the same period of the previous fiscal year.

In e-commerce, using the sales infrastructure that we developed in fiscal 2023, we held collaboration events linked to the sales results of actual stores and worked to enhance MINISTOP original goods. In September, we began carrying Christmas cakes, a collaboration product with a popular cheesecake specialty store, which demonstrated strong sales results in stores. We worked with collaborators to disseminate information on high-priced products not available in stores, and emphasized them as items exclusive to e-commerce, which many MINISTOP fans use. This resulted in strong sales. Furthermore, in November, we launched a well-received collaboration product with a popular anime, promoting joint information dissemination and emphasis using social media. In addition, as a Black Friday tie-up event with stores, we launched assorted grab bags filled with items such as fast food products processed in store, resulting in e-commerce net sales increasing over 210% compared with the same period of the previous fiscal year. We will continue to promote sales aimed at enhancing appeal and recognition, expand events linked to actual stores, and develop original goods.

Regarding the MINISTOP app, which serves as an interface for OMO, the number of downloads exceeded 2,360,000 as of

November 30, 2024, and net sales to its members increased by over 50% compared with the same period of the previous fiscal year. In one-to-one marketing efforts, we worked to implement sales promotions using special coupons and push notifications aligned to the customer journeys of app users based on purchase data and member information. As efforts aimed at enhancing recognition, in October, we held a MINI Lottery that customers could play for free once a day to win special coupons. In addition, in November, as Black Friday tie-up events between actual stores and the e-commerce business, we distributed coupons for popular fast food products processed in store and held a lottery called "Double Your Chances in the App -App Lottery-" for customers who spent at least ¥800 yen, including tax. As an interface to connect actual stores with digital services, we will continue to improve the functions of the app and enhance its value-focused services, as well as use it to analyze and expand our membership base.

As for the occupational field business, the number of locations of MINISTOP POCKET stores, unmanned convenience stores set up in offices and other facilities, increased to 1,629 as of November 30, 2024, including locations for related services. In addition to promoting expansion to the Kansai region and cultivation of the semi-occupational field market, which includes new locations such as hospitals, we are preparing to introduce fixed-rate plans for small business owners who are using existing locations to respond to new professional needs. In addition, we promoted the expansion of cloud kitchens with business partners, which prepare and deliver high-value-added products. We have opened these to general customers as delivery locations mainly for hand-made bentos and gradually expanded the supply of products to existing stores. As a central pillar of our new business, we will continue to promote location expansion with a target of roughly 2,000 locations by the end of fiscal 2024, as well as work to roll out new services and create synergy with MINISTOP store businesses that have been integrated through OMO.

As for management system reforms aimed at steadily carrying out measures to generate results such as human resources measures, we started by addressing issues at directly managed stores in the second half of the fiscal year. In response to problems stemming from labor shortages due to a higher operation rate of directly managed stores than planned, we promoted human resources measures including increased recruitment and training design from the second half of the fiscal year. This resulted in improved labor fulfillment rates at directly managed stores and reduced costs associated with using external human resources. In addition to recruiting new employees, we placed personnel from the Aeon Group equipped with basic retail skills and mindsets in stores, and implemented training necessary for store management in accordance with training systems designed for each level. Furthermore, with regard to the recruitment of hourly staff, we began by understanding the staff shortage situation in each store for each day of the week and hour, and we increased the number of interviews, optimized job recruitment media, and otherwise strengthened our recruitment system. In addition, we launched a new organization aimed at expanding the store personnel training system, which includes franchised stores, and we are working to motivate owners and train employees by dispatching the training team to franchised stores. We will continue to rebuild the successful cycle of solving problems at directly managed stores at an early stage, creating successful models at directly managed stores, and rolling them out to franchised stores.

