Consolidated Financial Results for the Fiscal Year Ended February 28, 2021 (Japanese GAAP)

April 8, 2021

Company name:	AEON MALL Co., Ltd.	Listings	Tokyo Stock Exchange
Stock code:	8905	URL	https://www.aeonmall.com/ir/index.html
Representative:	Yasutsugu Iwamura, President and CEO		

Scheduled dates:

General shareholder's meeting	May 20, 2021
Commencement of dividend payments	April 30, 2021
Submission of statutory financial report	May 21, 2021
Supplementary documents for financial results	Yes
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 Year Ended February 28, 2021 (March 1, 2020 – February 28, 2021)

(1) Consolidated Operating Results (Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Years ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2021	280,688	(13.4)	34,394	(43.4)	28,437	(49.3)	(1,864)	―
February 29, 2020	324,138	3.6	60,794	14.7	56,117	7.5	34,239	2.1

(Note) Comprehensive income Year ended February 28, 2021: (¥8,611) million (―%)
Year ended February 29, 2020: ¥32,269 million (88.5%)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income / total assets ratio	Operating income / net sales ratio
Years ended	Yen	Yen	%	%	%
February 28, 2021	(8.19)	―	(0.5)	2.0	12.3
February 29, 2020	150.50	150.47	8.8	4.3	18.8

(Reference) Investment profit on equity method Year ended February 28, 2021: ¥―million
Year ended February 29, 2020: ¥―million

(Note) Diluted net income per share for the fiscal year ended February 28, 2021, is not provides, as the company recorded a net loss per share for shares with dilutive effect.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
February 28, 2021	1,394,199	387,486	27.1	1,658.23
February 29, 2020	1,381,217	404,522	28.5	1,731.11

(Reference) Equity February 28, 2021: ¥377,318 million
February 29, 2020: ¥393,849 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
Years ended	Million yen	Million yen	Million yen	Million yen
February 28, 2021	61,621	(64,444)	12,244	124,080
February 29, 2020	133,645	(95,783)	22,808	114,368

2. Dividends

	Dividend per share					Total dividend	Payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 29, 2020	－	20.00	－	20.00	40.00	9,100	26.6	2.3
February 28, 2021	－	20.00	－	20.00	40.00	9,101	－	2.4
Year ending February 28, 2022 (Projection)	－	25.00	－	25.00	50.00		36.7	

3. Consolidated Earnings Projections for the Year Ending February 28, 2022 (March 1, 2021 – February 28, 2022)

(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	167,000	32.5	26,500	125.3	23,000	156.0	18,000	－	79.10
Full-year	344,000	22.6	59,000	71.5	50,500	77.6	31,000	－	136.23

* 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) Changes in accounting policies, changes of accounting-based estimates, revisions and 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

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

[1] Number of shares outstanding at period-end (including treasury stock)	Year ended February 28, 2021	227,545,839	Year ended February 29, 2020	227,515,009
[2] Treasury stock at period-end	Year ended February 28, 2021	3,265	Year ended February 29, 2020	2,697
[3] Average number of shares during the period (quarterly cumulative)	Year ended February 28, 2021	227,533,220	Year ended February 29, 2020	227,501,400

*This summary of consolidated results is exempt from review procedures conducted by a certified public accountant or public accounting firm.

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

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

Earnings projections included in these materials and attachments are based on information available to the Company at the time and reflect certain assumptions the Company deems reasonable. Projections do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. For matters related to earnings projections, see *(1) Analysis of Operating Results 2) Future Outlook* on P.9.

(Procedures for obtaining supplementary information on financial results and accessing briefing materials)

The Company is scheduled to hold a briefing for institutional investors and analysts on April 9, 2021. The materials handed out at this briefing will be posted on the Company’s website on April 8, 2021. An audio recording of the briefing will be made available on the Company’s website soon after the briefing has ended.

Accompanying Materials — Contents

Attachments

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview of the consolidated fiscal year under review

a. Explanation of consolidated results of operations

The Company has defined a long-term vision through the fiscal year ending February 2026 (FY2025) by which we will pursue our management philosophy and achieve further business growth. We are working together with local communities to achieve sustainable growth by creating social, environmental, and economic value through ESG-oriented management.

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.

During the consolidated first quarter of fiscal 2020, 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. 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.

Operating revenue for the fiscal year ended February 28, 2021 amounted to ¥280,688 million, a decrease of 13.4% year on year. Operating income amounted to ¥34,394 million (-43.4%), ordinary income amounted to ¥28,437 million (-49.3%), and net loss attributable to owners of parent amounted to ¥1,864 million (compared to net income of ¥34,239 million in the previous fiscal year).

Fixed costs for the fiscal year amounted to ¥16,572 million stemming from temporary closures and other factors. We posted these costs as extraordinary losses due to COVID-19.

◆Consolidated Earnings (Million yen)

	Fiscal Year ended February 29, 2020	Fiscal Year ended February 28, 2021	Change [Year on year]
Operating Revenue	324,138	280,688	(43,450) [-13.4%]
Operating income	60,794	34,394	(26,400) [-43.4%]
Ordinary income	56,117	28,437	(27,679) [-49.3%]
Net income (loss) attributable to owners of parent	34,239	(1,864)	(36,103) [－]

(Reference) Three months ended February 28, 2021

	FY2019 Q4	FY2020 Q4	Change [Year on year]
Operating Revenue	83,565	78,004	(5,560) [-6.7%]
Operating income	18,528	11,360	(7,168) [-38.7%]
Ordinary income	19,333	9,527	(9,806) [-50.7%]
Net income attribute to owners of parent	10,735	2,735	(8,000) [-74.5%]

b. Explanation of business performance by segment

◆ Earnings by Segment (Million yen)

	Operating Revenue			Segment Income		
	Fiscal Year ended February 29, 2020	Fiscal Year ended February 28, 2021	Change [Year on year]	Fiscal Year ended February 29, 2020	Fiscal Year ended February 28, 2021	Change [Year on year]
Japan	274,999	237,093	(37,906) [-13.8%]	52,460	30,597	(21,862) [-41.7%]
China	35,850	31,353	(4,496) [-12.5%]	5,622	2,296	(3,325) [-59.1%]
ASEAN	13,288	12,241	(1,047) [-7.9%]	2,686	1,474	(1,211) [-45.1%]
Overseas	49,138	43,594	(5,543) [-11.3%]	8,308	3,771	(4,537) [-54.6%]
Adjustment	―	―	― [―]	25	25	― [0%]
Total	324,138	280,688	(43,450) [-13.4%]	60,794	34,394	(26,400) [-43.4%]

(Reference) Three months ended February 28, 2021

	Operating Revenue			Segment Income		
	FY2019 Q4	FY2020 Q4	Change [Year on year]	FY2019 Q4	FY2020 Q4	Change [Year on year]
Japan	70,461	64,747	(5,713) [-8.1%]	16,340	9,584	(6,755) [-41.3%]
China	9,361	9,732	+371 [+4.0%]	1,514	1,581	+66 [+4.4%]
ASEAN	3,742	3,525	(217) [-5.8%]	667	187	(480) [-71.9%]
Overseas	13,104	13,257	+153 [+1.2%]	2,182	1,768	(413) [-18.9%]
Adjustment	―	―	― [-]	6	6	― [0%]
Total	83,565	78,004	(5,560) [-6.7%]	18,528	11,360	(7,168) [-38.7%]

Overseas

The Company recorded overseas operating revenue in the amount of ¥43,594 million, a decrease of 11.3% year on year. Operating income amounted to ¥3,771 million, down 54.6%. Revenue has been improving on a quarterly basis. Operating revenue for the stand-alone fourth quarter, amounted to ¥13,257 million (+1.2%) while operating income amounted to ¥1,768 million (-18.9%).

Consumption in China and ASEAN declined temporarily due to the spread of COVID-19. Although there were degrees of difference in recovery among countries and areas in which we operate malls, activity has improved generally overseas since we resumed operations, and we aim to continue delivering high growth in these regions.

We had planned to operate a network of 70 malls overseas by 2025. However, due to the impact of the COVID-19, delays occurred in negotiations for new property sites and city planning. As a result, we have changed our store opening plan and are now preparing to have 50 malls in operation overseas by 2025. We will continue to search for and secure new properties in high-growth areas of China and ASEAN toward building a pipeline by the end of 2025 that will support a network of 70 malls.

The accounting period for companies outside Japan is the year ending December 31. Accordingly, figures presented herein reflect results for January through December.

(China)

Our operations in china recorded operating revenue of ¥31,353 million, a decrease of 12.5% year on year, while operating income amounted to ¥2,296 million, down 59.1%. We saw a continued increase in revenues and income from the third quarter. Operating revenue for the stand-alone fourth quarter (three months ended February 28, 2021) amounted to ¥9,732 million (+4.0% year on year). Operating income amounted to ¥1,581 million yen (+4.4%).

In conjunction with the quarantine of Wuhan City due to the spread of COVID-19, tenants in our three malls in the city instituted temporary closures beginning in January 24, 2020. Through mid-February 2020, as many as 11 of our 21 malls in China closed temporarily due to the spread of COVID-19 across the country. Beginning February 22, 2020, through March, we resumed operations in stages, having reopened all 21 malls for specialty store business by April 1, 2020. On July 20, we began reopening movie theaters, which had been closed due to government orders. By early August, theaters were once again open at all malls.

Prioritizing safety and security above all else, we took the lead in launching a live e-commerce platform at AEON MALL properties, allowing our tenants to conduct live e-commerce. We also sponsored delivery promotions for restaurant tenants and held night markets using our large mall parking areas. In this way and more, we responded to changes in consumer behavior and government economic stimulus programs.

In November, we leveraged Double 11 (China’s largest e-commerce event, held every November 11) to launch a special ALIVE WINTER PLAN campaign through the year-end and New Year holidays. In addition to various events and sales discounts, we also rolled out the latest in digital promotions through our e-commerce site, including a Double 11 sale, digital coupons, and live commerce hosted by nearly 30 of China’s most popular retailers.

For existing malls, in June, we renovated the food zone in AEON MALL Wuhan Jinqiao (Wuhan City, Hubei Province). In July, we expanded the floor space of AEON MALL Wuhan Jinyintan (Wuhan City, Hubei Province). At AEON MALL Wuhan Jinyintan, we converted the parking lot on the fourth floor of the main building into retail stores. We added an additional 48 retail locations, including a new food court and amusement facilities, in addition to a restaurant zone bringing together restaurants from around the world.

