



# Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2021 (Japanese GAAP)

July 7, 2020

Company name: AEON MALL Co., Ltd.

Stock Exchange Listing: TSE

Stock code: 8905

URL

<https://www.aeonmall.com/en/ir/index.html>

Representative: Yasutsugu Iwamura, President and CEO

Inquiries: Masahiko Okamoto, Director and General Manager of the Administration Division

Telephone: +81-43-212-6733

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Starting date of dividend payment: —

Preparation of supplementary materials for quarterly financial results: Yes

Holding of quarterly financial results briefing: Yes (for institutional investors and analysts)

(Amounts in millions of yen rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 2021 (March 1, 2020 – May 31, 2020)

### (1) Consolidated Operating Results (cumulative)

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2020	52,790	(34.6)	2,471	(83.7)	1,051	(91.8)	(13,476)	—
Three months ended May 31, 2019	80,690	5.1	15,137	19.6	12,862	5.1	7,991	1.2

(Note) Comprehensive income: Three months ended May 31, 2020: (¥25,708) million (-%)

Three months ended May 31, 2019: ¥12,139 million (-%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three months ended May 31, 2020	(59.23)	—
Three months ended May 31, 2019	35.13	35.12

(Note) Diluted net income per share for the three months ended May 31, 2020, is not provided, as the company recorded a net loss per share for shares with dilutive effect.

### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
May 31, 2020	1,320,611	374,219	27.7
February 29, 2020	1,381,217	404,522	28.5

(Reference) Equity: May 31, 2020: ¥365,175 million

February 29, 2020: ¥393,849 million

## 2. Dividends

	Annual Dividend				
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 29, 2020	—	20.00	—	20.00	40.00
Year ending February 28, 2021	—				
Year ending February 28, 2021 (projection)		20.00	—	20.00	40.00

(Note) Revisions to dividend forecast announced recently: None

### 3. Consolidated Earnings Projections for the Year Ending February 28, 2021 (March 1, 2020 - February 28, 2021)

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half, FY2020	125,000	(22.4)	8,000	(72.6)	4,000	(84.1)	(14,000)	—	(61.53)
Second half, FY2020	155,000	(4.9)	22,000	(30.3)	18,000	(41.9)	10,000	(41.8)	43.95
Full-year	280,000	(13.6)	30,000	(50.7)	22,000	(60.8)	(4,000)	—	(17.58)

(Notes) 1. Revisions to earnings forecast announced recently: Yes

(Notes) 2. For more about earnings projections, see *Notice of Extraordinary Loss and Consolidated Earnings Projections for the Fiscal Year Ending February 2021*, published today (July 7, 2020).

#### \* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): None

(2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes of accounting-based estimates, revisions & restatements

[1] Changes in accounting policies due to changes in accounting standards, etc.: None

[2] Changes in accounting policies other than the above: None

[3] Changes in accounting estimates: None

[4] Revisions and restatements: None

(4) Number of shares issued and outstanding (common stock)

[1] Number of shares outstanding at period-end (including treasury stock)	Three months ended May 31, 2020	227,529,039	Year ended February 29, 2020	227,515,009
[2] Treasury stock at period-end	Three months ended May 31, 2020	2,910	Year ended February 29, 2020	2,697
[3] Average number of shares during the period (quarterly cumulative)	Three months ended May 31, 2020	227,525,045	Three months ended May 31, 2019	227,478,907

\* The summary of quarterly financial results is exempt from quarterly review procedures.

\* Explanations and other special notes concerning the appropriate use of earnings projections

(Cautionary statement regarding forward-looking statements, etc.)

The forward-looking statements, such as earnings projections, included in these materials are based on information currently available to the Company and certain assumptions it deems reasonable. They do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. See *1. Qualitative Information on Quarterly Financial Performance (3) Explanation of Consolidated Earnings Projections and Other Projections* on P.6 of the accompanying materials for assumptions used in earnings projections and matters to note when using earnings projections.

