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Matters for Internet Disclosure
Under Laws and Regulations and the Articles of Incorporation

Notes to the Consolidated Financial Statements

Notes to the Non-consolidated Financial Statements

(From March 1, 2021 to February 28, 2022)

MINISTOP Co., Ltd.

The Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are provided to shareholders on the Company's online website (https://www.ministop.co.jp/) pursuant to the provisions of laws and regulations as well as Article 15 of the Company's Articles of Incorporation.

Notes to the Consolidated Financial Statements

(Notes on important matters forming the basis of preparation of consolidated financial statements)

1. Scope of consolidation

   All subsidiaries of the Company are consolidated subsidiaries.

   Number of consolidated subsidiaries 5 companies

   Network Service Inc.

   MINISTOP Korea Co., Ltd.

   QINGDAO MINISTOP CO., LTD.

   VINH KHANH CONSULTANCY CORPORATION

   MINISTOP VIETNAM COMPANY LIMITED

   Qingdao Fresh Foods Co., Ltd. has been excluded from the scope of consolidation due to the transfer of all shares of the company held by the Company in the consolidated fiscal year under review.

2. Application of the equity method

   (1) Number of associates accounted for using the equity method

   Not applicable

   (2) Change in scope of application of the equity method

   ROBINSONS CONVENIENCE STORES, INC. has been excluded from the scope of application of the equity method due to the transfer of all shares of the company held by the Company in the consolidated fiscal year under review.

3. Fiscal years of consolidated subsidiaries

   The fiscal year end of QINGDAO MINISTOP CO., LTD., VINH KHANH CONSULTANCY CORPORATION, and MINISTOP VIETNAM COMPANY LIMITED is December 31.

   The consolidated financial statements were prepared using the non-consolidated financial statements dated as of that date, and adjustments required for consolidation purposes were made regarding any significant transactions that took place between that date and the consolidated fiscal year end date.

   The fiscal year end of Network Service Inc. and MINISTOP Korea Co., Ltd. is the same as the consolidated fiscal year end date.

4. Accounting policies

   (1) Standards and methods for valuation of important assets

   1) Securities

   Other securities

Securities with market value	Stated at fair value based mainly on the market price prevailing at the consolidated fiscal year end (valuation differences are recorded as a separate component of net assets, and the cost of marketable securities sold is calculated using the moving average method)
Securities without market value	Stated at cost using the moving-average method

   2) Derivatives

   Recorded using the market value method

   3) Inventories

   a. Merchandise

The Company	Stated using the average cost retail method as set forth in the Series of Opinions Regarding Adjustment between Business Accounting Principles and Relevant Laws and Regulations No. 4 (balance sheet amounts are written down based on a decline in profitability) However, fast foods processed in store are stated using the

	last purchase price method
Overseas consolidated subsidiaries	Stated mainly by using the moving-average method (balance sheet amounts are written down based on a decline in profitability)
b. Supplies	Stated using the last purchase price method

(2) Depreciation or amortization methods for important depreciable or amortizable assets

1) Property, plant and equipment (excluding leased assets)

Straight-line method based on economic useful life

The estimated useful lives of major categories of property, plant and equipment are as follows:

Buildings and structures	
Stores and offices	20–40 years
Facilities attached to buildings	5–18 years
Structures	5–20 years
Machinery, equipment and vehicles	
Machinery and equipment	17 years
Vehicles	5 years
Furniture and fixtures	
Signboard installation	5–10 years
Store fittings, other	3–6 years

2) Intangible assets

Straight-line method

Software for internal use is amortized by the straight-line method based on the estimated useful life of the software (5 years in principle).

3) Leased assets

Leased assets arising from transactions under finance lease contracts that do not transfer ownership to the lessee

Depreciated to a residual value of zero by the straight-line method using the lease term as the estimated useful life

4) Right-of-use assets

Amortized by the straight-line method over the lease term

5) Long-term prepaid expenses

Amortized by equal payments over the contract term

(3) Basis for significant reserves

1) Allowance for doubtful accounts

To provide for possible bad debt losses on accounts receivable, the Company records an allowance based on historical percentage for ordinary receivables and on an estimate of the collectability of receivables for specific claims with default possibility.

2) Provision for bonuses

To provide for future bonus payments to employees, the portion of the projected payable amount to be paid in the consolidated fiscal year under review is recorded.

3) Provision for directors achievement rewards

To provide for performance-linked compensation to be paid to directors and other officers, the portion of the projected payable amount to be paid in the consolidated fiscal year under review is recorded.

4) Provision for loss on store closings

To provide for losses due to store closings, estimated store-closing-related losses such as early cancellation penalties reasonably estimated to be incurred due to store closings are recorded.