Specialty store sales at the existing 19 malls in China for the consolidated fiscal year were 20.2% lower than the previous year, due in part to the impact of the closures during the consolidated first quarter. In the time since we resumed operations, the initiatives noted above have helped us move toward a recovery compared to the previous year, and stand-alone fourth quarter revenues were 2.9% higher than the year-ago period.

(ASEAN)

Our operations in ASEAN recorded operating revenue of ¥12,241 million, a decrease of 7.9% year on year. Operating income amounted to ¥1,474 million, down 45.1%. Impacted negatively by the spread of COVID-19, operating revenue for the stand-alone fourth quarter, amounted to ¥3,525 million (-5.8%) and operating income, in positive territory, amounted to ¥187 million (-71.9%). Year on year performance improved on a percentage basis compared to third quarter results.

We closed specialty store operations at four malls temporarily in Vietnam beginning March 28, 2020, due to government regulations associated with COVID-19. In April 24, 2020, we resumed operations, with all five malls in Vietnam opened. Although customer traffic and sales dropped temporarily due to the spread COVID-19 in late July, traffic returned quickly due to the strict virus containment measures in the country. Specialty store sales performance for the existing four malls in Vietnam recovered and increased 1.4% year-on-year for the stand-alone fourth quarter.

In Cambodia, we shorted mall operating hours at our two existing malls due to COVID-19 for a time until returning to normal in June. In August, we reopened mall movie theaters. Although COVID-19 had a minimal impact on operations, many foreign nationals living in Cambodia returned to their home countries, which limited specialty store sales performance for the consolidated fiscal year to -24.9% of the prior fiscal year at our existing two malls.

In Indonesia, on June 15, we reopened specialty store operations for two existing malls that had been closed temporarily since March 31, 2020, due to large-scale government social restrictions associated with the spread of COVID-19. However, with the increase COVID-19 patients continued to grow in Indonesia, conditions were challenging, and customer traffic declined 50% like-for-like at our two existing malls. Here, we introduced food delivery discount promotions in collaboration with local companies and engaged in other measures to secure sales at our malls.

We opened two new malls in ASEAN during the current consolidated fiscal year. In October, we opened AEON Mall Sentul City (West Java), our third mall in Indonesia. In December, we opened AEON MALL Hai Phong Le Chan (Hai Phong City), our sixth mall in Vietnam.

AEON MALL Sentul City is located within a development area in Bogor Province, West Java, about an hour drive from central Jakarta. The area has already been developed for housing, offices, hotels, schools, etc., and is expected to see high growth in the future. A next-generation transportation system connecting central Jakarta and Bogor is planned for the future, and the area is expected to attract a wide range of visitors. The October opening of the mall was a partial opening. The grand opening for the mall is scheduled for 2021.

AEON MALL Hai Phong Le Chan is located in Hai Phong City, the third largest direct-controlled municipality in Vietnam. The city is the largest port city in the north of the country, located in an area where large-scale infrastructure development is underway to support anticipated economic growth and commercial development. We engaged in MD for this mall to meet the needs of the local community, including shopping, dining, and entertainment. In addition, we installed a large-scale digital screen on the mall exterior and added more than 100 digital signs inside the mall, including touch-panel information displays. These latest versions of digital signage experience offer customers the ability to search mall maps, show anti-COVID-19 messages, and more.

In Vietnam (October), we signed a comprehensive memorandum of understanding (MOU) with the Ho Chi Minh City government regarding investment and business promotion in the development of shopping malls in Ho Chi Minh City. Based on this memorandum, we plan to strengthen the structure for cooperation toward further developments of our large-scale shopping mall business in Ho Chi Minh City, striving to revitalize the region and create new services for customers.

In Cambodia, AEON MALL Phnom Penh (Phnom Penh City) welcomed a COACH store in October. This marked the first luxury brand retail store in the country. We are planning a major renovation of this mall in 2021 to transform the location into a luxury shopping center.

In November, AEON MALL Jakarta Garden City (Jakarta) introduced SAMSAT facilities. SAMSAT is a one-stop, integrated administrative system offering government administrative functions for the Special Capital Region of Jakarta. Here, we attracted more customers by offering more convenient access to administrative procedures, including vehicle registration for cars and motorcycles, vehicle tax payments, and more. The mall is scheduled to open a driver's license renewal office in the future, which will add another tool to attract customer traffic.

We also signed an agreement for cooperation on regional revitalization between AEON MALL Sentul City and Bogor Province. The purpose of this agreement is to create a more convenient facility for Bogor residents, a hub for community information, and a centerpiece for the region. In so doing, we believe we can use the resources of each party with greater efficiency, collaborating for regional revitalization.

We plan to open our first-ever mall in the suburbs of Yangon, Myanmar (Dagon Seikan Township, Yangon District) in 2023. AEON MALL has established a joint venture with SHWETAUNG REAL ESTATE Co., Ltd, the largest real estate developer in Myanmar. In the future, this joint venture will pursue multi-store property development in Myanmar. To date, the AEON Group has implemented school construction support, tree-planting activities, and other social contribution activities in Myanmar, creating deeper interchange with the people the country. We welcome the opportunity to contribute to new lifestyles and economic revitalization through our mall businesses in Myanmar.

A coup d'état led by the Myanmar military occurred in February 2021, and the country is under a declared state of emergency. We intend to take action based on the local situation, while placing the highest priority on the safety of our employees.

New Overseas Malls Scheduled to Open During the Fiscal Year Ended February 28, 2021

	Name	Location	Opening Date	No. of Tenants	Lease Area
Indonesia	AEON MALL Sentul City	West Java	October 28, 2020	270	70,000㎡
Vietnam	AEON MALL Hai Phong Le Chan	Hai Phong City	December 14, 2020	190	70,000㎡

(Notes) 1. We conducted a partial opening of AEON MALL Sentul City. The grand opening for the mall is scheduled for 2021.
2. The scheduled opening for AEON MALL Tanjun Barat (South Jakarta, Indonesia) has been shifted to FY2021 due to changes in construction schedule.

Japan

The company recorded operating revenue in Japan of ¥237,093 million, a decrease of 13.8% year on year, while operating income amounted to ¥30,597 million, down 41.7%. Operating revenue for the stand-alone fourth quarter, amounted to ¥64,747 million (-8.1%) and operating income amounted to ¥9,584 million (-41.3%). This result was due in part to a second declaration of a state of emergency in 11 prefectures in early January 2021.

In response to the declaration of emergency in Japan on April 7, 2020, we temporarily suspended the management and operations of AEON MALL specialty stores and urban shopping centers beginning April 8, 2020. On April 18, 2020, we temporarily closed all 164 malls 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 and implemented measures to prevent droplet infections in our sales areas and back rooms, including acrylic panels. We also adopted entry restriction standards based on in-store customer management system data. We continue in our efforts to prevent infection and offer safety and security to our customers, which includes increased internal air circulation in malls through the intake of outside fresh air.

We held drive-in movies and drive-in public viewings at AEON MALL outdoor parking lots throughout Japan to offer entertainment tailored to the new normal lifestyle.

We also redesigned the AEON MALL app completely in June to improve usability and offer a more stress-free shopping environment. The app supports the businesses of our specialty store tenants through coupons, point rewards, and other services tailored to changes in customer behavior. The app encourages consumers to space out store visits to avoid peak crowding, to use restaurants during slower times, etc. The AEON MALL app won the App of the Year Award for Excellence, recognized as an app that achieved essential growth in 2020, in the App Ape Award 2020. The App Ape Award, organized by app analysis platform company Fuller, Inc., is one of Japan's largest app awards. We will continue to improve customer convenience with more useful app functions, pursuing higher levels of customer purchasing experience through digitization.

We expanded the duration of our AEON MALL Black Friday November sale to 10 days from five in the previous year to disperse customer visits. In addition to our normal sales campaigns, we implemented new plans using both real and online channels, including live commerce and a lottery available to customers via the AEON MALL app. In this way, we helped customers enjoy shopping, even during the COVID-19 pandemic.

As part of our efforts to strengthen mall functions to provide regional one-stop solutions, we established a new

Uki City Ogawa Branch Office in an external building at AEON MALL Uki (Kumamoto Prefecture) in December. This was the first-ever move of a city branch office to a shopping mall location in Japan. The branch office features a café operated by a facility that employs disabled individuals to support employment, a large area for adults raising children to relax, and other services to improve convenience for users.

As a Health and Wellness initiative, we collaborated with Mizuno Corporation in sponsoring projects using real and digital means to provide sports experiences that encourage more people to participate in sports. This project has been responsible for sports experience events at six malls across Japan between November and December. In our mutual aim to increase desire to participate in sports, increase the number of sports activities, and support health through sports, we also offered sports-related digital content via websites, apps, and other channels. This project was selected as a 2020 Sport in Life Project by the Japan Sports Agency.

We opened a new mall, AEON MALL Ageo (Saitama Prefecture), in December of the current consolidated fiscal year. As the first new mall to open under the COVID-19 pandemic, the mall features enhanced air circulation functions via circulators installed in all atrium areas, as well as high sidelight windows above the atrium that can be opened. The mall was the first commercial facility in Japan to receive the WELL Health-Safety Rating in recognition of anti-infection measures to ensure the health and safety of visitors and employees. As part of our efforts to create a mall for the era of the new normal, we focused on community-based initiatives via a regional cooperation agreement with Ageo City. We also incorporated digital initiatives that include information robots, the digitization of customer feedback, and information communications via a large 320-inch digital sign installed on the outside wall of the mall.

We renovated eight existing malls in Japan, and conducted floor space expansions and renovations at AEON MALL Takasaki (Gunma Prefecture) and AEON MALL Kochi (Kochi Prefecture).

In June, we renovated 106 specialty stores in combination with our existing wing. The renovations represented nearly half of all mall tenants. The newly expanded wing hosts a number of lifestyle specialty retailers, including a large-scale fast fashion retailer, a bookstore, a home appliance retailer, a pet supply shop, and more. We expanded the third-floor food court from 12 restaurants and 700 seats to 16 restaurants and 1,000 seats.

In September, we added a new wing at AEON MALL Kochi. Combined with the existing wing, we have now renovated 92 specialty stores, representing 58% of all tenants. The floor expansion included a new major domestic and international fast fashion specialty store on the second floor, as well as a new food court on the third floor, moved from the existing wing. The newly expanded food court on the third floor boasts 14 restaurants and 1,000 seats, up from 10 restaurants and 650 seats. We implemented stronger anti-infection measures, adding more fans in general and installing new air purifiers with high-function filters in the food court.