(Procedures for obtaining supplementary information on financial results)

The Company is scheduled to hold a briefing for institutional investors and analysts on July 8, 2020. The materials handed out at this briefing will be posted on the Company's website on July 7, 2020, and an audio recording of the briefing will be made available on the Company's website soon after the briefing has ended.

## Accompanying Materials — Contents

1. Qualitative Information on Quarterly Financial Performance	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	5
(3) Explanation of Consolidated Earnings Projections and Other Projections	6
2. Quarterly Consolidated Financial Statements and Notes	8
(1) Quarterly Consolidated Balance Sheets	8
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	10
Quarterly Consolidated Statements of Income	
(For the three months ended May 31, 2019 and May 31, 2020)	10
Quarterly Consolidated Statements of Comprehensive Income	
(For the three months ended May 31, 2019 and May 31, 2020)	11
(3) Quarterly Consolidated Statements of Cash Flows	12
(4) Notes to the Quarterly Consolidated Financial Statements	13
Notes on the going concern assumption	13
Notes on significant changes in shareholders' equity	13
Changes in major consolidated subsidiaries during the period under review	13
Supplementary information	13
Segment and other information	14
Significant subsequent events	14

## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Operating Results

#### a. Explanation of consolidated results of operations

To achieve our management philosophy and greater business growth, AEON MALL defined a long-term vision through the fiscal year ending February 2026 (FY2025). Our current medium-term management plan (FY2020-FY2022), which we launched in fiscal 2020, outlines four growth policies: (1) Achieve high profit growth overseas; (2) Achieve stable growth in Japan; (3) Build a financing mix and governance structures supporting growth; and (4) Pursue ESG-based management. By engaging in management from an ESG perspective, we will create social value, environmental value, and economic value through which we will produce sustainable growth in partnership with our communities.

During the consolidated first quarter of fiscal 2020 (inaugural year of our current business plan), the COVID-19 outbreak spread across the world. We reduced mall operating hours or closed malls temporarily in China, ASEAN, and Japan in response to government requests, as well as our own considerations in preventing the spread of infection. When reopening our malls in each country, we implemented measures to prevent infection and ensure safety and security, placing the highest priority on the safety of our customers, tenant staff, and other mall employees.

In light of the impact of mall operating constraints on tenant companies, our important business partners, we implemented rent reductions and exemptions, while at the same time striving to reduce costs by revising management and operating costs throughout the period of mall closures.

As a result, operating revenue for the first three months ended May 31, 2020 amounted to ¥52,790 million (-34.6% year on year). Operating income amounted to ¥2,471 million (-83.7%), ordinary income amounted to ¥1,051 million (-91.8%), and quarterly net loss attributable to owners of parent amounted to ¥13,476 million (compared to net income of ¥7,991 million in the year-ago period).

Fixed costs during the temporary closures amounted to ¥15,818 million, posted as extraordinary losses due to COVID-19.

#### ◆ Consolidated Earnings

(Million yen)

	FY2019 Q1	FY2020 Q1	Change [YoY]
Operating revenue	80,690	52,790	(27,899) [-34.6%]
Operating income	15,137	2,471	(12,666) [-83.7%]
Ordinary income	12,862	1,051	(11,810) [-91.8%]
Net income (loss) attributable to owners of parent	7,991	(13,476)	(21,467) [-]

## b. Explanation of business performance by segment

### ◆ Earnings by Segment

(Million yen)

	Operating Revenue			Segment Income (loss)		
	FY2019 Q1	FY2020 Q1	Change [YoY]	FY2019 Q1	FY2020 Q1	Change [YoY]
Japan	68,575	44,175	(24,399) [-35.6%]	12,837	2,716	(10,120) [-78.8%]
China	8,988	4,985	(4,002) [-44.5%]	1,584	(1,019)	(2,604) [-]
ASEAN	3,126	3,629	+502 [16.1%]	709	768	+58 [8.3%]
Overseas	12,115	8,615	(3,499) [-28.9%]	2,293	(251)	(2,545) [-]
Adjustment	—	—	— [-]	6	6	— [0%]
Total	80,690	52,790	(27,899) [-34.6%]	15,137	2,471	(12,666) [-83.7%]