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

We are focusing on reducing power consumption in our stores, which accounts for 85.5% of CO_2 emissions covered by our estimation as a measure against climate change. With the goal of cutting CO_2 emissions by stores by 50% from fiscal 2013 levels by 2030, we have switched the sources of power used in some areas to renewable energy and changed the lights used inside and outside the stores from fluorescents to LEDs. We will work on further reduction aimed at a target of achieving net-zero CO_2 emissions by 2040.

As for our efforts for food loss reduction, as a means to encourage recycling resources, with the goal of reducing food loss by 50% from 2015 levels by 2025, we have been promoting "Reduce," an effort to reduce food waste by selling products at discount prices, at 90% of our stores. We have introduced a new expiration management alert function in all stores that sets alerts before the sell-by date of products such as sweets and processed food, which has promoted price discounts and reduced food loss. We will continue to work with franchised stores to promote briefings and tool development to further reduce food loss, with a view to building an efficient sales structure through perfect execution of price discount procedures. In addition, in conjunction with the Food Loss Reduction

Month in October, we promoted our “temaedori” initiative to encourage customers to take products placed at the front of the shelves and worked together with customers to reduce food waste. Furthermore, in order to reduce household food loss, 219 of our stores participated in a food drive promoted by the Aeon Group. With the cooperation of customers, we donated a total of 145.4 kg of unused food to food banks and Children’s Cafeterias.

In our efforts to reduce plastic use, we completed the shift to paper cups and strawless sipper lids for iced coffee at all stores. Since beginning the shift in September 2024, we have reduced plastic use by 6.5 tons as of November 30, 2024. Furthermore, we are experimenting with plastic-free containers for some cold sweet products in our fast food lineup.

As for our efforts to connect with local communities, we implemented the “Child Internship” program, a work experience course for elementary and junior high school students, from fiscal 2005. We let children, the bearers of the future, learn AEON’s ideals. In fiscal 2024, we revised the program so that they can understand environmental issues through soft-serve ice cream, emphasizing the new values of environment and health. In the nine months ended November 30, 2024, 246 students from 63 schools participated in the program. In addition, we held a work experience day at our flagship store in collaboration with a local event, focusing on the processing of soft-serve ice cream. A large number of local children participated and experienced the process. Throughout the year, we conducted fundraising activities for the “Circle of Flowers” program, which delivers flower seedlings to elementary schools. This fiscal year, flower seedlings were presented to 400 elementary schools. Since we first began this program in 1991, we have presented approximately 4,635,000 seedlings to a total of 17,534 schools.

As for our efforts for contributions to society, we donated to the 47th telethon of 24-Hour Television, 2024 Noto Peninsula flood relief fundraising efforts (stores in Fukui Prefecture only), the Shurijo Castle Fund, and Children’s Cafeterias across Japan. We donated ¥5,347,740 to be utilized for support activities in the three areas of welfare, environment, and disaster recovery with the cooperation of customers.

Network Service Inc. runs a cooperative distribution business for stores in Japan, operating 13 fixed-temperature centers, six ambient centers, and 10 frozen food distribution centers. In addition to optimizing the number of delivery routes and the mileage per route, it scaled up the changes of delivery formats for frozen products. With these efforts, it has been working to reduce costs and environmental impact including the reduction of CO_2 emissions. It continues working to reform logistics such as streamlining store operations and implementing logistics reforms such as reviewing ways of work of delivery staff as well as working for mixed loading aimed at improved delivery efficiency.

Regarding store development, seven new stores were opened, and 15 stores were closed. There were 1,848 stores as of November 30, 2024. In preparation for store openings in fiscal 2025, we will continue to promote activities based on our area strategy for focusing management resources on structural reforms when opening new stores.

As a result of the above, gross operating revenue in the domestic business for the nine months ended November 30, 2024 was ¥59,431 million (up 9.0% compared with the same period of the previous fiscal year), and operating loss was ¥1,117 million (operating profit of ¥394 million for the same period of the previous fiscal year).