5) Provision for loss on business withdrawal

Projected losses due to the withdrawal from business by QINGDAO MINISTOP are recorded.

(4) Accounting treatment of retirement benefits

1) Method of attributing projected retirement benefits to periods

When calculating retirement benefit obligations, expected benefits are attributed to the period until the end of the consolidated fiscal year under review on a benefit formula basis.

2) Method of amortization of actuarial differences and past service costs

Past service costs are accounted for in the consolidated fiscal year they are incurred. Actuarial differences are charged to expenses in the consolidated fiscal year following the year in which they were incurred, mainly by amortizing a proportional amount using the straight-line method over a definite period no longer than the average remaining service years of employees (10 years) of the consolidated fiscal year in which they were incurred.

(5) Standards of translation of important assets and liabilities denominated in foreign currencies into Japanese yen

All monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rate prevailing at the consolidated fiscal year end, with translation differences recognized as gains or losses.

All assets and liabilities of overseas consolidated subsidiaries are translated into Japanese yen at the spot exchange rate prevailing at the fiscal year end of the consolidated subsidiaries. Revenues and expenses are translated into Japanese yen at the average exchange rate during the consolidated fiscal year, and translation adjustments are included in non-controlling interests and foreign currency translation adjustment under net assets.

(6) Accounting for consumption taxes, etc.

National and local consumption taxes are accounted for by the tax exclusion method.

5. Additional information

Not applicable.

(Notes to changes in presentation method)

Changes due to the application of Accounting Standard for Disclosure of Accounting Estimates

The Company has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) and included "Notes to accounting estimates" in the Notes to Consolidated Financial Statements from the consolidated fiscal year under review.

(Notes to accounting estimates)

1. Impairment of non-current assets
   (1) Amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

(Millions of yen)

Asset type	Carrying amounts in the Consolidated Balance Sheet
Property, plant and equipment	22,969
Intangible assets	4,195
Total	27,165

   (2) Information on the nature of significant accounting estimates in the identified categories

      1) Method of calculation of amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

      In the recognition of impairment losses, the Company conducts asset grouping that regards stores as the minimum cash-generating units. It also determines whether or not to recognize impairment losses on headquarters assets, such as store core systems, in larger units as shared assets. In individual asset groups, for asset groups showing signs of impairment, such as continued losses from operating activities or stores that have indicated an intention to close, if the total of future cash flows before discounting for the residual useful life of the asset group is less than the book value, the book value is written down to the recoverable value, and the impairment losses are recorded as extraordinary losses.

      In the consolidated fiscal year under review, signs of impairment of the Company's shared assets have been identified and a determination has been made as to whether or not to recognize impairment losses for a larger unit including shared assets. As the total of future cash flows before discount obtained from the subject asset group is greater than the book value, impairment losses have not been recorded.

      2) Major assumptions used in the calculation of amounts recorded in the consolidated financial statements for the fiscal year under review

      Future cash flows used for the calculation of recognition of impairment losses and utility value and for other purposes are based on the figures that provide the assumptions for the medium-term plans approved by the Board of Directors and take into consideration factors such as the current state of use, reasonable plans for use, and additional investment plans. As the major basis for management decisions, these figures incorporate future revenue growth projections in daily store sales, etc., as well as forecast fluctuations in cost of sales and selling and administrative expenses, such as personnel costs and rents. Regarding the effects of COVID-19, while it is believed that economic activities will trend toward a gentle recovery as progress is made in the roll-out of vaccines and the development of therapeutic drugs, estimates have been made on the assumption that customer numbers in the next consolidated fiscal year will remain unchanged.

      3) Effect on consolidated financial statements for the following consolidated fiscal year

      The major assumptions may be affected by factors such as changes in business strategies and changes in the external economic environment. If a review of the estimates of future cash flows becomes necessary, there is a possibility that additional impairment losses will be incurred in the consolidated financial statements for the following consolidated fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded in consolidated financial statements for the consolidated fiscal year under review

(Millions of yen)

Asset type	Carrying amounts in the Consolidated Balance Sheet
Deferred tax assets	5,367

(2) Information on the nature of significant accounting estimates in the identified categories

1) Method of calculation of amounts stated in the consolidated financial statements for the consolidated fiscal year under review

For the recording of deferred tax assets, based on the company classification set forth in Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016), recoverability was determined on the basis of whether or not it would have the effect of mitigating future tax burden. Deferred tax assets are recognized for deductible temporary differences and tax losses carried forward at the end of the consolidated fiscal year under review only to the extent that they can be used to mitigate tax burden in the following consolidated fiscal year, determined after estimating taxable income based on future earning capacity.