### 1. Overseas

The company recorded overseas operating revenue of ¥8,615 million (-28.9% year on year) and an operating loss of ¥251 million (compared to operating income of ¥2,293 million in the year-ago quarter). The accounting period for companies outside Japan is the year ending December 31; therefore, earnings for FY2020 Q1 reflect results from January through March 2020.

#### (China)

The Company recorded operating revenue in China in the amount of ¥4,985 million (-44.5% year on year). Operating loss amounted to ¥1,019 million (compared to operating income of ¥1,584 million in the year-ago quarter).

In China, we advanced our strategy of area-dominant store openings in the Beijing/Tianjin/Shandong, Jiangsu/Zhejiang, Hubei, and Guangdong regions. By increasing power of the AEON MALL brand to attract more customers, we are attracting quality tenants and entering into lease contracts under more favorable terms, generating a branding advantage. We are leveraging the operational experience developed in Japan, driving consumer demand and generating customer traffic through promotional sales and events. We also offer the same type of cleanliness found in Japanese malls (clean, safe, comfortable environments) and conduct renovations regularly, timed to the changeover of specialty store tenants. We captured Chinese New Year demand across our existing 19 malls in China, generating double-digit like-for-like sales growth in January.

However, in conjunction with the January 24 quarantine of Wuhan City due to the spread of COVID-19, tenants in our three malls in the city instituted temporary closures. Through mid-February, as many as 11 of our 21 malls in China closed temporarily due to the spread of COVID-19 across the country.

From February 22 through March, we began to reopen in stages, finally seeing all 21 malls open for business again on April 1 (some operations, including cinemas, amusement facilities, children's classrooms, etc., continue to be closed due to government directives).

During the consolidated first quarter, February and March like-for-like specialty store sales for our 19 existing malls in China underperformed the year-ago period by a significant margin, owing in large part to the strict quarantine directives of the Chinese government. Despite differences in progress by region, we saw the beginnings of a recovery once all malls reopened in April.

Of our existing malls, we intend to attract more customers to the AEON MALL Wuhan Jinyintan (Wuhan City, Hubei Province) through future initiatives including floor space expansion and renovation, events, and sales

promotions. Our activities will place the highest priority on safety and security, while keeping a close eye on the post-COVID-19 situation after the pandemic subsides.

In June, we renovated the food sales zone of AEON MALL Wuhan Jinqiao (Wuhan City, Hubei Province), expanding from 20 stores to 26. Despite the ongoing restrictions on economic activity due to COVID-19 in the Wuhan area, we conducted a successful renovation with the great cooperation of our tenants and their strong desire for a recovery.

To achieve our target of 70 malls in operation overseas by the year 2025, we will continue to search for and secure properties to support new malls in areas of high potential growth.

#### (ASEAN)

AEON MALL recorded operating revenue in ASEAN in the amount of ¥3,629 million, an increase of 16.1% year on year. Operating income amounted to ¥768 million, up 8.3%.

In Vietnam, January specialty store sales were strong, 50% higher year on year. This performance was the result of our floor space expansion and renovation of AEON MALL Tan Phu Celadon (Ho Chi Minh City) in the prior consolidated fiscal year, customer attraction events during the Chinese New Year and Tet (Vietnamese New Year), and sales promotions. In February, the increase in COVID-19 infections caused a gradual downward trend in customer numbers and sales. Even so, consolidated first quarter specialty store sales for our four existing malls in Vietnam outperformed the same period in the prior fiscal year by 4.3%, continuing a trend of year-on-year growth. In March, the Vietnamese government enacted strict social isolation measures, severely restricting travel outside the home. On March 28, AEON Mall implemented temporary closures for tenants at four malls (AEON MALL Tan Phu Celadon, AEON MALL Long Bien (Hanoi City), AEON MALL Binh Tan (Ho Chi Minh City), and AEON MALL Ha Dong (Hanoi City). On April 24, we reopened the closed malls, once again operating all five malls in the country. The strict virus containment measures in Vietnam resulted in a rapid return of customers, resulting in favorable sales, particular the purchase of goods. May sales at our existing four malls recovered to levels in the year-ago period.