[Overseas business]

In the nine months ended November 30, 2024, it was announced that the real GDP growth rate from July to September 2024 was 7.40% (estimated) year on year in Vietnam, a faster growth rate compared with 7.09% (revised) in the previous quarter of April to June 2024, demonstrating a growth rate that continuously increased for two consecutive quarters. Growth in the manufacturing industry drove the economy forward. In addition, net sales for retail and services remained strong from January to September, increasing 8.8% compared with the same period of the previous fiscal year, and the macroeconomy has maintained stable growth.

In these circumstances, as for MINISTOP VIETNAM COMPANY LIMITED, we have strengthened the involvement of parent company officers in the establishment of individual store models and the redesign of the merchandising process, as the business of increasing directly managed stores.

As for store opening, we opened 32 stores in the nine months ended November 30, 2024 to establish a dominant position in Ho Chi Minh City, and the number of stores reached 183 stores as of September 30, 2024. We remodeled four existing stores to expand the sales floor of beverages and frozen foods in response to customer needs. In addition, we remodeled 24 stores by installing drink counters that emphasize the worldview of high-value-added fruit drinks, and rolled these out to 86 stores.

In order to respond to changes in consumption trends in Vietnam as well as intensifying competition with small grocery stores and traditional markets, we redesigned our pricing policies to ensure a price advantage, and carefully selected a product lineup that emphasizes prices based on customer purchasing behavior and results. For instant noodles and sweets, we reviewed our pricing method and worked to horizontally roll out discount end displays that focus on reasonably-priced products while changing the sales floor in a short period of time. For soft drinks, we reviewed the pricing of each product based on the results after price revisions, and worked to improve the gross profit ratio and increase the frequency of customer visits. In high-value-added fast food products, for fruit drinks processed in store, as a new product incorporating flavors that are highly popular in Vietnam, we launched *Green Apple Chia Seed Tea*, a drink that combines the refreshing juice of green apples with chia seeds, which are considered to be a healthy superfood. We also held an event offering drinks in 1.5x the normal volume, which was well received. In addition, in order to capture bakery demand in the Vietnamese market, we launched *Papparoti (Coffee Buns)* and *Croissant Choco*, which are baked in store after the customer orders. These products were rolled out at all stores as a new category and were well received. As a result of the above, net sales at all stores increased by 19.0% compared with the same period of the previous fiscal year. While we worked to emphasize prices, the redesign of the merchandising process is still underway, and gross profit ratio decreased 3.9% compared with the same period of the previous fiscal year.

Regarding the development of a logistics support system to realize increasing directly managed stores, we promoted, at all stores, the use of work procedure manuals and work schedules to achieve perfect execution. In addition, we introduced the SI system, in which one store manager oversees multiple stores, along with promoting the use of work schedules and streamlining of operations. In introducing the SI system, we clarified SI appointment criteria in order to maintain and improve store management levels. In addition, we promoted inventory of the operation levels of assistant managers and store staff at SI stores, as well as existing SIs themselves. Furthermore, we continued to utilize our store supporting system to comprehensively check whether creating sales floors and providing services are implemented in a satisfactory manner from the viewpoint of customers, continuing to improve the level of stores. We will continue to increase stores with the SI system and implement operation system reforms.

As a result of the above, gross operating revenue in the overseas business for the nine months ended November 30, 2024 was ¥7,147 million (up 19.4% year on year), and operating loss was ¥905 million (operating loss of ¥308 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 third quarter of the fiscal year under review increased by ¥9,906 million compared with the end of the previous fiscal year to ¥87,807 million. This was mainly attributable to increases of ¥6,000 million in deposits paid to subsidiaries and associates, ¥3,930 million in cash and deposits, and ¥1,706 million in accounts receivable - other, and a decrease of ¥2,196 million in securities due to redemption.

Liabilities increased by ¥12,739 million compared with the end of the previous fiscal year to ¥49,958 million. This was mainly attributable to increases of ¥8,923 million in accounts payable - trade, ¥2,123 million in deposits received, and ¥1,569 million in accounts payable - other.