2) Major assumptions used in the calculation of amounts recorded in the consolidated financial statements for the consolidated fiscal year under review

For the above estimate, in addition to the projected amount of gain on sale pertaining to the transfer of shares in MINISTOP Korea, based on the figures that provide the assumptions for the medium-term plans approved by the Board of Directors and taking into consideration past performance, future management environment, and other factors, estimates are made on taxable income before adjustment of temporary differences and on the period of elimination of the temporary differences. Regarding the impact of COVID-19, while it is believed that economic activities will trend toward a gentle recovery as progress is made in the roll-out of vaccines and the development of therapeutic drugs, estimates have been made on the assumption that customer numbers in the next consolidated fiscal year will remain unchanged.

3) Effect on consolidated financial statements for the following consolidated fiscal year

The major assumptions may be affected by factors such as changes in business strategies and changes in the external economic environment. If it is determined that all or part of the deferred tax assets become unrecoverable, there is a possibility that the deferred tax assets in the following fiscal year's consolidated financial statements will be reversed and income taxes - deferred will be incurred.

(Notes to the Consolidated Balance Sheet)

1. Accumulated depreciation of property, plant and equipment 61,381 million yen
2. Deposits received

   In addition to deposits received for utility payment collection services, the amount includes ¥25,586 million in contract monies, etc. pertaining to the share transfer agreement of MINISTOP Korea.

(Notes to the Consolidated Statement of Income)

1. Major breakdown of selling, general and administrative expenses

	(Millions of yen)
Sales commission	9,420
Advertising expenses	3,069
Employees' salaries and bonuses	11,031
Provision for bonuses	191
Rent expenses on land and buildings	17,997
Depreciation	10,884

2. Impairment losses

(1) Overview of asset groups in which impairment losses were recognized

(Millions of yen)

Use	Type	Location	Number of stores	Amount
Store	Buildings, etc.	Japan	1,074	3,202
Store	Buildings, etc.	Korea	618	592
Store	Buildings, etc.	China	22	196
Store	Buildings, etc.	Vietnam	38	24
Total			1,752	4,016

(2) Background leading to recognition of impairment losses

The book values of asset groups that continue to or are projected to continue to generate losses from store operating activities have been marked down to their recoverable values, and those losses have been recorded as impairment losses in extraordinary losses.

(3) Amount of impairment losses

(Millions of yen)

Type	Amount
Buildings and structures	1,255
Machinery, equipment and vehicles	21
Furniture and fixtures	1,674
Leased assets	1,018
Other	45
Total	4,016

(4) Asset grouping method

Grouping was performed based on stores as the minimum cash flow-generating units.

Head office is considered a shared asset as it does not generate an independent cash flow.

(5) Method of calculating recoverable amount

The recoverable amount for asset groups was measured either by net sales value or utility value. Net sales value is appraised by a reasonable estimate that takes examples of transactions, etc. into consideration. Utility value is calculated by discounting future cash flows by 3.3–7.6%. For those furniture and fixtures, leased assets, etc. previously considered divertible that are not expected to be diverted in future, recoverable amounts were appraised at zero.

3. Loss on withdrawal from business and provision for loss on business withdrawal

¥671 million in losses due to the transfer of all of the shares in ROBINSONS CONVENIENCE STORES, INC. held by the Company, ¥628 million in loss on withdrawal from business and provision for loss on business withdrawal due to the liquidation of QINGDAO MINISTOP CO., LTD., and ¥26 million in loss on withdrawal from business due to the transfer of shares in Qingdao Fresh Foods Co., Ltd. have been recorded.

(Notes to the Consolidated Statement of Changes in Equity)

1. Matters concerning outstanding shares and treasury shares

	Type of shares	Number of shares on March 1, 2021	Increase	Decrease	Number of shares on February 28, 2022
Outstanding shares	Ordinary shares (Thousand shares)	29,372	–	–	29,372
Treasury shares	Ordinary shares (Thousand shares)	363	0	–	363

2. Dividends
   (1) Dividend amount

Resolution	Type of shares	Total dividend amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 8, 2021	Ordinary shares	290	10.00	February 28, 2021	April 28, 2021
Board of Directors meeting on October 6, 2021	Ordinary shares	290	10.00	August 31, 2021	November 8, 2021

   (2) Dividends whose record date is during this fiscal year, but whose effective date is after the end of this fiscal year

Resolution	Type of shares	Source of dividends	Total dividend amount (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting on April 8, 2022	Ordinary shares	Retained earnings	290	10.00	February 28, 2022	April 27, 2022

3. Type and number of shares to be issued upon exercise of share acquisition rights

   Ordinary shares 2,500 shares

(Notes on financial instruments)

1. Status of financial instruments

For its fund management, the Group invests in highly secure financial assets based on its internal fund management rules and raises funds through borrowings from banks and other financial institutions.