In Indonesia, we temporarily closed specialty stores in our AEON MALL BSD CITY (Kota Tangerang) and AEON MALL Jakarta Garden City (Jakarta City) malls on March 31 in conjunction with the restrictions on large-scale companies instituted in the Special Capital Territory of Jakarta. We reopened our business on June 15.

In Cambodia, although the government took measures to restrict the admittance of foreign visitors, we continued to operate our malls, albeit under shortened business hours.

In ASEAN, we opened one mall in Vietnam and advanced in the opening of two new malls in Indonesia. We have designated Vietnam as a most important strategic area due to the expected growth in that market. At present, we are moving forward in searching and securing properties.

#### New Overseas Business Malls Scheduled to Open During the Second Quarter of Fiscal 2020

	Name	Location	Opening Date	No. of Tenants	Lease Area
Vietnam	AEON MALL Hai Phong Le Chan	Hai Phong City	FY2020	200	74,000m <sup>2</sup>
Indonesia	AEON MALL Sentul City	West Java	FY2020	250	71,000m <sup>2</sup>
	AEON MALL Tanjung Barat	South Jakarta	FY2020	150	42,000m <sup>2</sup>

(Note) The fiscal year of the opening date is the fiscal year used in Japan. The accounting period for companies outside Japan is the year ending December 31.

While consumption in China and ASEAN has declined temporarily due to the spread of COVID-19, activity has been in a general recovery since we resumed operations. We aim to continue delivering high growth by securing mall management and operating systems that respond to the post-COVID-19 era as quickly as possible.

## (2) Japan

The company recorded operating revenue in Japan in the amount of ¥44,175 million, a decrease of 35.6% year on year. Operating income amounted to ¥2,716 million, down 78.8%.

In response to the declaration of emergency in Japan, we temporarily closed malls and urban shopping centers in seven prefectures beginning April 8. On April 18, we temporarily closed all 165 malls managed and operated by the group across Japan. Subsequently, Japan phased out its state of emergency and we began reopening our businesses on May 13. By May 28, all of our facilities were open for business. Upon reopening, we installed AI-based thermometers at building entrances, implemented measures to prevent droplet infections in our sales areas and back rooms, including acrylic panels, vinyl curtains, and implemented entry restriction standards based on in-store customer management system data. In particular, our measures to increase air circulation involve controlling air balance within our facilities by bringing in air from the outside to raise the air pressure. This makes for easier air circulation within our malls. We have also increased the air circulation functions within malls by raising the intake volume of air from the outside compared to the past, leading to a more enjoyable shopping environment for our customers.

During the current consolidated fiscal year, we plan to open two new malls, expand two existing malls, and renovate eight malls in Japan. Through the first three months of FY2020, we renovated seven existing malls in March and April.

### Malls Renovated During the First Quarter of Fiscal 2020

Name	Location	Date Reopened	No. of Tenants	No. of Renovated Specialty Stores
AEON MALL Zama (Note)	Kanagawa Pref.	March 6	160	1
AEON MALL Sanko (Note)	Oita Prefecture	March 7	70	1
AEON MALL Shijonawate	Osaka Prefecture	March 13	200	6
AEON MALL Kawaguchi Maekawa	Saitama Prefecture	March 19	170	14
AEON MALL Hinode	Tokyo Prefecture	March 20	160	21
AEON MALL Toin	Mie Pref.	March 20	155	21
AEON MALL Makuhari Shintoshin	Chiba Prefecture	April 24	360	33

Note: We expanded the cinemas at AEON MALL Zama and AEON MALL Sanko.