Consolidated fiscal year specialty store sales at the 83 existing malls in Japan amounted to 76.0% of previous-year levels. During the stand-alone third quarter, sales recovered to 91.8% of the year-ago period due to the impact of the mega-hit *Demon Slayer - Kimetsu no Yaiba - The Movie: Mugen Train* in attracting customers to our cinemas. However, the number of COVID-19 infections increased again in late November and a second declaration of a state of emergency was declared in 11 prefectures. Due the impact of the declaration and other factors, sales for the stand-alone fourth quarter, were 85.9% of the previous year.

OPA Co., Ltd. has been engaged in the urban shopping center business. On March 1, 2021, we conducted a company split for OPA (“Former OPA”) Effective March 1, 2021, with the newly formed company (“New OPA”) acting as the surviving company. Former OPA was merged with AEON MALL Co., Ltd. in an absorption-type merger.

New OPA will specialize in the management and operations of urban facilities, mainly located in transportation terminals, creating new value through a concentration of management resources. AEON MALL will absorb certain community-based facilities and urban shopping centers owned by Former OPA, transforming these assets into facilities that meet daily needs and engaging in the redevelopment of certain properties to increase property values.

Malls Renovated During the Fiscal Year Ended February 28, 2021

Name	Location	Date Reopened	No. of Tenants	No. of Renovated Specialty Stores
AEON MALL Zama (Note 1)	Kanagawa Prefecture	March 6	160	1
AEON MALL Sanko (Note 1)	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
		September 18		5
AEON MALL Toin	Mie Prefecture	March 20	155	21
AEON MALL Makuhari Shintoshin	Chiba Prefecture	April 24	360	33
AEON MALL Takasaki (Note 2)	Gunma Prefecture	June 26	210	106
AEON MALL Kochi (Note 3)	Kochi Prefecture	September 17	160	92
AEON MALL Okazaki	Aichi Prefecture	October 16	170	60

(Notes) 1. We expanded the cinemas at AEON MALL Zama and AEON MALL Sanko.
2. AEON MALL Takasaki underwent a floor space expansion and renovation. The mall was expanded to 210 specialty stores (+40 stores) and a lease area of 76,000m^2 (+17,000m^2).
3. AEON MALL Kochi underwent a floor space expansion and renovation. The mall was expanded to 160 specialty stores (+20 stores) and a lease area of 69,000m^2 (+12,000m^2).

New Japanese Malls Scheduled to Open During the Fiscal Year Ended February 28, 2021

Name	Location	Opening Date	No. of Tenants	Lease Area
AEON MALL Ageo	Saitama Prefecture	December 4, 2020	120	34,000m^2

(Note) The scheduled opening for AEON MALL Shinrifu South Wing (Miyagi Prefecture) has been shifted to March 5, 2021, due to changes in construction schedule.

2) Future Outlook

Based on the AEON COVID-19 Prevention Protocol, a standard for quarantine measures established by AEON to protect the health and livelihoods of customers and employees, we will continue to establish improved mall environments and operations that offer thorough infection prevention measures. We view this as an opportunity to reinvent our business models and create malls that offer new concepts and service functions in the era of the new normal. We will strive to create malls that respond to social change in Japan and overseas.

Through these efforts, we will continue to provide solutions to regional and social issues, establishing our position through social infrastructure functions to be a central facility for the local community.

Overseas

We plan to open two new malls in Japan during the fiscal year ending February 2022 (FY2021), one in China and one in Indonesia. Our overseas business has entered a stage of expanding profits as a growth driver for the Company, and we will proceed in securing a pipeline to accelerate the opening of new malls in the future. At the same time, we are moving forward with renovations for new tenants, floor space expansions, and initiatives to improve our operations at existing malls.

New Overseas Malls Scheduled to Open During the Fiscal Year Ending February 28, 2022

	Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
China	AEON MALL Guangzhou Xinjiang	Guangzhou City, Guangdong	First Half of 2021	250	76,000
Indonesia	AEON MALL Tanjun Barat	South Jakarta	FY2021	150	42,000

(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.

b. Japan

AEON MALL plans to open four new malls in Japan during fiscal year ending February 2022 (FY2021), as well as expand the floor space of two existing malls. We intend to grow earnings by pursuing aggressive floor space expansion and renovation, while opening new malls that take advantage of the characteristics of the locations where they are situated.

New Japanese Malls Scheduled to Open During the Fiscal Year Ending February 28, 2022

Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
AEON MALL Shinrifu South Wing	Miyagi Prefecture	March 2021	170	69,000
AEON MALL Kawaguchi	Saitama Prefecture	May 2021	150	59,000
AEON MALL Hakusan	Ishikawa Prefecture	Summer 2021	220	73,000
Noritake no Mori Project (tentative name)	Aichi Prefecture	Fall 2021	TBA	(Commercial) 37,000 (Office) 22,000

Financial Forecast

Overseas, although malls continue to operate in Indonesia, restrictions on small-scale community activities are still in place. In China and Vietnam, consumer confidence is returning to pre-COVID-19 levels. In Japan, the spread of COVID-19 is still not under control, and the impact of the virus on the future is uncertain. However, assuming that sufficient quarantine measures are taken, and that the number of infected people remains low, we expect the impact on customer traffic and sales to be limited.

Given the preceding, we project consolidated fiscal 2021 earnings of ¥344,000 million in operating revenue, ¥59,000 million in operating income, ¥50,500 million in ordinary income, and ¥31,000 million in net income attributable to owners of parent.

(2) Environmental Conservation and Social Contribution Activities

AEON MALL Co., Ltd. has established policies for corporate activities related to society, the environment, and ethics. The AEON MALL Corporate Social Responsibility Council meets on a monthly basis to manage the implementation of these policies. The Council is responsible for timely decisions in managing the progress of and solving issues related to ESG initiatives.

Measures to Address Environmental Issues

・**Initiatives to achieve a decarbonized society**

The AEON Group created the AEON Decarbonization Vision 2050 in March 2018, aiming to achieve a decarbonized society by the year 2050. This vision consists of initiatives reflecting three standpoints: (1) Reduce CO_2 emissions from retail stores to absolute zero by 2050; (2) Continue striving to eliminate all CO_2 arising from business processes; and (3) Work together with customers in striving to achieve a decarbonized society. The Company has installed solar power equipment, EV recharging devices, and taken other energy-saving measures in our efforts to achieve this goal.

We adopted CO_2-free electricity in AEON Fujiidera Shopping Center (Osaka Prefecture), AEON MALL Nagoya Chaya (Nagoya), AEON MALL Nagakute (Aichi Prefecture), and AEON MALL Okazaki (Aichi Prefecture). During fiscal 2020, we began using CO_2-free electricity at AEON MALL Ageo (Saitama Prefecture), AEON MALL Matsumoto (Nagano Prefecture), and AEON MALL Tsu-Minami (Mie Prefecture). The entire AEON MALL Ageo facility, including tenants, operates completely on CO_2-free electricity. The three malls adopting this system during the fiscal year reduced CO_2 emissions by approximately 268 tons in total over the seven-month period from June to December.

In 2017, AEON MALL became the first Japanese company to join EV100 (Note 1), installing environmental facilities for customers who drive electric vehicles (EV) or plug-in hybrid vehicles (PHV). As of fiscal 2020, 156 (Note 2) of our malls in Japan and overseas provide 2,422 EV recharging stations for customer use. The Japanese government has announced its plans to eliminate the sale of gasoline-powered vehicles in Japan by the mid-2030s. Accordingly, EVs and PHVs are expected to become even more popular. In response to this, we are planning to expand the number of quick chargers we offer for the use of our customers. At the same time, we are aiming to increase the use of existing chargers by communicating better with our customers.

・**Plastic elimination initiatives**

To reduce the use of single-use plastics, we eliminated or replaced plastic straws with paper straws at restaurants beginning in March 2020. We will continue to create and pursue action plans to eliminate plastic and to recycle plastic resources.

・**Tree-planting activities**

The AEON Group has conducted tree planting activities consistently since 1991 as one specific example of the AEON basic principle. In this project, we work together with customers to plant trees that are most compatible with the local environment. As of fiscal 2019, the AEON Group has planted nearly 12.12 million trees on cumulative basis. For our part, AEON MALL Co., Ltd. sponsored tree planting events at four new malls opened in Japan and overseas during fiscal 2020, accounting for 54,000 new trees.

・**Employee Eco-test certification**

AEON MALL encourages employees in Japan to receive Eco-test certification as a means to raise awareness about protecting the environment and participation in related activities. Of 1,729 employees, 1,473 (85.2%) have received this certification for environmental specialists.

Measures to Address Social Issues

・**Attending dementia support training courses**

In fiscal 2020, AEON MALL launched a company-wide initiative to help employees learn how to deal with dementia, which is expected to spread further in the future. Our goal here is to build a system in cooperation with various stakeholders in the community to support people with dementia. In the second half of fiscal 2020, a cumulative 407 individuals (including those attending through independent mall courses) took part in online courses.

・AEON Yume-Mirai Nursery Schools
As of the end of the current consolidated fiscal year, we have opened 31 AEON Yume-Mirai Nursery Schools (Note 3) to support our employees who work and raise children. We will continue to support tenant employees, group company employees, and others with children by helping reduce wait time for childcare center openings.

・Strengthening local community functions
AEON MALL strives to create localized malls that serve as community centers. Two examples are polling stations offered for early voting and our work with the Scout Association of Japan to offer disaster-prevention programs throughout Japan. From the standpoint of offering greater customer convenience, we provide community infrastructure within our malls. This includes post offices, branch locations for city offices, libraries, health clinics, financial services, and more.

・Blood donation activities
Given the declaration of a state of emergency issued on April 16, there were concerns about a decrease in the amount of blood donations due to a decrease in blood donation opportunities at companies, schools, and commercial facilities during fiscal 2020. In response, we strengthened our blood donation activities in cooperation with the Japan Red Cross Society by accepting donations at malls that began reopening for business in May. In May and June, a total of 832 blood drives were held at 122 malls. A total of 45,123 people cooperated with these blood drives (39,224 of whom donated blood), which collected 14,905 liters of blood, even more than in the previous year.

・AEON Joining Hands Project
The AEON Joining Hands Project supports recovery activities in the areas affected by the Great East Japan Earthquake. Here, AEON employees volunteer in tree planting activities and other services to help speed recovery. In fiscal year 2021, we plan to take the experience of our activities in disaster-stricken areas over the past 10 years and use the knowledge and lessons learned to support solutions for social issues in various parts of Japan.

・Aeon 1% Club
The Aeon 1% Club is an entity through which AEON MALL and major AEON Group companies donate 1% of pre-tax income for social contribution activities. In addition to our participation in the Aeon 1% Club, we continue to support those who teach traditional culture, crafts, and skills, serving a national fund raiser.