Net assets decreased by ¥2,832 million compared with the end of the previous fiscal year to ¥37,848 million. This was mainly due to the recording of ¥1,854 million in loss attributable to owners of parent and ¥580 million in dividends paid.

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

In the nine months ended November 30, 2024, as domestic prices continued to rise, we worked to expand the lineup of the high-value-added fast food products of rice cooked in store and sweets at MINISTOP alone, resulting in strong performance. However, as for convenience store products, despite promoting pricing polices such as expanding the lineup of reasonably-priced products, there was a delay in introducing value-oriented products and measures to encourage combination purchases, causing us to fall short of our targets for per day sales at existing stores and gross profit ratio. Furthermore, business expenses exceeded the budget due to increases in labor costs and other expenses, resulting in operating profit that was lower than planned.

In the Vietnam business, despite rolling out high-value-added bread baked in store to all stores and promoting the remodeling of drink counters to emphasize our popular drinks processed in store, operating profit fell short of the plan due to failure to achieve our store opening target, as well as delays in constructing models and establishing a merchandising policy in response to the changing spending behavior of customers, such as emphasizing prices.

In fiscal 2025, the final fiscal year of the 2023-2025 Medium-term Management Plan, we plan to shift our policy priority to structural reforms, and we will work to renew the Vietnam business and complete management system reforms such as management system reforms and human resources measures, which were the reason that we did not achieve our plan for the current fiscal year.

2. Quarterly Consolidated Financial Statements and Principal Notes

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
Assets		
Current assets		
Cash and deposits	8,783	12,713
Accounts receivable - due from franchised stores	7,871	8,733
Securities	3,000	803
Merchandise	1,979	2,380
Accounts receivable - other	11,331	13,038
Deposits paid to subsidiaries and associates	14,000	20,000
Other	4,117	3,947
Allowance for doubtful accounts	(54)	(63)
Total current assets	51,030	61,554
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	5,878	5,530
Machinery, equipment and vehicles, net	1,193	1,081
Furniture and fixtures, net	3,022	4,223
Land	428	593
Leased assets, net	62	17
Construction in progress	55	141
Total property, plant and equipment	10,641	11,585
Intangible assets		
Software	3,363	3,169
Other	292	269
Total intangible assets	3,656	3,438
Investments and other assets		
Investment securities	907	100
Long-term loans receivable	1	0
Guarantee deposits	10,781	10,165
Retirement benefit asset	212	299
Deferred tax assets	2	2
Other	809	783
Allowance for doubtful accounts	(143)	(125)
Total investments and other assets	12,572	11,227
Total non-current assets	26,870	26,252
Total assets	77,900	87,807

(Millions of yen)

	As of February 29, 2024	As of November 30, 2024
Liabilities		
Current liabilities		
Accounts payable – trade	13,820	22,744
Accounts payable - due to franchised stores	261	200
Accounts payable – other	4,181	5,751
Income taxes payable	163	214
Deposits received	11,491	13,615
Provision for bonuses	179	252
Provision for loss on store closings	24	41
Other	882	1,068
Total current liabilities	31,005	43,888
Non-current liabilities		
Lease liabilities	33	18
Long-term guarantee deposits	3,804	3,723
Deferred tax liabilities	211	229
Asset retirement obligations	1,856	1,858
Other	308	241
Total non-current liabilities	6,214	6,070
Total liabilities	37,219	49,958
Net assets		
Shareholders’ equity		
Share capital	7,491	7,491
Capital surplus	6,032	6,032
Retained earnings	26,869	24,434
Treasury shares	(642)	(643)
Total shareholders' equity	39,750	37,315
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	39	41
Foreign currency translation adjustment	(266)	(238)
Remeasurements of defined benefit plans	110	119
Total accumulated other comprehensive income	(116)	(77)
Share acquisition rights	3	3
Non-controlling interests	1,043	607
Total net assets	40,681	37,848
Total liabilities and net assets	77,900	87,807