### New Japanese Business Malls Scheduled to Open During Through the Second Quarter of Fiscal 2020

Name	Location	Opening Date	No. of Tenants	Lease Area
AEON MALL Ageo	Saitama Pref.	FY2020	130	34,000m <sup>2</sup>
AEON MALL Shinrifu South Wing	Miyagi Prefecture	FY2020	TBA	69,000m <sup>2</sup>

Given the coming new lifestyle announced by the Ministry of Health, Labour and Welfare, we expect to see dramatic changes in consumer lifestyles, purchasing behavior, etc., in the post-COVID-19 era. This new normal presents an opportunity to improve our mall environments and monitoring operations for infection prevention, to offer new mall concepts and new service functions post-COVID-19, and to introduce other revolutionary changes from our conventional business model, responding to changes in the social environment.

## (2) Explanation of Financial Position

### 1) Assets, Liabilities and Net Assets

#### Assets

Total assets amounted to ¥1,320,611 million, down ¥60,606 million compared to the end of the prior consolidated fiscal year. This decrease was mainly due to a decrease of ¥63,400 million in deposits paid to affiliates (included in other current assets) and a decrease in property, plant and equipment of ¥14,592 million

due to depreciation. These decreases were offset partially by increases of ¥18,035 million in cash and deposits and ¥9,041 million in property, plant and equipment for activating existing malls and advanced purchases of land for development.

### **Liabilities**

Total liabilities stood at ¥946,391 million, down ¥30,303 million from the end of the prior consolidated fiscal year. This result was mainly due to decreases of ¥35,244 million in deposits received from specialty stores, ¥10,713 million in income taxes payable, ¥8,682 million in Accounts payable-construction, and ¥5,610 million in consumption tax payable (included in Other current liabilities). These amounts were offset in part by ¥30,000 million from proceeds of issuance of bonds and an increase of ¥80,000 million in short-term debt.

### **Net assets**

Net assets totaled ¥374,219 million, down ¥30,302 million compared to the end of the prior consolidated fiscal year. This result was mainly due to a decrease in retained earnings of ¥13,476 million in quarterly net loss attributable to owners of parent and ¥4,550 million in dividend payments, as well as a decrease of ¥10,786 million in foreign currency translation adjustments.

## **2) Cash Flows**

Cash and cash equivalents (“Cash”) as of the end of first three months of the consolidated first quarter amounted to ¥69,660 million, down ¥44,708 million compared to the end of the prior consolidated fiscal year.

Cash flows in the period under review were as follows:

### **Cash flows from operating activities**

Net cash used in operating activities amounted to ¥53,137 million compared to cash provided by operating activities of ¥28,537 million for the same period in the prior fiscal year. This result was mainly due to a loss before income taxes and other adjustments of ¥16,802 million (compared to income before income taxes and other adjustments of ¥12,517 million in the year-ago period), a decrease in deposits received from specialty stores of ¥35,193 million (compared to an increase of ¥11,864 million in the year-ago period), and income taxes paid in the amount of ¥10,332 million (¥6,807 million in the year-ago period). These decreases were offset in part by depreciation and amortization of ¥14,592 million (¥14,251 million in the year-ago period).

### **Cash flows from investing activities**

Net cash used in investing activities amounted to ¥20,612 million compared to ¥36,234 million in the year-ago period. This result was mainly due to purchases of property, plant and equipment in the amount of ¥18,972 million (¥34,999 million in the year-ago period) for equipment at malls opened in the prior consolidated fiscal year (Fujiidera Shopping Center) and malls expanded in the prior consolidated fiscal year (AEON MALL Takaoka).