Third-Party Evaluations
・WELL Health-Safety Rating
AEON MALL Ageo (Saitama Prefecture) became the first mall in Japan to receive the WELL Health-Safety Rating, a global evaluation of measures against COVID-19 infection. Aiming to be a facility for the safe and secure use of customers and employees and based on the AEON COVID-19 Prevention Protocol, established in June 2020, the mall has implemented conscientious management and operations, including measures to prevent droplet and contact infections inside the facility, anti-virus measures at each entrance and exit, and facility cleaning management. AEON MALL Shinrifu South Wing, which opened in March 2021, also received this rating under the same program.

・GRESB Real Estate Assessment
AEON MALL received a 5 Star (highest) rating in the 2020 GRESB Real Estate Assessment (Note 4). The evaluation awards one of five ratings based on a global ranking. In addition, for the sixth year in a row, AEON MALL received the Green Star rating, which recognizes the company as an excellent participant in both the Management Component (which evaluates policies and organizational structure for ESG promotion) and the Performance Component (which evaluates the environmental performance of our properties and our efforts with tenants) of the evaluation.

・Carbon Disclosure Project (CDP)
AEON MALL received recognition for our initiatives and information disclosure regarding climate change, scoring an A- from the CDP (Note 5). A score of A- is the second-highest of eight evaluation stages. We were

recognized for the first time by the Supplier Engagement Rating Leaderboard, the highest level of recognition, for our efforts to address climate change throughout our supply chain and our implementation of activities to reduce greenhouse gas emissions.

・**Nadeshiko Brand**

For the fifth consecutive year, AEON MALL has been selected as a Nadeshiko Brand (Note 6), an honor which recognizes publicly traded companies that encourage the participation of women in the workplace. In fiscal 2020, we continued our efforts from the previous year to encourage male employees to take childcare leave. We also adopted a childcare leave planning sheet in addition to encouraging an awareness of our own childcare leave assistance system. As soon as the due date is confirmed, we work with the family, departments, and human resources to create a plan for childcare leave. In this way, we create an environment that encourages employees to take childcare leave.

・**2021 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category)**

AEON MALL has defined health and welfare as an important materiality for our organization. In recognition of our specific policies for employee education, appropriate labor hours, and providing opportunities for exercise, we were named a 2021 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category) for a second consecutive year. This certification is a joint certification given by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (health promotion organization).

・**Special Excellent Enterprise Award under the Enterprise Emission Reduction Planning Program (Kyoto City)**

Based on the Kyoto City Ordinance on Global Warming Countermeasures, Kyoto City operates a system to evaluate emission reduction plans and reports submitted by specified businesses. AEON MALL was selected as a special excellent business in recognition of our outstanding reduction results that have set an example for other businesses.

・**Awarded Minister’s Commendation for Maritime Affairs, Marine Day, 2020**

In July 2020, AEON MALL Futtsu (Chiba Prefecture) received an award from the Minister of Land, Infrastructure, Transport and Tourism for the biannual Nunobiki Beach cleanup activity, conducted twice annually since 1998.

(Notes)

1. An initiative to promote electric vehicles. The program launch was announced by The Climate Group, an international environmental non-governmental organization working to reduce greenhouse gas emissions, during Climate Week NYC, held from September 18-24, 2017, in New York City. EV100 is an international business initiative for corporate promotion of the use of electric vehicles and environmental improvement. The Company has been an official member since November 10, 2017.
2. Includes 57 malls managed and operated under contract with AEON Retail Co., Ltd. The accounting period for companies outside Japan ends December 31; however, figures used are as of the end of the Japanese fiscal year.
3. This figure includes 10 nursery schools not managed and operated by the Company that are located on AEON Group company facilities.
4. The Global Real Estate Sustainability Benchmark (GRESB) is a benchmark measuring the sustainability performance of real estate companies and real estate fund managers based on surveys conducted by GRESB B.V., which has been founded primarily by pension funds in Europe.
5. The Carbon Disclosure Project is a non-profit organization that surveys corporate strategies and responses related to greenhouse gas emissions reductions, climate change mitigation, and other environmental issues on behalf of more than 515 institutional investors representing more than US$106 trillion in assets under management. In the most recent survey, more than 9,600 companies disclosed environment issue-related strategies and responses through CDP.
6. The Nadeshiko Brand is a joint program between the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The aim of the Nadeshiko Brand is to select and announce certain

listed companies that are outstanding in terms of encouraging the empowerment of women in the workplace as attractive securities investment opportunities to investors who put emphasis on improving corporate value over the medium and long term in an aim to promote investment in such enterprises and accelerate efforts encouraging women's success in the workplace.

ESG Finance Initiatives

To further expand our ESG initiatives and contribute to the creation of a sustainable society, we established the Sustainability Bond Framework based on the guidelines of the International Capital Market Association (ICMA) to raise funds for measures to combat COVID-19, for reconstruction assistance for the Great East Japan Earthquake, and to pursue green buildings at malls in Japan and overseas. We received an external evaluation (second opinion) on the conformity of our guidelines with Social Bond Principles and Green Bond Principles, etc. from Rating and Investment Information, Inc. (R&I). On September 24, 2020, we issued ¥30 billion in sustainability bonds, ¥13 billion of which was allocated to projects in the current consolidated fiscal year under review.

Allocation of Funds During the Current Consolidated Fiscal Year Under Review (Million yen)

<table>
<tr><th colspan="2" rowspan="2">Target
(New, Refinance)</th><th colspan="2">Category</th><th rowspan="2">Scheduled Allocation</th><th rowspan="2">Allocation</th></tr>
<tr><th>Green</th><th>Social</th></tr>
<tr><td rowspan="3">Measures to combat COVID-19</td><td>Installation of temperature measurement equipment in malls (New, Refinance)</td><td>—</td><td>Socioeconomic improvement and empowerment</td><td>100</td><td>77</td></tr>
<tr><td>Business continuity support for tenant companies (refinance)</td><td>—</td><td>Socioeconomic improvement and empowerment/provide capital and/or microfinancing to SMEs to create employment and generate other potential benefits</td><td>3,000</td><td>3,000</td></tr>
<tr><td>Masks, disinfectants, partitions, other disease-prevention measures, other equipment (refinance)</td><td>—</td><td>Socioeconomic improvement and empowerment</td><td>400</td><td>400</td></tr>
<tr><td>Great East Japan Earthquake reconstruction support</td><td>AEON MALL Iwaki Onahama (refinance)</td><td>—</td><td>Socioeconomic improvement and empowerment/access to critical services</td><td>6,500</td><td>0</td></tr>
<tr><td rowspan="2">Overseas Malls</td><td>AEON MALL Hoang Mai (Vietnam) construction (new; tentative name)</td><td>Green building/renewable energy/energy efficiency</td><td>—</td><td>5,000</td><td>980</td></tr>
<tr><td>AEON MALL Meanchey (Cambodia) construction (new)</td><td>Green building/renewable energy/energy efficiency</td><td>—</td><td>5,000</td><td>2,380</td></tr>
<tr><td rowspan="2">Domestic Malls</td><td>AEON MALL Ageo construction (new)</td><td>Green building/energy efficiency</td><td>—</td><td>5,000</td><td>1,166</td></tr>
<tr><td>AEON Fujiidera SC construction (refinance)</td><td>Green building/renewable energy/energy efficiency</td><td>—</td><td>5,000</td><td>5,000</td></tr>
<tr><td colspan="4">Total</td><td>30,000</td><td>13,003</td></tr>
</table>

(3) Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets amounted to ¥1,394,199 million, up ¥12,981 million compared to the end of the prior consolidated fiscal year. This increase was mainly due to an increase of ¥73,159 million in cash and deposits, mainly as a result of a decrease of ¥63,400 million yen in deposits paid to affiliates, and ¥79,212 million in advanced purchases for activating existing malls and acquisition of land for development. These increases were offset in part by depreciation and amortization of ¥58,586 million.

Liabilities

Total liabilities stood at ¥1,006,712 million, up ¥30,017 million from the end of the prior consolidated fiscal year. This result was mainly due to an increase of ¥45,000 million in bonds (including current portion) and an increase in lease obligations of ¥11,254 million. These increases were offset in part by decreases of ¥12,671 million in long-term debt (including current portion), ¥5,203 million in deposits received from specialty stores, and ¥3,490 million in accounts payable-other (related to facilities).

Net assets

Net assets totaled ¥387,486 million, down ¥17,035 million compared to the end of the prior consolidated fiscal year. This result was mainly due to a decrease in retained earnings of ¥1,864 million in net loss attributable to owners of parent, a decrease in retained earnings of ¥9,100 million due to dividend payments, and a decrease of ¥6,036 million in foreign currency translation adjustments.

2) Cash Flows

Cash and cash equivalents (“Cash”) as of the current consolidated fiscal year amounted to ¥124,080 million, up ¥9,711 million compared to the end of the prior consolidated fiscal year.

The following text describes cash flows for the period under review:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥61,621 million, compared to cash flows of ¥133,645 million in the prior consolidated fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥4,268 million (¥54,019 million in the prior consolidated fiscal year) and depreciation and amortization of ¥58,586 million (¥56,858 million in the prior consolidated fiscal year). These amounts were offset in part by decreases in income taxes paid in the amount of ¥11,528 million (¥15,701 million in the prior consolidated fiscal year) and deposits received from specialty stores in the amount of ¥5,184 million (increase of ¥23,074 million in the prior consolidated fiscal year).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥64,444 million, compared to ¥95,783 million in the prior consolidated fiscal year. This result was mainly due to purchases of property, plant and equipment in the amount of ¥57,535 million (¥97,192 million in prior consolidated fiscal year) for equipment at malls expanded in the prior consolidated fiscal year (AEON MALL Takaoka) and newly opened in the prior consolidated fiscal year (AEON Fujiidera Shopping Center).

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥12,244 million, compared to net cash provided of ¥22,808 million in the year-ago period. This result was mainly due to proceeds from issuance of bonds in the amount of ¥60,000 million (¥80,000 million in the prior consolidated fiscal year) and proceeds from long-term debt of ¥23,734 million (¥8,500 million in the prior consolidated fiscal year). During the same period, the Company made cash outlays for repayments of long-term debt of ¥35,774 million (¥24,015 million in the prior consolidated fiscal year), ¥15,000 million in redemptions of corporate bonds (¥15,000 million in the prior consolidated fiscal year), and payments of dividends in the amount of ¥9,100 million (¥8,872 million in the prior consolidated fiscal year).