For accounts receivable - due from franchised stores, accounts receivable - other, and guarantee deposits, as well as regularly monitoring the status of major business partners and managing maturity dates and outstanding balances for each business partner, the Group strives to identify, at the earliest possible date, concerns about recoverability that may arise from deteriorating financial position, etc. and thus mitigate the risk of unrecoverable debts.

Investment securities are mainly shares of companies with which the Group has business relationships, and fair values of marketable shares are determined on a quarterly basis.

Accounts payable - trade, accounts payable - due to franchised stores, accounts payable - other, and deposits received are due within one year. The Company's Accounting Department prepares and updates cash flow plans in a timely manner based on reports from individual departments, and manages liquidity risk mainly by maintaining liquidity on hand.

Short-term and long-term borrowings are mainly to raise funds for working capital.

Lease liabilities pertain to the acquisition of right-of-use assets and leased assets.

The Group uses derivative transactions in accordance with its derivative transaction management regulations for the purpose of avoiding financial market risks associated with its operating activities. It is the Group's policy not to engage in speculative transactions.

2. Fair value, etc. of financial instruments

The carrying amounts in the Consolidated Balance Sheet, fair values, and their differences as of February 28, 2022 are as follows. Financial instruments whose fair values are deemed to be extremely difficult to determine are not included in the table below (see Note 2).

(Millions of yen)

	Carrying amount on Consolidated Balance Sheet	Fair value	Difference
(1) Cash and deposits	8,663	8,663	–
(2) Accounts receivable - due from franchised stores (*)	8,358	8,358	–
(3) Accounts receivable - other (*)	10,669	10,669	–
(4) Investment securities			–
Other marketable securities	70	70	–
(5) Deposits paid to subsidiaries and associates	21,000	21,000	–
(6) Guarantee deposits (*)	22,778	22,917	139
Total assets	71,541	71,680	139
(1) Accounts payable - trade	20,494	20,494	–
(2) Accounts payable - due to franchised stores	695	695	–
(3) Short-term borrowings	7,613	7,613	–
(4) Accounts payable - other	5,106	5,106	–
(5) Income taxes payable	293	293	–
(6) Deposits received	36,576	36,576	–
(7) Long-term borrowings	169	171	1
(8) Guarantee deposits received	6,936	6,935	(1)
(9) Lease liabilities	6,791	6,681	(110)
Total liabilities	84,678	84,569	(109)
Derivative transactions	–	–	–

* Allowance for doubtful accounts provided individually for accounts receivable - due from franchised stores, accounts receivable - other, and guarantee deposits has not been deducted from the carrying amounts on the Consolidated Balance Sheet.

Notes: 1. Methods of calculating fair values of financial instruments and matters concerning marketable securities and derivative transactions

Assets:

- (1) Cash and deposits, (2) Accounts receivable - due from franchised stores, (3) Accounts receivable - other, and (5) Deposits paid to subsidiaries and associates

  As these are settled within a short period of time and their fair values approximate their book values, the fair values are based on book values.
- (4) Investment securities, Other marketable securities

  Fair values of these shares are based on prices quoted in security exchanges.
- (6) Guarantee deposits

  Fair values are calculated based on their present value obtained by discounting by the risk-free rate, based on reasonably estimated scheduled redemption timings for each certain type of credit. Guarantee deposits scheduled for collection within one year are included.

Liabilities:

- (1) Accounts payable - trade, (2) Accounts payable - due to franchised stores, (3) Short-term borrowings, (4) Accounts payable - other, (5) Income taxes payable, and (6) Deposits received

  As these are settled within a short period of time and their fair values approximate their book values, the fair values are based on book values.
- (7) Long-term borrowings, (9) Lease liabilities

  Fair values are calculated based on their present value obtained by discounting the sum of their principal amounts and interest by the risk-free rate in light of credit risk. Lease liabilities scheduled for repayment within one year are included.
- (8) Guarantee deposits received

  Fair values are calculated based on their present value obtained by discounting by the risk-free rate in light of credit risk, based on reasonably estimated scheduled repayment timings for each certain type of credit. Guarantee deposits received that are scheduled for repayment within one year are included.

Derivative transactions:

There are no applicable transactions.

2. Financial instruments whose fair values are deemed to be extremely difficult to determine

(Millions of yen)

Category	Carrying amount on Consolidated Balance Sheet
Unlisted company shares	1
Other	0

Given the fact that no quoted market prices exist for these financial instruments and it is extremely difficult to estimate their fair values, they are not included in (4) Investment securities, Other marketable securities.