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

Quarterly Consolidated Statements of Income

Nine months ended November 30

(Millions of yen)

	For the nine months ended November 30, 2023	For the nine months ended November 30, 2024
Gross operating revenue	60,486	66,578
Operating costs	28,691	35,032
Operating gross profit	31,794	31,545
Selling, general and administrative expenses	31,708	33,568
Operating profit (loss)	86	(2,023)
Non-operating income		
Interest income	320	305
Dividend income	2	2
Penalty income	55	13
Compensation income	7	7
Consumption taxes for prior periods	65	-
Other	71	20
Total non-operating income	521	348
Non-operating expenses		
Interest expenses	10	6
Foreign exchange losses	-	6
Other	11	5
Total non-operating expenses	22	18
Ordinary profit (loss)	585	(1,692)
Extraordinary income		
Gain on sale of non-current assets	16	6
Reversal of provision for loss on store closings	70	2
Other	-	1
Total extraordinary income	86	10
Extraordinary losses		
Loss on sale of non-current assets	0	-
Impairment losses	351	436
Loss on store closings	4	35
Provision for loss on store closings	2	13
Other	0	0
Total extraordinary losses	358	486
Profit (loss) before income taxes	313	(2,168)
Income taxes - current	51	122
Income taxes - deferred	(16)	13
Total income taxes	34	136
Profit (loss)	278	(2,305)
Loss attributable to non-controlling interests	(35)	(450)
Profit (loss) attributable to owners of parent	313	(1,854)

Quarterly Consolidated Statements of Comprehensive Income

Nine months ended November 30

(Millions of yen)

	For the nine months ended November 30, 2023	For the nine months ended November 30, 2024
Profit (loss)	278	(2,305)
Other comprehensive income		
Valuation difference on available-for-sale securities	7	1
Foreign currency translation adjustment	(76)	42
Remeasurements of defined benefit plans, net of tax	25	9
Total other comprehensive income	(43)	53
Comprehensive income	235	(2,251)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	272	(1,815)
Comprehensive income attributable to non-controlling interests	(37)	(436)

(3) Notes to Quarterly Consolidated Financial Statements

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

These quarterly consolidated financial statements were prepared in accordance with Article 4, Paragraph 1 of the Preparation Standards for Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting standards related to quarterly financial statements that are generally accepted as fair and appropriate in Japan.

(Notes on going concern assumption)

Not applicable.

(Notes to the Statements of Cash Flows)

We have not prepared quarterly consolidated statements of cash flows for the nine months ended November 30, 2024. Depreciation for the nine months ended November 30, 2024 (including depreciation related to intangible assets) is as follows:

	For the Nine months ended November 30, 2023	For the Nine months ended November 30, 2024
Depreciation	¥2,596 million	¥2,356 million

(Shareholders' equity)

For the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)

Dividend amount

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

For the nine months ended November 30, 2024 (from March 1, 2024 to November 30, 2024)

Dividend amount

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

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

Not applicable.

(Segment information, etc.)
[Segment information]
I. For the nine months ended November 30, 2023 (from March 1, 2023 to November 30, 2023)
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			
Revenue from franchised stores (*1)	23,462	419	23,882
Sale of goods (*2)	17,049	5,433	22,482
Other (*3)	2,362	131	2,493
Revenue from contracts with customers	42,873	5,984	48,858
Other revenue (*4)	11,628	–	11,628
Gross operating revenue from outside customers	54,501	5,984	60,486
Inter-segment gross operating revenue or transfers	55	–	55
Total	54,557	5,984	60,542
Segment profit (loss) (*5)	394	(308)	86

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

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

(Million yen)

	Domestic Business	Overseas Business	Total
Impairment losses	350	1	351

II. For the nine months ended November 30, 2024 (from March 1, 2024 to November 30, 2024)

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			
Revenue from franchised stores (*1)	23,584	321	23,905
Sale of goods (*2)	22,465	6,678	29,143
Other (*3)	1,725	147	1,873
Revenue from contracts with customers	47,776	7,147	54,923
Other revenue (*4)	11,655	—	11,655
Gross operating revenue from outside customers	59,431	7,147	66,578
Inter-segment gross operating revenue or transfers	85	—	85
Total	59,516	7,147	66,664
Segment loss (*5)	(1,117)	(905)	(2,023)

Notes 1: Revenue from franchised stores includes income such as royalty income from franchised stores and net sales of products to franchised stores.