With respect to capital resources and cash liquidity, the AEON MALL Group uses cash generated through free cash flows from operating activities, borrowings from financial institutions and cash procured through corporate bonds, etc. for working capital, capital investment, dividend payments, etc.

(Reference) Changes in Cash Flow Indicators

	Fiscal Year Ended February 29, 2020	Fiscal Year Ended February 28, 2021
Equity ratio (%)	28.5	27.1
Equity ratio based on market capitalization (%)	25.2	29.2
Ratio of interest-bearing debt to cash flow (annual)	5.0	11.5
Interest coverage ratio (times)	13.7	6.3

(Notes) Equity ratio: Equity/total assets
Equity ratio based on market capitalization: Market capitalization/total assets
Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flow
Interest coverage ratio: Cash flow/interest payments

* 1. All indicators were calculated using consolidated financial data.
2. Interest-bearing debt consists of short-term debt, current portion of long-term debt, lease obligations (current liabilities), commercial paper, bonds, and long-term debt, reflected in liabilities shown on the Consolidated Balance Sheet.
3. Cash flow and interest payments are based on the corresponding items shown in the Consolidated Statements of Cash Flows.

(4) Basic Policy on Income Distribution, Dividends for Fiscal Years Ended February 2020 and February 2021

AEON MALL recognizes that returning profits to shareholders through improving earnings power is a key management priority. Our basic policy on income distribution emphasizes steady dividend payments to shareholders, while using internal reserves to invest in structural business improvements, including investments in growth businesses, new businesses, and other areas that strengthen our operating foundation. Our policy is to maintain a consolidated payout ratio of at least 25%.

We issue dividends twice annually, in the interim and at the end of the fiscal year, according to the provisions of Article 459, Paragraph 1 of the Companies Act. The Company’s articles of incorporation state that dividends paid from surplus are to be determined by resolution of the board of directors.

At a meeting held on April 8, 2021, our board of directors resolved to pay year-end dividends of ¥20 per share, in line with our initial plan. In combination with an interim dividend of ¥20 per share, our annual dividend for the fiscal year amounted to ¥40 per share.

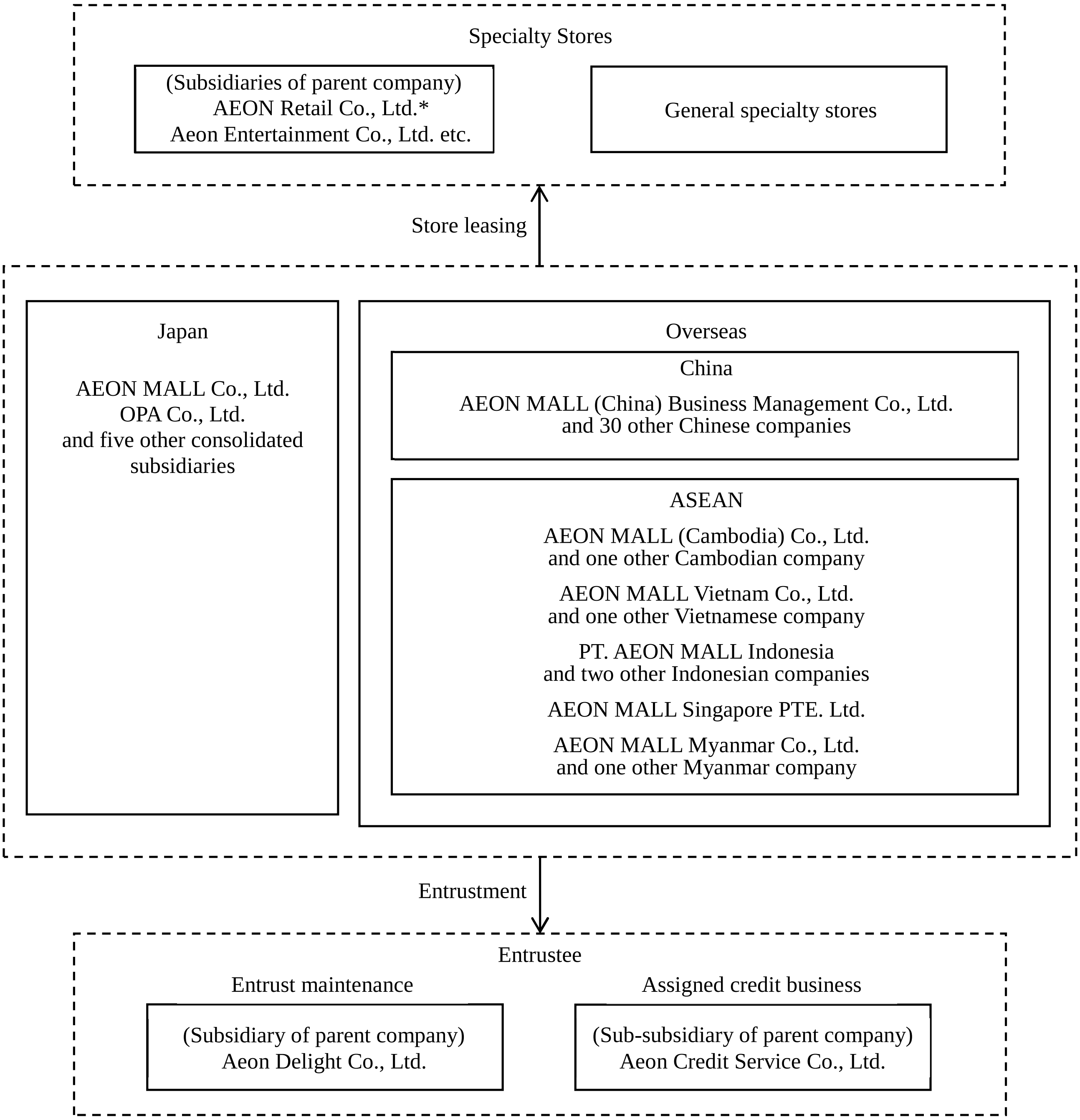
For the next fiscal year, we plan to pay an annual dividend of ¥50 per share (an increase of ¥10 per share) with a consolidated payout ratio of 30% or more, as we aim for long-term and continuous dividend increases in line with the growth stage of our company.

2. State of the Corporate Group

The AEON Mall Group consists of parent AEON MALL Co., Ltd. (shopping mall operations) and 47 consolidated subsidiaries, including OPA Co., Ltd., AEON MALL, five other Japanese subsidiaries, AEON MALL (China) Business Management Co., Ltd. and 30 other subsidiaries in China, two subsidiaries in Cambodia, two subsidiaries in Vietnam, three subsidiaries in Indonesia, one subsidiary in Singapore, and two subsidiaries in Myanmar. Among consolidated subsidiaries, OPA Co., Ltd. and two others are engaged in urban shopping center operations, while the remaining 44 subsidiaries are engaged in shopping mall operations.

AEON MALL Co., Ltd. is the central entity in the AEON Group responsible for development operations. The Company leases mall shop space to general tenants, as well as AEON Retail Co., Ltd. (general retail operator) and other companies within the AEON Group.

The following diagram illustrates the relationships between AEON MALL Co., Ltd. and our affiliated companies.



* AEON MALL manages and operates 57 large-scale commercial facilities under contract with AEON Retail Co., Ltd.

3. Management Policies

(1) Basic Management Policies

AEON MALL Co., Ltd. is a Life Design Developer (note), creating the future of community living as we pursue our basic principle that the customer comes first.

In pursuit of this management philosophy, we develop malls localized to the characteristics of each community we serve in Japan and around the world. In this way, we contribute to better individual lifestyles and community growth.

(Note) Our definition of Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

(2) Target Performance Indicators

With the adoption of IFRS 16 beginning with the fiscal year ended February 2020 (FY2019) among overseas consolidated subsidiaries, as well as to maximize cash flows in the future and improve corporate value, the Company has established target financial indicators (FY2025 targets): EPS growth rate of 7% (annual growth rate from fiscal 2019 through fiscal 2025); net interest-bearing debt/EBITDA ratio of 4.5 times or less, and return on invested capital (ROIC) of at least 5%.

The Company recorded the following indicators for the fiscal year ended February 2021: The Company did not calculate EPS growth rate, as there was a net loss per share for the consolidated fiscal year under review.

Net interest-bearing debt/EBITDA ratio: 6.0 times
ROIC: 2.2%

(Note) EPS: net income attributable to owners of parent/average outstanding shares during the year
Net interest-bearing debt/EBITDA ratio: (interest-bearing debt - cash and cash equivalents)/ (operating income + depreciation and amortization on the statement of cash flows)
ROIC: Operating income x (1-effective tax rate) / average equity for the fiscal year + average interest-bearing debt for the fiscal year)

(3) Medium-Term Management Strategies and Priorities

The Company has defined a long-term vision through the fiscal year ending February 2026 (FY2025) by which we will pursue our management philosophy and achieve further business growth. In light of the loss of one year of profit growth due to the impact of the spread of COVID-19 throughout fiscal 2020, as well as delays in negotiations for new property sites and town planning, especially overseas, we have revised our consolidated operating income target, overseas business mall opening plan, and operating income target as follows.

Vision for 2025

(1) Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
(2) Make AEON MALL a leading global commercial developer with consolidated operating income of ¥90 billion.
(3) Conduct floor space expansions and renovations in Japan to become the overwhelmingly dominant mall in each region.
(4) Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27 billion (25% profit margin)

Under this long-term vision, our medium-term management plan, launched in the fiscal year ended February 28, 2021 (FY2020), consists of four growth policies: (1) Achieve high profit growth overseas; (2) Achieve stable growth in Japan; (3) Build a finance mix and governance structures supporting growth; and (4) Pursue ESG-based management. By engaging in management from an ESG perspective, we will create both social value and economic value through which we will produce sustainable growth in partnership with our communities.

We have defined the following management issues and future vision with respect to these long-term growth policies. Through these efforts, we will continue to provide solutions to regional and social issues, establishing our position through social infrastructure functions to be a central facility for the local community.

Management Issues and Future Vision

(1) Aim for high profit growth in our overseas business, accelerating the opening of new malls in the growing markets of China and ASEAN, and expanding floor space at existing malls.

(2) Maximize the attraction of brick-and-mortar malls in our business in Japan by offering community solutions, creating new initiatives in collaboration with tenant companies, striving for the rapid resolution of vacant floor space and other priority issues, and creating a customer experience (CX).

(3) Create environments responding to the era of the new normal, pursuing an urban shopping center business (urban development) through next-general malls, office complexes, and the revitalization of the OPA business.