(Notes on per share information)

1. Net assets per share 980.41 yen
2. Loss per share 133.27 yen

(Significant subsequent events)

Transfer of consolidated subsidiary

The Company concluded a share transfer agreement with LOTTE Corporation on January 21, 2022 for all shares in its consolidated subsidiary, MINISTOP Korea Co., Ltd., and transferred all shares on March 29, 2022. With this share transfer, MINISTOP Korea Co., Ltd. will be excluded from the Company's scope of consolidation from the beginning of the fiscal year ending February 28, 2023.

1. Overview of sale of shares

(1) Name of counterpart company in share transfer

LOTTE Corporation

(2) Reason for share transfer

The Company first entered the Korean market in 1990 and had developed the convenience store business there through its subsidiary, MINISTOP Korea.

Upon a comprehensive assessment of future outlook and from the perspectives of the optimization of the Group's management and the concentration and streamlining of management resources, the Company determined that a transfer to a third party that would be able to support MINISTOP Korea's sustainable growth would be best for the Group and for MINISTOP Korea. With agreement reached with LOTTE Corporation regarding the terms of the transfer and other matters, the Company made the decision to transfer all of its shares in MINISTOP Korea.

(3) Date of finalization of share transfer

March 29, 2022

(4) Number of shares transferred, transfer price, and status of shareholdings before and after transfer

Number of shares held prior to transfer	5,080,000 shares (Share: 100%)
Number of shares transferred	5,080,000 shares (Share: 100%)
Transfer price	320,988 million won (Approx. 31,071 million yen)
Number of shares held after transfer	0 shares (Share: 0%)

*Converted at 1 won = 0.0968 yen

2. Overview of consolidated subsidiary

(1) Description of business

Convenience store business in Korea

(2) Details of transactions with the Company

A technical support agreement has been concluded, under which the Company receives royalty income.

(3) Size of business

1) Assets and liabilities (as of February 28, 2022)

(Millions of yen)

Total assets	32,142
Liabilities	25,119
Net assets	7,023

*Converted at exchange rate on February 28, 2022

2) Profit/loss (From March 1, 2021 to February 28, 2022)

(Millions of yen)

Gross operating revenue	103,670
Operating profit	(1,136)
Ordinary profit	(1,031)
Profit	(1,169)

*Converted at average exchange rate for the year ended February 28, 2022

3) Amount of royalties paid to Japan (From March 1, 2021 to February 28, 2022)

(Millions of yen)

Royalty commissions	511

*Converted at average exchange rate for the year ended February 28, 2022

3. Impact on consolidated business results

Due to the share transfer, from the beginning of the fiscal year ending February 28, 2023, MINISTOP Korea Co., Ltd. will be excluded from the Company's scope of consolidation. The Company expects to record extraordinary income of ¥23.0 billion (estimate) as gain on sale of shares of subsidiaries and associates in the three months ending May 31, 2022.

Notes to the Non-consolidated Financial Statements

(Notes on significant accounting policies)

1. Standards and methods for valuation of securities

(1) Shares of subsidiaries and associates	Stated at cost using the moving-average method
(2) Other securities	
Securities with market value	Stated at fair value based on the market price prevailing at the fiscal year end, etc. (valuation differences are recorded as a separate component of net assets, and the cost of marketable securities sold is calculated using the moving average method)
Securities without market value	Stated at cost using the moving-average method

2. Valuation standards for derivatives

   Recorded using the market value method

3. Valuation standards and methods for inventories

(1) Merchandise	Stated using the average cost retail method as set forth in the Series of Opinions Regarding Adjustment between Business Accounting Principles and Relevant Laws and Regulations No. 4 (balance sheet amounts are written down based on a decline in profitability) However, fast foods processed in store are stated using the last purchase price method
(2) Supplies	Stated using the last purchase price method

4. Depreciation or amortization methods for non-current assets

   (1) Property, plant and equipment (excluding leased assets)

   Straight-line method based on economic useful life

   The estimated useful lives of major categories of property, plant and equipment are as follows:

Buildings	
Stores and offices	20 years
Facilities attached to buildings	8–18 years
Structures	10–20 years
Machinery and equipment	17 years
Furniture and fixtures	
Signboard installation	5–10 years
Store fittings, other	4–6 years

   (2) Intangible assets

   Straight-line method

   Software for internal use is amortized by the straight-line method based on the estimated useful life of the software (5 years in principle).