2: Sale of goods refers to the sale of goods to customers at directly managed stores.

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

4: Other revenue includes transportation service charges and fees received from product vendors and other business partners.

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

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

(Million yen)

	Domestic Business	Overseas Business	Total
Impairment losses	418	17	436

(Revenue recognition)

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.).”

(Per share information)

The following data was used to calculate profit (loss) per share and basis for calculation, and diluted earnings per share and basis for calculation.

	For the Nine months ended November 30, 2023	For the Nine months ended November 30, 2024
(1) Profit (loss) per share	10.81 yen	(63.92) yen
(Basis for calculation)		
Profit (loss) attributable to owners of parent (Million yen)	313	(1,854)
Amount not attributable to common shareholders (Million yen)	–	–
Profit (loss) attributable to owners of parent relating to ordinary shares (Million yen)	313	(1,854)
Average number of ordinary shares outstanding during the period (Thousand shares)	29,009	29,008
(2) Diluted earnings per share	10.81 yen	–
(Basis for calculation)		
Dilutive effect on profit attributable to owners of parent (Million yen)	–	–
Increase in the number of ordinary shares (Thousand shares)	2	–
[Of which, share acquisition rights (Thousand shares)]	[2]	[–]
Overview of potential shares not included in the calculation of diluted earnings per share as there was no dilutive effect and when there is a significant change from the end of the previous fiscal year	–	–

Note: Diluted earnings per share for the nine months ended November 30, 2024 are not presented above, as net loss was recorded on potential shares with a dilutive effect.

Independent Auditor's Review Report on Quarterly Consolidated Financial Statements

January 10, 2025

To the Board of Directors of

MINISTOP Co., Ltd.

Deloitte Touche Tohmatsu LLC

Tokyo Office

Masahiro Ide, Certified Public Accountant
Designated Limited Liability Partner, Engagement Partner

Takeshi Sase, Certified Public Accountant
Designated Limited Liability Partner, Engagement Partner

Auditor's Conclusion

We have conducted an interim review of the quarterly consolidated financial statements of MINISTOP CO., LTD. listed as attachments to the consolidated financial results, which consist of the quarterly consolidated balance sheets, quarterly consolidated statements of income and comprehensive income, and notes to the quarterly consolidated financial statements, for the three months ended November 30, 2024 and the nine months ended November 30, 2024 of the fiscal year ending February 28, 2025.

Based on our interim review, the accompanying quarterly consolidated financial statements present fairly, in all material respects, the financial position of MINISTOP CO., LTD. and its consolidated subsidiaries ("the Group") as of November 30, 2024, the results of the Group's operations for the nine months then ended, in accordance with Article 4, Paragraph 1 of the Preparation Standards for Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting standards related to quarterly financial statements that are generally accepted as fair and appropriate in Japan.

Basis for Auditor's Conclusion

We conducted our interim review in accordance with interim review standards generally accepted as fair and appropriate in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibility for the Interim Review of Consolidated Financial Statements section of this report. We are independent of the Group in accordance with the provisions of the Code of Professional Ethics in Japan, and we have fulfilled our other ethical responsibilities as auditors. We believe that the evidence we have obtained is sufficient to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board, and Audit & Supervisory Board Members for Quarterly Consolidated Financial Statements

It is the responsibility of management to prepare and properly disclose quarterly consolidated financial statements, in accordance with Article 4, Paragraph 1 of the Preparation Standards for Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting standards related to quarterly financial statements that are generally accepted as fair and appropriate in Japan. This responsibility includes establishment and operation of an internal control system that management deems necessary to ensure preparation and proper disclosure of quarterly consolidated financial statements without material misstatement due to fraud or error.