(4) Leverage digital and data technologies to pursue digital transformation (DX), including the creation of new business models, business development that creates new customer lifestyles, operating systems for a new era, and improved employee satisfaction.

(5) Create economic, social, and environmental value for stakeholders by accelerating reforms based on ESG perspectives, with a focus on addressing materialities (key issues) using clearly defined performance indicators.

ESG Materialities and Measures

Materiality	Measures
Develop community and social infrastructure ・Developing sustainable and resilient infrastructure ・Production consumption formats	・Development of safe, secure, comfortable facilities ・Development of malls attractive to the local community ・Build disaster-resistant communities ・Expand public function offerings ・Encourage the spread and use of electric vehicles (EV) ・Encourage the use of public transportation
Build community relationships ・Cultural preservation and succession ・Declining birthrate and aging society	・Happiness Mall initiatives ・Ultimate localization that bolsters attractiveness to the community
Environment ・Climate change, global warming ・Biodiversity, protect natural resources	・Dealing with climate change, global warming ・AEON Hometown Forest Project (biodiversity) ・Recycling waste products
Diversity and work-style reform ・Health and welfare ・Diversity, work styles	・AEON Yume-Mirai Nursery Schools ・Employee globalization ・Nadeshiko Brand ・Improve employee satisfaction (ES), including tenant employee satisfaction
Accountability in Business ・Human rights ・Bribery	・Human rights policies, human rights structure, human rights training ・Anti-corruption initiatives

See *AEON MALL Integrated Report 2020* (P.31-40), available online, for more about materiality.

AEON MALL Integrated Report 2020
https://www.aeonmall.com/en/ir/a_reports.html

4. Policy on Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements according to Japanese standards for some time to come. This ensures proper comparison of consolidated financial statements for different periods and across group companies. We will consider adopting international accounting standards as appropriate in consideration of our circumstances in Japan and overseas.

5. Consolidated Financial Statements and Notes
(1) Consolidated Balance Sheets

(Million yen)

	As of February 29, 2020	As of February 28, 2021
Assets		
Current assets:		
Cash and deposits	58,283	131,442
Notes and accounts receivable–trade	7,755	7,661
Prepaid expenses	3,628	3,663
Deposits paid to affiliates	*2 63,400	—
Other current assets	36,354	36,792
Allowance for doubtful receivables	(66)	(133)
Total current assets	169,354	179,427
Fixed assets		
Property, plant and equipment		
Buildings and structures	*1 933,962	*1 964,301
Accumulated depreciation	(303,360)	(340,264)
Buildings and structures, net	*1 630,602	*1 624,036
Machinery and transportation equipment	5,617	5,826
Accumulated depreciation	(1,989)	(2,349)
Machinery and transportation equipment, net	3,628	3,476
Furniture and fixtures	41,998	43,591
Accumulated depreciation	(30,671)	(32,814)
Furniture and fixtures, net	11,326	10,777
Land	*1 305,383	*1 310,198
Right-of-use assets	141,671	167,879
Accumulated depreciation	(17,873)	(33,007)
Right-of-use assets (net)	123,798	134,872
Construction in progress	16,670	16,685
Other	536	188
Accumulated depreciation	(490)	(150)
Other, net	45	37
Total property, plant and equipment	1,091,455	1,100,085
Intangible assets	3,807	3,350
Investments and other assets		
Investment securities	1,793	1,948
Long-term loans	31	24
Long-term prepaid expenses	50,428	42,533
Deferred tax assets	13,902	14,940
Lease deposits paid	49,919	50,926
Other investments and other assets	538	992
Allowance for doubtful receivables	(13)	(29)
Total investments and other assets	116,600	111,336
Total fixed assets	1,211,863	1,214,771
Total assets	1,381,217	1,394,199

(Million yen)

	As of February 29, 2020	As of February 28, 2021
Liabilities		
Current liabilities		
Notes and accounts payable–trade	8,530	8,606
Bonds due within one year	15,000	30,000
Current portion of long-term debt	*1 35,774	*1 33,629
Lease obligations	12,107	14,955
Income taxes payable	11,388	7,024
Deposits received from specialty stores	65,426	60,223
Deposits received	4,884	8,295
Allowance for employee bonus	1,661	1,703
Allowance for director and corporate auditor performance-based remuneration	114	85
Provision for loss on store closing	572	733
Notes payable—construction	10,699	778
Electronically recorded obligations—construction	12,466	20,876
Accounts payable—construction	9,693	7,713
Other current liabilities	*1 23,597	19,313
Total current liabilities	211,916	213,938
Long-term liabilities		
Straight bonds	300,000	330,000
Long-term debt	*1 199,322	*1 188,794
Lease obligations	103,872	112,279
Deferred tax liabilities	344	594
Accrued retirement benefits to employees	1,278	837
Asset retirement obligations	16,575	18,679
Lease deposits from lessees	*1 140,375	137,778
Other long-term liabilities	3,011	3,809
Total long-term liabilities	764,779	792,774
Total liabilities	976,695	1,006,712
Net assets		
Shareholders’ equity		
Common stock	42,347	42,372
Capital surplus	40,666	40,691
Retained earnings	318,755	307,790
Treasury stock, at cost	(5)	(6)
Total shareholders’ equity	401,765	390,848
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	920	1,029
Foreign currency translation adjustment	(7,832)	(13,868)
Remeasurements of defined benefit plans	(1,003)	(690)
Total accumulated other comprehensive income	(7,916)	(13,529)
Stock acquisition rights	47	23
Non-controlling interests	10,625	10,143
Total net assets	404,522	387,486
Total liabilities and net assets	1,381,217	1,394,199

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Consolidated Statements of Income)

(Million yen)

	FY2019 Q4 March 1, 2019 to February 29, 2020	FY2020 Q4 March 1, 2020 to February 28, 2021
Operating revenue		
Rental income	324,138	280,688
Operating costs		
Cost of rental income	234,813	218,926
Gross profit	89,324	61,761
Selling, general and administrative expenses		
Employees' salaries and bonuses	7,148	7,195
Provision for employees' bonuses	819	810
Provision for director and auditor performance-based remuneration	108	77
Retirement benefit expenses	333	320
Statutory welfare benefit expense	2,086	1,865
Travel expenses	1,336	598
Rent	830	1,038
Sales commission	2,361	2,381
Depreciation and amortization	925	909
Other selling, general and administrative expenses	12,580	12,169
Total selling, general and administrative expenses	28,530	27,367
Operating income	60,794	34,394
Non-operating profits		
Interest income	1,127	1,274
Dividend income	44	26
Compensation paid by departing tenants	2,616	2,204
Foreign exchange gains	332	66
Gain on valuation of derivatives	—	323
Compensation income	771	391
Insurance income	243	95
Lease deposit collection income	1,340	—
Other non-operating profits	299	659
Total non-operating profits	6,777	5,042
Non-operating expenses		
Interest expenses	9,795	9,762
Loss on valuation of derivatives	46	—
Other non-operating expenses	1,612	1,236
Total non-operating expenses	11,454	10,998
Ordinary income	56,117	28,437

(Million yen)

	FY2019 Q4 March 1, 2019 to February 29, 2020	FY2020 Q4 March 1, 2020 to February 28, 2021
Extraordinary gains		
Gain on sale of fixed assets	*1 2,508	*1 749
Gain on sale of investment securities	—	5
Compensation income	—	318
Subsidy income	688	—
Gain on negative goodwill	1,239	—
Gain on step acquisitions	706	—
Other extraordinary gains	13	—
Total extraordinary gains	5,156	1,073
Extraordinary losses		
Loss on sale of fixed assets	*2 1	*2 1
Loss on retirement of fixed assets	*3 2,095	*3 867
Impairment loss	*4 5,034	*4 7,288
Loss due to COVID-19	—	*5 16,572
Other extraordinary losses	122	512
Total extraordinary losses	7,254	25,242
Income before income taxes	54,019	4,268
Income tax – current	19,060	7,223
Income tax – deferred	436	(922)
Total income taxes	19,496	6,301
Net income (loss)	34,522	(2,032)
Net income (loss) attributable to non-controlling interests	282	(168)
Net income (loss) attributable to owners of parent	34,239	(1,864)

(Consolidated Statements of Comprehensive Income)

(Million yen)

	FY2019 Q4 March 1, 2019 to February 29, 2020	FY2020 Q4 March 1, 2020 to February 28, 2021
Net income (loss)	34,522	(2,032)
Other comprehensive income		
Net unrealized gain on available-for-sale securities	(391)	109
Foreign currency translation adjustment	(1,809)	(7,002)
Remeasurements of defined benefit plans	(51)	313
Total other comprehensive income	*1 (2,252)	*1 (6,578)
Comprehensive income	32,269	(8,611)
Comprehensive income (loss) attributable to		
Owners of parent	32,210	(7,477)
Non-controlling interests	59	(1,134)

(3) Statements of Changes in Shareholders' Equity

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	42,313	40,597	306,373	(4)	389,280
Cumulative effect of changes in accounting policies			(12,985)		(12,985)
Balance at beginning of fiscal year, after including changes in accounting policies	42,313	40,597	293,388	(4)	376,295
Changes during period					
Issue of new shares	34	34			68
Cash dividends			(8,872)		(8,872)
Net income attributable to owners of parent			34,239		34,239
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests		34			34
Net change in items other than shareholders' equity					
Total of changes	34	69	25,367	(0)	25,470
Balance at end of fiscal year	42,347	40,666	318,755	(5)	401,765

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain for available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	1,312	(6,247)	(951)	(5,887)	91	10,574	394,059
Cumulative effect of changes in accounting policies							(12,985)
Balance at beginning of fiscal year, after including changes in accounting policies	1,312	(6,247)	(951)	(5,887)	91	10,574	381,074
Changes during period							
Issue of new shares							68
Cash dividends							(8,872)
Net income attributable to owners of parent							34,239
Purchase of treasury stock							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							34
Net change in items other than shareholders' equity	(391)	(1,585)	(51)	(2,029)	(43)	50	(2,022)
Total of changes	(391)	(1,585)	(51)	(2,029)	(43)	50	23,447
Balance at end of fiscal year	920	(7,832)	(1,003)	(7,916)	47	10,625	404,522

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	42,347	40,666	318,755	(5)	401,765
Changes during period					
Issue of new shares	24	24			48
Cash dividends			(9,100)		(9,100)
Net income (loss) attributable to owners of parent			(1,864)		(1,864)
Purchase of treasury stock				(0)	(0)
Change in ownership interest of parent due to transactions with non-controlling interests					–
Net change in items other than shareholders' equity					
Total of changes	24	24	(10,965)	(0)	(10,917)
Balance at end of fiscal year	42,372	40,691	307,790	(6)	390,848