   (3) Leased assets

   Leased assets arising from transactions under finance lease contracts that do not transfer ownership to the lessee

   Depreciated to a residual value of zero by the straight-line method using the lease term as the estimated useful life

   (4) Long-term prepaid expenses

   Amortized by equal payments over the contract term

5. Recognition of significant reserves

(1) Allowance for doubtful accounts

To provide for possible bad debt losses on accounts receivable, the Company records an allowance based on historical percentage for ordinary receivables and on an estimate of the collectability of receivables for specific claims with default possibility.

(2) Provision for bonuses

To provide for future bonus payments to employees, the portion of the projected payable amount to be paid in the fiscal year under review is recorded.

(3) Provision for directors achievement rewards

To provide for performance-linked compensation to be paid to directors and other officers, the portion of the projected payable amount to be paid in the fiscal year under review is recorded.

(4) Provision for loss on store closings

To provide for losses due to store closings, estimated store-closing-related losses such as early cancellation penalties reasonably estimated to be incurred due to store closings are recorded.

(5) Provision for retirement benefit

To prepare for the payment of employees' retirement benefits, a provision is recorded based on the retirement benefit obligations at the end of the fiscal year under review and the projected amount of pension assets.

1) Method of attributing projected retirement benefits to periods

When calculating retirement benefit obligations, expected benefits are attributed to the period until the end of the fiscal year under review on a benefit formula basis.

2) Method of amortization of actuarial differences and past service costs

Past service costs are accounted for in the fiscal year they are incurred. Actuarial differences are charged to expenses in the fiscal year following the year in which they were incurred, by amortizing a proportional amount using the straight-line method over a definite period no longer than the average remaining service years of employees (10 years) of the fiscal year in which they were incurred.

6. Other significant matters that constitute the basis for preparation of non-consolidated financial statements

(1) Accounting for retirement benefits

The method of accounting for unaccounted-for amounts of unrecognized actuarial differences pertaining to retirement benefits differs from the accounting methods used for such amounts in the Consolidated Balance Sheet.

(2) Accounting for consumption taxes, etc.

National and local consumption taxes are accounted for by the tax exclusion method.

(Notes to changes in presentation method)

Changes due to the application of Accounting Standard for Disclosure of Accounting Estimates

The Company has adopted the Accounting Standard for Disclosure of Accounting Estimates (ASBJ Statement No. 31, March 31, 2020) and included "Notes to accounting estimates" in the Notes to Non-consolidated Financial Statements from the fiscal year under review.

(Notes to accounting estimates)

1. Impairment of non-current assets

(1) Amounts recorded in the financial statements for the fiscal year under review

(Millions of yen)

Asset type	Carrying amounts in the Non-consolidated Balance Sheet
Property, plant and equipment	12,011
Intangible assets	4,028
Total	16,039

(2) Information on the nature of significant accounting estimates in the identified categories

1) Method of calculation of amounts recorded in the non-consolidated financial statements for the year under review

In the recognition of impairment losses, the Company conducts asset grouping that regards stores as the minimum cash-generating units. It also determines whether or not to recognize impairment losses on headquarters assets, such as store core systems, in larger units as shared assets. In individual asset groups, for asset groups showing signs of impairment, such as continued losses from operating activities or stores that have indicated an intention to close, if the total of future cash flows before discounting for the residual useful life of the asset group is less than the book value, the book value is written down to the recoverable value, and the impairment losses are recorded as extraordinary losses.

In the fiscal year under review, signs of impairment of shared assets have been identified and a determination has been made as to whether or not to recognize impairment losses for a larger unit including shared assets. As the total of future cash flows before discount obtained from the subject asset group is greater than the book value, impairment losses have not been recorded.

2) Major assumptions used in the calculation of amounts recorded in the non-consolidated financial statements for the fiscal year under review

Future cash flows used for the calculation of recognition of impairment losses and utility value and for other purposes are based on the figures that provide the assumptions for the medium-term plans approved by the Board of Directors and take into consideration factors such as the current state of use, reasonable plans for use, and additional investment plans. As the major basis for management decisions, these figures incorporate future revenue growth projections in daily store sales, etc., as well as forecast fluctuations in cost of sales and selling and administrative expenses, such as personnel costs and rents. Regarding the effects of COVID-19, while it is believed that economic activities will trend toward a gentle recovery as progress is made in the roll-out of vaccines and the development of therapeutic drugs, estimates have been made on the assumption that customer numbers in the next fiscal year will remain unchanged.

3) Effect on non-consolidated financial statements for the following fiscal year

The major assumptions may be affected by factors such as changes in business strategies and changes in the external economic environment. If a review of the estimates of future cash flows becomes necessary, there is a possibility that additional impairment losses will be incurred in the non-consolidated financial statements for the following fiscal year.