### **Cash flows from financing activities**

Net cash provided by financing activities amounted to ¥31,004 million, compared to net cash provided of ¥11,510 million in the year-ago period. This result was mainly due to proceeds from issuance of bonds in the amount of ¥30,000 million (¥30,000 million in the year-ago period), proceeds from short-term debt in the amount of ¥8,000 million (repayments of ¥6,000 million in the year-ago period), and proceeds from long-term debt of ¥2,000 million (¥500 million in the year-ago period). These amounts were offset in part by dividend payments of ¥4,550 million (¥4,321 million in the year-ago period), repayments of lease obligations of ¥2,214 million (¥2,554 million in the year-ago period), and repayments of long-term debt in the amount of ¥2,064 million (repayments of ¥5,957 million in the year-ago period).

## **(3) Explanation of Consolidated Earnings Projections and Other Projections**

In *Consolidated Financial Results for the Fiscal Year Ended February 29, 2020 (Japanese GAAP)*, published on April 9, 2020, we did not provide a financial forecast. With economic activities reopening, even as we deal with COVID-19, we believe we can make rational earnings projections for the rest of the fiscal year.



Therefore, we have calculated the following forecasts for the first six months of fiscal 2020: Operating revenue of ¥125,000 million (22.4% decrease year on year), operating income of ¥8,000 million (72.6% decrease), ordinary income of ¥4,000 million (84.1% decrease), and net loss attributable to owners of parent of ¥14,000 million (versus ¥17,043 million net profit in the year-ago period). For the combined third and fourth quarters, we forecast operating revenue of ¥155,000 million (4.9% decrease year on year), operating income of ¥22,000 million (30.3% decrease), ordinary income of ¥18,000 million (41.9% decrease), and net income attributable to owners of parent of ¥10,000 million (41.8% decrease). For the fiscal year, we project operating revenue of ¥280,000 million (13.6% decrease versus fiscal 2020), operating income of ¥30,000 million (50.7% decrease), ordinary income of ¥22,000 million (60.8% decrease), and net loss attributable to owners of parent of ¥4,000 million (compared to ¥34,239 million in net income for fiscal 2019).

For more about earnings projections, see *Notice of Extraordinary Loss and Consolidated Earnings Projections for the Fiscal Year Ending February 2021*, published today (July 7, 2020).

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 29, 2020	As of May 31, 2020
<b>Assets</b>		
Current assets:		
Cash and deposits	58,283	76,318
Notes and accounts receivable–trade	7,755	10,628
Other	103,382	37,414
Allowance for doubtful receivables	(66)	(63)
Total current assets	169,354	124,297
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	630,602	618,468
Land	305,383	304,305
Right-of-use assets (net)	123,798	117,861
Other, net	31,670	32,961
Total property, plant and equipment	1,091,455	1,073,598
Intangible assets	3,807	3,894
Investments and other assets		
Lease deposits paid	49,919	50,920
Other	66,694	67,914
Allowance for doubtful receivables	(13)	(13)
Total investments and other assets	116,600	118,821
Total fixed assets	1,211,863	1,196,314
Total assets	1,381,217	1,320,611

(Million yen)

	As of February 29, 2020	As of May 31, 2020
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	8,530	8,655
Short-term debt	—	8,000
Bonds due within one year	15,000	15,000
Current portion of long-term debt	35,774	40,396
Lease obligations	12,107	12,447
Income taxes payable	11,388	675
Deposits received from specialty stores	65,426	30,181
Allowance for employee bonus	1,661	982
Allowance for director and corporate auditor performance-based remuneration	114	21
Provision for loss on store closing	572	572
Other current liabilities	61,341	45,518
Total current liabilities	211,916	162,449
Long-term liabilities		
Straight bonds	300,000	330,000
Long-term debt	199,322	194,157
Lease obligations	103,872	98,331
Accrued retirement benefits to employees	1,278	1,222
Asset retirement obligations	16,575	16,624
Lease deposits from lessees	140,375	140,011
Other extraordinary losses	3,355	3,593
Total long-term liabilities	764,779	783,941
Total liabilities	976,695	946,391
<b>Net assets</b>		
Shareholders' equity		
Common stock	42,347	42,359
Capital surplus	40,666	40,678
Retained earnings	318,755	300,729
Treasury stock, at cost	(5)	(5)
Total shareholders' equity	401,765	383,761
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	920	1,004
Foreign currency translation adjustment	(7,832)	(18,619)
Remeasurements of defined benefit plans	(1,003)	(970)
Total accumulated other comprehensive income	(7,916)	(18,585)
Stock acquisition rights	47	49
Non-controlling interests	10,625	8,994
Total net assets	404,522	374,219
Total liabilities and net assets	1,381,217	1,320,611