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain for available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	920	(7,832)	(1,003)	(7,916)	47	10,625	404,522
Changes during period							
Issue of new shares							48
Cash dividends							(9,100)
Net income (loss) attributable to owners of parent							(1,864)
Purchase of treasury stock							(0)
Change in ownership interest of parent due to transactions with non-controlling interests							–
Net change in items other than shareholders' equity	109	(6,036)	313	(5,612)	(23)	(481)	(6,118)
Total of changes	109	(6,036)	313	(5,612)	(23)	(481)	(17,035)
Balance at end of fiscal year	1,029	(13,868)	(690)	(13,529)	23	10,143	387,486

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2019 Q4 March 1, 2019 to February 29, 2020	FY2020 Q4 March 1, 2020 to February 28, 2021
Cash flows from operating activities		
Income before income taxes	54,019	4,268
Depreciation and amortization	56,858	58,586
Impairment loss	5,034	7,288
Gain on negative goodwill	(1,239)	—
Increase (decrease) in provision for loss on store closing	(40)	161
(Gain) loss on step acquisitions	(706)	—
Increase (decrease) in allowance for doubtful accounts	30	81
Increase (decrease) in provision for employees' bonus	130	41
Increase (decrease) in provision for director and auditor performance-based remuneration	4	(29)
Increase (decrease) in net defined benefit liability	29	31
Interest and dividend income	(1,172)	(1,300)
Interest expenses	9,795	9,762
Loss (gain) on sale of investment securities	—	(5)
Loss on retirement of fixed assets	1,415	602
Loss (gain) on sales of fixed assets	(2,507)	(748)
Decrease (increase) in receivables–trade accounts	(447)	97
Decrease (increase) in other current assets	(1,226)	(1,044)
Increase (decrease) in payables–trade accounts	413	113
Increase (decrease) in consumption tax payable	4,361	(3,829)
Increase (decrease) in deposits received from specialty stores	23,074	(5,184)
Increase (decrease) in other current liabilities	1,554	3,208
Other	8,897	9,578
Subtotal	158,280	81,677
Interest and dividends received	824	1,177
Interest paid	(9,757)	(9,705)
Income taxes paid	(15,701)	(11,528)
Net cash provided by (used in) operating activities	133,645	61,621

(Million yen)

	FY2019 Q4 March 1, 2019 to February 29, 2020	FY2020 Q4 March 1, 2020 to February 28, 2021
Cash flows from investing activities		
Purchase of property, plant and equipment	(97,192)	(57,535)
Proceeds from sales of property, plant and equipment	8,220	760
Purchase of intangible assets	(1,151)	(992)
Purchase of long-term prepaid expenses	(2,441)	(2,202)
Investments in subsidiaries resulting in a change in scope of consolidation	*2 (1,229)	—
Proceeds from sale of investment securities	—	9
Collection of loans	11	7
Payment of lease deposits to lessors	(2,382)	(1,762)
Reimbursement of lease deposits to lessors	5,338	308
Repayment of lease deposits from lessees	(10,279)	(11,170)
Proceeds from lease deposits from lessees	11,313	8,618
Time deposits	(9,162)	(6,367)
Withdrawal of time deposits	3,248	6,021
Other	(77)	(137)
Net cash provided by (used in) investing activities	(95,783)	(64,444)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	(6,000)	—
Repayment of lease obligations	(11,210)	(11,727)
Proceeds from long-term debt	8,500	23,734
Repayment of long-term debt	(24,015)	(35,774)
Proceeds from issuance of bonds	80,000	60,000
Redemption of bonds	(15,000)	(15,000)
Proceeds from share issuance to non-controlling shareholders	—	718
Purchase of treasury stock	(0)	(0)
Dividends paid	(8,872)	(9,100)
Dividends paid to non-controlling interests	(6)	(66)
Investments in subsidiaries not resulting in a change in scope of consolidation	(161)	—
Other	(425)	(539)
Net cash provided by (used in) financing activities	22,808	12,244
Foreign currency translation adjustments on cash and cash equivalents	(1,715)	290
Net increase (decrease) in cash and cash equivalents	58,954	9,711
Cash and cash equivalents at beginning of the period	55,414	114,368
Cash and cash equivalents at end of the period	*1 114,368	*1 124,080

(5) Notes on Consolidated Financial Statements

Notes on the going concern assumption

Not applicable

Important matters concerning the basis for preparing consolidated financial statements

1. Matters concerning scope of consolidation

Number of consolidated subsidiaries: 47

Names of major consolidated subsidiaries

AEON MALL (China) Business Management Co., Ltd., AEON MALL (Cambodia) Co., Ltd., PT. AEON MALL Indonesia, AEON MALL (Guangdong) Business Management Co., Ltd., PT. AMSL Indonesia, AEON MALL HIMLAM Company Limited, AEON MALL Vietnam Co., Ltd., PT. AMSL DELTA MAS, AEON MALL (China) Co., Ltd., OPA Co., Ltd.

During the consolidated fiscal year under review, AEON MALL Co., Ltd. Established AEON MALL SINGAPORE PTE. LTD., AEON MALL MYANMAR CO., LTD., AEON MALL SHWE TAUNG CO., LTD., and Hangzhou Qiantang New Area Mall Investment Limited, including these entities in the scope of consolidation.

OPA Co., Ltd. was restructured on March 1, 2021, through a company split and absorption-type merger. For details, refer to *Significant Subsequent Events (Transactions Under Common Control, etc.)* in the Notes on Consolidated Financial Statements.

2. Matters concerning consolidated subsidiary fiscal years

The 39 overseas subsidiaries end their fiscal years on December 31. We prepare our consolidated financial statements using the respective balance sheet dates of our consolidated subsidiaries. For consolidation purposes, the Company makes necessary adjustments to reflect any significant transactions occurring between January 1 and the consolidated balance sheet date.

In addition, AEON MALL MYANMAR CO., LTD and one other company end their fiscal years on September 30. We prepare our consolidated financial statements using the December 31 respective balance sheet dates of our consolidated subsidiaries. For consolidation purposes, the Company makes necessary adjustments to reflect any significant transactions occurring between January 1 and the consolidated balance sheet date.

3. Matters concerning basis for accounting

(1) Valuation criteria and method for significant assets

1) Available-for-sale securities

Available-for-sale securities classified as other securities

Available-for-sale securities with market value

Stated at market value, determined by the market price as of the fiscal year-end and other means, with all valuation gains and losses reported in net assets and the cost of securities sold is determined by the moving-average method.

Available-for-sale securities without market value

Stated at cost determined by the moving-average method

2) Derivatives

Stated at market value

(2) Method for depreciating and amortizing significant depreciable and amortizable assets

1) Property, plant and equipment (excluding right-of-use assets)

Depreciated using the straight-line method based on the economic useful life

The Company has adopted the following ranges of economic useful life for each asset category:

Buildings and structures: 2 to 39 years

Machinery and transportation equipment: 3 to 17 years

Furniture and fixtures: 2 to 20 years

2) Intangible assets

Amortized using the straight-line method

Software used in-house is amortized using the straight-line method based on an estimated useful internal life of five years.

3) Right-of-use assets

Amortized using the straight-line method

4) Long-term prepaid expenses

Amortized in equal installments based on contract periods and other factors (period of amortization: 2 to 50 years)

(3) Accounting method for deferred assets

Bond issuance expenses are treated as an expense when paid.

(4) Accounting standards for significant allowances

1) Allowance for doubtful accounts

An allowance for doubtful accounts provides for possible losses arising from default on receivables such as operating accounts receivable. An allowance is provided for the estimated credit loss for ordinary receivables based on historical default rates and for specific receivables, such as doubtful receivables, based on an individual assessment of the recoverability of each account.

2) Allowance for employee bonuses

The Company provides an allowance for employee bonuses to cover the amount of bonuses to be paid to employees and part-time workers. This allowance is based on the estimated portion to be paid in the fiscal year under review.

3) Allowance for director and corporate auditor performance-based remuneration

The Company provides an allowance for director and corporate auditor performance-based remuneration, which is based on the estimated portion to be paid during the fiscal year under review.

4) Provision for loss on store closing

The Company records estimates and accrues for losses on store closing (penalty charges for canceling contracts mid-term, etc.) reasonably assumed to result from the closing of stores.

(5) Accounting for retirement benefits

The Company records projected retirement benefit liabilities less projected pension assets at the end of the fiscal year under review to provide for retirement benefits for employees. When calculating retirement benefit liabilities, the method to allocate the projected retirement benefits to the consolidated fiscal year under review is based on benefits calculation formula standards.

Actuarial gains and losses are expensed from the following fiscal year using the straight-line method over a fixed period (10 years) of the estimated average remaining life of service of employees at the time of accrual.

Unrecognized actuarial gains or losses and unrecognized prior service cost are posted as remeasurements of defined retirement benefit plans as part of total accumulated other comprehensive income under net assets.

(6) Standards for translating significant foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated assets and liabilities are translated into yen amounts at the rates of exchange in effect as of the consolidated balance sheet date. Differences are treated as a gain or loss. Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect at the balance sheet dates of each subsidiary in question. Revenues and expenses of subsidiaries are translated into yen amounts at the average exchange rate for the fiscal year under review. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Accounting policies for significant hedging activities

1) Hedge accounting methods

Deferred hedge accounting is used in principle. Special hedge accounting is applied to interest rate swaps that meet the criteria for qualification as special hedge accounting.

2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Borrowings

3) Hedging policy

Interest rate swaps are conducted for the purpose of hedging against the risk of fluctuations in interest rates.

4) Evaluation of hedging effectiveness

The Company compares market prices and cash flows from hedged items and hedging instruments over their respective periods from the start of hedging to the point where effectiveness is measured. The fluctuation in these parameters is used as a benchmark for evaluating hedging effectiveness. However, the evaluation of hedging effectiveness for interest rate swaps accounted for using special hedge accounting has been omitted.

(8) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits repayable on demand, and short-term investments with a maturity of three months or less from the acquisition date which can be readily converted into cash and carry little risk of fluctuation in value.

(9) Other important matters concerning the preparation of consolidated financial statements

Accounting treatment of consumption taxes

Financial statements are prepared exclusive of consumption taxes.