2. Recoverability of deferred tax assets

(1) Amount recorded in non-consolidated financial statements for the fiscal year under review

(Millions of yen)

Asset type	Carrying amounts in the Non-consolidated Balance Sheet
Deferred tax assets	3,669

(2) Information on the nature of significant accounting estimates in the identified categories

1) Method of calculation of amounts stated in the non-consolidated financial statements for the fiscal year under review

For the recording of deferred tax assets, based on the company classification set forth in

Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016), recoverability was determined on the basis of whether or not it would have the effect of mitigating future tax burden. Deferred tax assets are recognized for deductible temporary differences and tax losses carried forward at the end of the fiscal year under review only to the extent that they can be used to mitigate tax burden in the following fiscal year, determined after estimating taxable income based on future earning capacity.

2) Major assumptions used in the calculation of amounts recorded in the non-consolidated financial statements for the fiscal year under review

For the above estimate, in addition to the projected amount of gain on sale pertaining to the transfer of shares in MINISTOP Korea, based on the figures that provide the assumptions for the following fiscal year's budget approved by the Board of Directors and taking into consideration past performance, future management environment, and other factors, estimates are made on taxable income before adjustment of temporary differences and on the period of elimination of the temporary differences. Regarding the impact of COVID-19, while it is believed that economic activities will trend toward a gentle recovery as progress is made in the roll-out of vaccines and the development of therapeutic drugs, estimates have been made on the assumption that customer numbers in the next fiscal year will remain unchanged.

3) Effect on non-consolidated financial statements for the following fiscal year

The major assumptions may be affected by factors such as changes in business strategies and changes in the external economic environment. If it is determined that all or part of the deferred tax assets become unrecoverable, there is a possibility that the deferred tax assets in the following fiscal year's non-consolidated financial statements will be reversed and income taxes - deferred will be incurred.

(Notes to the Non-consolidated Balance Sheet)

	(Millions of yen)
1. Accumulated depreciation of property, plant and equipment	38,649
2. Short-term monetary receivables from subsidiaries and associates	21,428
3. Long-term monetary receivables from subsidiaries and associates	170
4. Short-term monetary payables to subsidiaries and associates	82

5. Deposits received

In addition to deposits received for utility payment collection services, the amount includes ¥25,586 million in contract monies, etc. pertaining to the share transfer agreement of MINISTOP Korea.

(Notes to the Non-consolidated Statement of Income)

1. Major breakdown of selling, general and administrative expenses

	(Millions of yen)
Sales commission	3,335
Advertising expenses	1,898
Employees' salaries and bonuses	7,817
Provision for bonuses	173
Rent expenses on land and buildings	17,373
Depreciation	3,630

2. Transactions with subsidiaries and associates

(1) Operating transactions

	(Millions of yen)
Other operating revenue	708
Selling, general and administrative expenses	434

(2) Non-operating transactions

	(Millions of yen)
Interest received	28
Dividends received	500

3. Impairment losses

(1) Overview of asset groups in which impairment losses were recognized

(Millions of yen)

Use	Type	Location	Number of stores	Amount
Store	Buildings, etc.	Japan	1,074	3,202

(2) Background leading to recognition of impairment losses

The book values of asset groups that continue to or are projected to continue to generate losses from store operating activities have been marked down to their recoverable values, and those losses have been recorded as impairment losses in extraordinary losses.

(3) Amount of impairment losses

(Millions of yen)

Type	Amount
Buildings	831
Structures	115
Machinery and equipment	21
Furniture and fixtures	1,207
Land	3
Leased assets	1,018
Other	4
Total	3,202

(4) Asset grouping method

Grouping was performed based on stores as the minimum cash flow-generating units.

(5) Method of calculating recoverable amount

The recoverable amount for asset groups was measured either by net sales value or utility value. Net sales value is appraised by a reasonable estimate that takes examples of transactions, etc. into consideration. Utility value is calculated by discounting future cash flows by 4.8%. For those furniture and fixtures, leased assets, etc. previously considered divertible that are not expected to be diverted in future, recoverable amounts were appraised at zero.

4. Loss on withdrawal from business

¥1,389 million in losses due to the transfer of all of the shares in ROBINSONS CONVENIENCE STORES, INC. held by the Company and ¥1,259 million in loss on withdrawal from business due to the liquidation of QINGDAO MINISTOP CO., LTD. have been recorded.