**(2) Quarterly consolidated Statements of Income and Consolidated Statements of Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(For the three months ended May 31, 2019 and May 31, 2020)**

(Million yen)

	FY2019 Q1 March 1 - May 31, 2019	FY2020 Q1 March 1 - May 31, 2020
Operating revenue	80,690	52,790
Operating costs	58,996	43,933
Gross profit	21,693	8,857
Selling, general and administrative expenses	6,555	6,386
Operating income	15,137	2,471
Non-operating profits		
Interest income	192	303
Compensation paid by departing tenants	360	273
Foreign exchange gains	—	388
Compensation income	42	25
Other non-operating profits	125	280
Total non-operating profits	720	1,271
Non-operating expenses		
Interest expenses	2,444	2,398
Foreign exchange losses	78	—
Loss on valuation of derivatives	77	8
Other non-operating expenses	395	283
Total non-operating expenses	2,995	2,691
Ordinary income	12,862	1,051
Extraordinary gains		
Gain on sale of fixed assets	2	0
Gain on sale of investment securities	—	5
Other extraordinary gains	—	3
Total extraordinary gains	2	9
Extraordinary losses		
Loss on sale of fixed assets	0	0
Loss on retirement of fixed assets	337	187
Impairment loss	—	1,812
Loss due to COVID-19	—	15,818
Other extraordinary losses	10	44
Total extraordinary losses	347	17,863
Income (loss) before income taxes	12,517	(16,802)
Income tax – current	3,768	242
Income tax – deferred	647	(3,346)
Total income taxes	4,416	(3,103)
Net income (loss)	8,100	(13,698)
Net income (loss) attributable to non-controlling interests	109	(221)
Net income (loss) attributable to owners of parent	7,991	(13,476)

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(For the three months ended May 31, 2019 and May 31, 2020)**

(Million yen)

	FY2019 Q1 March 1 - May 31, 2019	FY2020 Q1 March 1 - May 31, 2020
Net income (loss)	8,100	(13,698)
Other comprehensive income		
Net unrealized gain on available-for-sale securities	(67)	84
Foreign currency translation adjustment	4,075	(12,127)
Remeasurements of defined benefit plans	31	33
Total other comprehensive income	4,039	(12,010)
Comprehensive income	12,139	(25,708)
Comprehensive income (loss) attributable to:		
Owners of parent	12,299	(24,145)
Non-controlling interests	(159)	(1,562)