In preparing quarterly consolidated financial statements, management is responsible for evaluating the appropriateness of such statements based on going concern assumptions, and for disclosing going concern matters if necessary, in accordance with Article 4, Paragraph 1 of the Preparation Standards for Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting standards related to quarterly financial statements that are generally accepted as fair and appropriate in Japan.

The Audit & Supervisory Board and Audit & Supervisory Board Members are responsible for monitoring the execution of directors' duties in preparing and implementing the financial reporting process.

Auditor’s Responsibility for the Interim Review of Consolidated Financial Statements

It is the responsibility of the Auditor to express an opinion by interim review report on the quarterly consolidated financial statements from an independent perspective, based on its interim review.

The Auditor performs the following, using professional judgement and maintaining professional skepticism throughout the interim review process, in accordance with interim review standards generally accepted as fair and appropriate in Japan.

- The Auditor mainly conducts interviews with management and those responsible for financial and accounting matters, as well as analytical procedures and other interim review procedures. Interim review procedures are limited in comparison to procedures for the audit of financial statements for the fiscal year in which they are implemented, in accordance with auditing standards generally accepted as fair and appropriate in Japan.
- If there is found to be material uncertainty regarding events and/or circumstances that could cause material doubt about the going concern assumption, the Auditor makes conclusions, based on the evidence at hand, with respect to the appropriateness of the presentation in the quarterly consolidated financial statements, in accordance with Article 4, Paragraph 1 of the Preparation Standards for Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting standards related to quarterly financial statements that are generally accepted as fair and appropriate in Japan. If material uncertainty about going concern assumptions is recognized, the Auditor is required to call attention to notes to the quarterly consolidated financial statements in its interim review report. If the notes to the quarterly consolidated financial statements regarding material uncertainty are deemed to be inappropriate, the Auditor is required to express a qualified or adverse conclusion about the quarterly consolidated financial statements. The Auditor’s conclusions are based on evidence obtained by the date of its interim review report. Depending on future events or circumstances, however, the Company may not be able to survive as a going concern.
- The Auditor evaluates whether or not the presentation of the quarterly consolidated financial statements and notes comply with Article 4, Paragraph 1 of the Preparation Standards for Quarterly Financial Statements of Tokyo Stock Exchange, Inc. and the accounting standards related to quarterly financial statements that are generally accepted as fair and appropriate in Japan. The Auditor also evaluates the presentation, composition, and contents of the quarterly consolidated financial statements, including related notes, and assesses whether or not such statements properly reflect underlying transactions and accounting events.
- In order to express opinions about the quarterly consolidated financial statements, the Auditor is required to obtain evidence regarding the Group’s financial information. The Auditor is responsible for instruction, supervision, and implementation of interim reviews of the quarterly consolidated financial statements. The Auditor is solely responsible for its opinion.

The Auditor makes reports to the Audit & Supervisory Board and Audit & Supervisory Board Members about the scope and timing of planned interim reviews and important findings.

In its report to the Audit & Supervisory Board and Audit & Supervisory Board Members, the Auditor confirms that it has complied with regulations on professional ethics in Japan concerning independence. Its report also includes matters deemed reasonably to affect the Auditor’s independence, and where applicable, measures being taken to eliminate impeding factors, or safeguards applied to reduce impeding factors to an acceptable level.

Financial Interest

Neither our auditing firm nor any of the engagement partners have any financial interest in the Group for which disclosure is required under the provisions of the Certified Public Accountants Act.

Notes 1: The original copy of the above interim review report is in our custody as the company that discloses consolidated financial results.

2: XBRL and HTML data is not within the scope of the interim review.