(Notes to the Non-consolidated Statement of Changes in Equity)

Matters concerning treasury shares

Type of shares	Number of shares on March 1, 2021	Increase	Decrease	Number of shares on February 28, 2022
Ordinary shares (Thousand shares)	363	0	–	363

(Notes on tax effect accounting)

Main causes of deferred tax assets and liabilities and their details

(Deferred tax assets)

	(Millions of yen)
Property, plant and equipment	2,661
Retained losses for tax purposes	2,605
Investments in capital of subsidiaries and associates	1,853
Shares of subsidiaries and associates	1,256
Asset retirement obligations	582
Other	1,204
Sub-total	10,163
Valuation reserve for retained losses for tax purposes	(1,831)
Valuation reserve for total of deductible temporary differences, etc.	(4,469)
Valuation reserve	(6,300)
Total	3,863
(Deferred tax liabilities)	
Valuation difference on available-for-sale securities	8
Guarantee deposits	101
Other	83
Total	193
Net deferred tax assets	3,669

(Notes on retirement benefits)

1. Overview of adopted retirement benefits scheme

   The Company has adopted the defined-benefit corporate pension plan, defined contribution pension plan, and advance payment scheme established by its parent company, Aeon Co., Ltd., and its major domestic subsidiaries, etc.

2. Matters concerning retirement benefit obligations

	(Millions of yen)
Retirement benefit obligations	(2,520)
Pension assets	2,243
Unfunded retirement benefit obligations	(276)
Unrecognized actuarial differences	167
Provision for retirement benefit	(109)

3. Matters concerning retirement benefit expenses

	(Millions of yen)
Service costs	92
Interest expenses	19
Expected return on plan assets	(67)
Expensed amount of actuarial differences	56
Other (Note)	119
Retirement benefit expenses	221

Note: Refers to amounts of premiums paid into defined contribution plan and amounts of advance retirement payments made to employees.

4. Matters concerning basis for calculation of retirement benefit obligations, etc.

Method for distribution of projected retirement benefits among periods	Benefit formula method
Discount rate	0.8%
Rate of expected return on plan assets	3.21%
Period of accounting for actuarial differences	10 years from year incurred
Period of accounting for past service costs	Collectively in fiscal year incurred

(Notes on transactions with affiliates)

1. Parent company

Category	Company name	Address	Capital or equity investment (Millions of yen)	Business	Ratio of voting rights holding (held)	Relationship		Transaction details	Trans-action amount (Millions of yen)	Account	End-of-fiscal-year balance (Millions of yen)
						Concurrent directors, etc.	Business relationship				
Parent company	Aeon Co., Ltd.	Mihama-ku, Chiba, Chiba Prefecture	220,007	Pure holding company	(Held) Direct 48.5% Indirect 5.3% Total 53.8%	None	Contracted fund manage-ment	Contracted fund manage-ment	3,358	Deposits paid to subsid-iaries and associates	21,000
								Receipt of interest	2	Accounts receivable - other	19

Notes: 1. Transaction amounts do not include consumption taxes, etc.
2. The interest on contracted fund management is decided in light of market interest rates.
3. The amount of contracted fund management is the average balance during the fiscal year.

2. Affiliated companies

Category	Company name	Address	Capital or equity investment (Millions of yen)	Business	Ratio of voting rights holding (held)	Relationship		Transaction details	Trans-action amount (Millions of yen)	Account	End-of-fiscal-year balance (Millions of yen)
						Concurrent directors, etc.	Business relationship				
Company with the same parent company	AEON Credit Service Co., Ltd.	Chiyoda-ku, Tokyo	500	Financial services	None	None	Collection agency for credit purchases	Credit and e-money commissions	393	Accounts receivable - other	2,706
										Deposits received	1,088
										Accounts payable - other	89
Company with the same parent company	ACS-leasing Co., Ltd.	Chiyoda-ku, Tokyo	250	Leasing business	None	None	Leasing of POS equipment	Acquisition of leased assets	85	Lease liabilities due within 1 year	773
								Payment of interest	18	Lease liabilities	956

Notes: 1. Transaction amounts do not include consumption taxes, etc.
2. The transaction amount for AEON Credit Service Co., Ltd. represents the commissions for the use of credit cards at stores as well as for the use and recharging of e-money.
3. The credit and e-money commissions and POS equipment leasing are decided reasonably after discussions between the parties.

(Notes on per share information)

1. Net assets per share 1,085.91 yen
2. Loss per share 109.78 yen

(Significant subsequent events)

Transfer of consolidated subsidiary

The Company concluded a share transfer agreement with LOTTE Corporation on January 21, 2022 for all shares in its consolidated subsidiary, MINISTOP Korea Co., Ltd., and transferred all shares on March 29, 2022. With this share transfer, the Company expects to record extraordinary income of ¥19.0 billion (estimate) as gain on sale of shares of subsidiaries and associates in the fiscal year ending February 28, 2023.

For details, please refer to the “Significant subsequent events” in Notes to the Consolidated Financial Statements.