### (3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	FY2019 Q1 March 1 - May 31, 2019	FY2020 Q1 March 1 - May 31, 2020
Cash flows from operating activities:		
Income (loss) before income taxes	12,517	(16,802)
Depreciation and amortization	14,251	14,592
Impairment loss	—	1,812
Interest and dividend income	(226)	(321)
Interest expenses	2,444	2,398
Decrease (increase) in receivables—trade accounts	135	(3,130)
Increase (decrease) in payables—trade accounts	1,097	306
Increase (decrease) in deposits received from specialty stores	11,864	(35,193)
Other	(4,271)	(4,225)
Subtotal	37,813	(40,564)
Interest and dividends received	198	365
Interest paid	(2,666)	(2,606)
Income taxes paid	(6,807)	(10,332)
Net cash provided by (used in) operating activities	28,537	(53,137)
Cash flows from investing activities:		
Purchase of property, plant and equipment	(34,999)	(18,972)
Proceeds from sales of property, plant and equipment	25	2
Payment of lease deposits to lessors	(152)	(1,406)
Reimbursement of lease deposits to lessors	964	143
Repayment of lease deposits from lessees	(2,841)	(2,186)
Proceeds from lease deposits from lessees	3,596	2,327
Other payments	(3,401)	(2,166)
Other proceeds	573	1,644
Net cash provided by (used in) investing activities	(36,234)	(20,612)
Cash flows from financing activities:		
Increase (decrease) in short-term debt and commercial paper	(6,000)	8,000
Repayment of lease obligations	(2,554)	(2,214)
Proceeds from long-term debt	500	2,000
Repayment of long-term debt	(5,957)	(2,064)
Proceeds from issuance of bonds	30,000	30,000
Purchase of treasury stock	(0)	(0)
Dividends paid	(4,321)	(4,550)
Dividends paid to non-controlling interests	(6)	(6)
Other	(149)	(161)
Net cash provided by (used in) financing activities	11,510	31,004
Foreign currency translation adjustments on cash and cash equivalents	1,049	(1,962)
Net increase (decrease) in cash and cash equivalents	4,862	(44,708)
Cash and cash equivalents at beginning of the period	55,414	114,368
Cash and cash equivalents at end of the period	60,277	69,660

#### **(4) Notes to the Quarterly Consolidated Financial Statements**

##### **Notes on the going concern assumption**

Not applicable

##### **Notes on significant changes in shareholders' equity**

Not applicable

##### **Changes in major consolidated subsidiaries during the period under review**

Not applicable

##### **Supplementary Information**

Accounting estimates related to the impact of COVID-19

Although we appear to have passed the peak of the COVID-19 pandemic, AEON MALL Group estimates related to fixed asset impairment accounting assume that the impact of COVID-19 on operating revenue will continue throughout the fiscal year ending February 2021 at levels that contract over time. This assumption is based on the information available at the time we prepared these financial statements.

## Segment and other information

### Segment information

#### I. Three Months Ended May 31, 2019

##### 1. Information on operating revenue and profit (loss) of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
Operating revenue						
Operating revenue from external customers	68,575	8,988	3,126	80,690	—	80,690
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	68,575	8,988	3,126	80,690	—	80,690
Segment profit (Note 3)	12,837	1,584	709	15,131	6	15,137

(Notes) 1. Adjustment to segment profit is adjustment to unrealized gains in intersegment transactions.

2. Segment profit has been adjusted to operating income on the quarterly consolidated statement of income.

3. As noted under Changes in accounting policies, the company has applied IFRS 16 as of the first quarter of the current consolidated fiscal year.

As a result, profits for the China and ASEAN segments increased ¥1,216 million and ¥119 million, respectively.

##### 2. Information related to impairment of fixed assets, goodwill, etc. by reportable segment

Not applicable.

#### II. Three Months Ended May 31, 2020

##### 1. Information on operating revenue and profit (loss) of each reporting segment

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
Operating revenue						
Operating revenue from external customers	44,175	4,985	3,629	52,790	—	52,790
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	44,175	4,985	3,629	52,790	—	52,790
Segment profit (loss)	2,716	(1,019)	768	2,465	6	2,471

(Notes) 1. Adjustments to segment income (loss) reflect unrealized profits on intersegment transactions.

2. Segment profit (loss) adjustment reflected in operating income on the quarterly consolidated statement of income.

##### 2. Information related to impairment of fixed assets, goodwill, etc. by reportable segment

Material impairment of fixed assets

The Company recognized impairment losses in the Japan segment for asset groups which have experienced a significant decline in profitability. The Company recorded ¥1,812 million in impairment loss for the cumulative consolidated first quarter of the current fiscal year.

Goodwill did not change materially during the period under review.

### Significant subsequent events

Not applicable.