Accounting standards not yet applied

The Company and consolidated domestic subsidiaries

- *Accounting Standard for Revenue Recognition* (ASBJ Statement No. 29, March 30, 2018)
- *Implementation Guidance on Accounting Standard for Revenue Recognition* (ASBJ Guidance No. 30, March 30, 2018)

1. Overview

   This standard provides a comprehensive accounting standard for revenue recognition. Revenue is recognized according to the following five steps:

   Step 1: Identify the contract with the customer.
   Step 2: Identify performance obligations in the contract.
   Step 3: Calculate the transaction price.
   Step 4: Allocate transaction price to performance obligations within the contract.
   Step 5: Recognize revenue when or as performance obligations are satisfied.

2. Scheduled date of adoption

   To be applied at the beginning of the fiscal year ending February 2023.

3. Impact from the application of this accounting standard

   The Company is assessing the impact of adoption of these accounting standards as of the time of preparation of these consolidated financial statements.

Supplementary information

Accounting estimates related to the impact of COVID-19

In January 2021, the declaration of a state of emergency in Japan was lifted and vaccine distribution began in Japan and numerous other countries. The AEON MALL Group is striving to establish quarantine systems in the malls we operate. We expect the impact of COVID-19 on operating revenue to be largely contained in the fiscal year ended February 28, 2021, and, having incorporated accounting estimates for impairment accounting related to fixed assets, we assume that fiscal 2021 earnings will recovery to a level on par with fiscal 2019. Although we continue mall operations in Indonesia, we have assumed that ongoing restrictions on small-scale community activities will have a negative impact on operating revenue for through 2021.

Notes

Consolidated balance sheets

*1. Assets pledged as collateral and collateral-backed liabilities

(Assets pledged as collateral)

(Million yen)

	Year Ended February 29, 2020 (As of February 29, 2020)	Year Ended February 28, 2021 (As of February 28, 2021)
Buildings and structures	30,584	28,171
Land	2,456	2,456
Total	33,040	30,627

(Liabilities backed by above collateral)

(Million yen)

	Year Ended February 29, 2020 (As of February 29, 2020)	Year Ended February 28, 2021 (As of February 28, 2021)
Current portion of long-term debt	716	1,976
Other current liabilities (Current portion of lease deposits from lessees)	75	-
Long-term debt	25,761	23,785
Lease deposits from lessees	905	-
Total	27,459	25,761

*2 Deposits paid to affiliates

(Million yen)

	Year Ended February 29, 2020 (As of February 29, 2020)	Year Ended February 28, 2021 (As of February 28, 2021)
Deposits paid to affiliates	63,400	-

(Note) Management trust deposits based on depositary agreements with Aeon Co., Ltd.

Consolidated statements of income

*1 Gains on sale of fixed assets consist of the following items (Million yen)

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)		Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)	
AEON MALL Okazaki (Okazaki City, Aichi Prefecture)	2,501		—
	—	Former Tenjin Vivre (Fukuoka City, Fukuoka Prefecture)	746
Other	7	Other	2
Total	2,508	Total	749

*2 Losses on sale of fixed assets consist of the following items (Million yen)

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)		Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)	
Other	1	Other	1
Total	1	Total	1

*3 Losses on disposal of fixed assets consist of the following items (Million yen)

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)		Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)	
Buildings and structures	427	Buildings and structures	396
Furniture and fixtures	41	Furniture and fixtures	7
Demolition and removal expenses	1,464	Demolition and removal expenses	455
Other	161	Other	7
Total	2,095	Total	867

*4 Impairment loss

The AEON MALL Group incurred an impairment loss in the following asset groups during the previous fiscal year (March 1, 2019 to February 29, 2020).

Location	Use	Type	Amount (million yen)
Akita Prefecture	Store	Buildings, etc.	28
Ibaraki Prefecture	Store	Buildings, etc.	32
Gunma Prefecture	Store	Buildings, etc.	602
Chiba Prefecture	Common-use assets	Furniture and fixtures	227
Tokyo Prefecture	Store	Buildings, etc.	820
Kanagawa Prefecture	Store	Buildings, etc.	195
Kyoto Prefecture	Store	Buildings, etc.	37
Osaka Prefecture	Store	Buildings, etc.	1,152
Fukuoka Prefecture	Store	Buildings, etc.	153
Okinawa Prefecture	Store	Buildings, etc.	869
Overseas (China)	Store	Right-of-use assets	913

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually. Common-use and shared assets are grouped in larger units that include groups contributing to the generation of future cash flows.

Profitability declined significantly for the asset groups noted above. Accordingly, the Company reduced book values to their respective recoverable values. The write-down was posted as impairment losses under extraordinary losses. Recoverable value is measured mainly based on value in use or net realizable value. We used a discount rate of 8.48% to calculate the future cash flows of value in use for overseas (China). No future cash flows are expected for certain facilities and common-use assets; therefore, the value in use has been measured as zero. Net realizable value is measured at the appraised value of the real estate in question. As certain malls in Kyoto Prefecture and Fukuoka Prefecture have been closed, the entire book values in question have been written off, with the amount recognized as impairment losses under extraordinary losses.

The impairment losses above consist of losses of ¥54 million in land, ¥2,559 million in building and structures, ¥506 million in furniture and fixtures, ¥875 million in long-term prepaid expenses, ¥913 million in right-of-use assets, and ¥125 million in other.

The AEON MALL Group incurred an impairment loss in the following asset groups during the fiscal year under review (March 1, 2020 to February 28, 2021).

Location	Use	Type	Amount (million yen)
Aomori Prefecture	Store	Land and buildings, etc.	1,254
Akita Prefecture	Store	Buildings, etc.	240
Ibaraki Prefecture	Store	Buildings, etc.	29
Gunma Prefecture	Store	Buildings, etc.	102
Chiba Prefecture	Store	Buildings, etc.	558
Chiba Prefecture	Store	Intangible fixed assets (goodwill)	340
Chiba Prefecture	Common-use assets	Furniture and fixtures	61
Tokyo Prefecture	Store	Buildings, etc.	138
Kanagawa Prefecture	Store	Buildings, etc.	53
Mie Prefecture	Store	Construction in progress	5
Kyoto Prefecture	Store	Buildings, etc.	200
Osaka Prefecture	Store	Buildings, etc.	761
Okayama Prefecture	Development property	Construction in progress	1
Nagasaki Prefecture	Development property	Construction in progress	50
Oita Prefecture	Store	Land and buildings, etc.	1,321
Okinawa Prefecture	Store	Buildings, etc.	13
Overseas (China)	Store	Right-of-use assets	2,155

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually. Common-use and shared assets are grouped in larger units that include groups contributing to the generation of future cash flows.

Significant profitability declines and changes resulting in a market decrease in expected recoverability for the asset groups noted above have led the Company to reduce the carrying values to their respective recoverable values. The write-down was posted as impairment losses under extraordinary losses. Recoverable value is measured mainly based on value in use or net realizable value. We used a discount rate of 3.55% to calculate the future cash flows of value in use for locations in Japan and 8.84% to calculate the future cash flows of value in use for overseas (China) locations. No future cash flows are expected for certain facilities and common-use assets; therefore, the value in use has been measured as zero. Net realizable value is measured at the appraised value of the real estate in question. The Company reduced the entire amount of goodwill of certain domestic subsidiaries as they are no longer expected to earn the revenue planned at the time of acquisition. We recorded the amount of the reduction as an impairment loss under extraordinary losses.

The impairment losses above consist of losses of ¥414 million in land, ¥3,446 million in building and structures, ¥186 million in furniture and fixtures, ¥1,122 million in long-term prepaid expenses, ¥340 million in goodwill, ¥1,627 million in right-of-use assets, and ¥151 million in other.

*5 These costs stemming from loss on the impact of COVID-19 consist mainly of rent, fixed costs of depreciation and amortization, and tenant support in the form of rent reductions during the temporary closures.

Consolidated statements of comprehensive income

*1 Rearrangements, adjustments, and tax effects related to other comprehensive income (Million yen)

	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Net unrealized gain on available-for-sale securities		
Amount accrued in the fiscal year	(563)	163
Amount rearranged or adjusted	―	(5)
Before tax effect adjustment	(563)	157
Tax effect	171	(48)
Net unrealized gain on available-for-sale securities	(391)	109
Foreign currency translation adjustment：		
Amount accrued in the fiscal year	(1,809)	(7,002)
Amount rearranged or adjusted	―	―
Before tax effect adjustment	(1,809)	(7,002)
Tax effect	―	―
Foreign currency translation adjustment	(1,809)	(7,002)
Remeasurements of defined benefit plans		
Amount accrued in the fiscal year	(265)	245
Amount rearranged or adjusted	177	209
Before tax effect adjustment	(88)	455
Tax effect	36	(141)
Remeasurements of defined benefit plans	(51)	313
Total other comprehensive income	(2,252)	(6,578)

Statements of changes in shareholders' equity

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

1. Matters concerning the type and total number of shares issued and outstanding; type and number of treasury stock

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the fiscal year under review (shares)
Shares issued and outstanding				
Common stock (Note 1)	227,472,789	42,220	—	227,515,009
Total	227,472,789	42,220	—	227,515,009
Treasury stock, at cost				
Common stock (Note 2)	2,279	418	—	2,697
Total	2,279	418	—	2,697

(Notes) 1. An increase of 42,220 shares issued and outstanding resulted from the exercise of stock acquisition rights.
2. An increase in treasury stock resulted from the purchase of 418 odd-lot shares.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Components of stock acquisition rights	Type of shares that comprise the objective of stock acquisition rights	Number of shares that comprise the objective of stock acquisition rights (shares)				Balance of stock acquisition rights at the end of the fiscal year under review (million yen)
			Number at the beginning of the fiscal year under review	Increase in number in the fiscal year under review	Decrease in number in the fiscal year under review	Number at the end of the fiscal year under review	
The Company	Stock acquisition rights as stock options	—	—	—	—	—	47
Total		—	—	—	—	—	47

3. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 9, 2019	Common stock	4,321	19.00	February 28, 2019	April 26, 2019
Board of Directors meeting on October 8, 2019	Common stock	4,550	20.00	August 31, 2019	October 25, 2019

(2) Dividends whose record dates are in the fiscal year under review and whose effective dates are in the following fiscal year

Resolution	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 9, 2020	Common stock	4,550	Retained earnings	20.00	February 29, 2020	May 1, 2020

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

1. Matters concerning the type and total number of shares issued and outstanding; type and number of treasury stock

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the fiscal year under review (shares)
Shares issued and outstanding				
Common stock (Note 1)	227,515,009	30,830	—	227,545,839
Total	227,515,009	30,830	—	227,545,839
Treasury stock, at cost				
Common stock (Note 2)	2,697	568	—	3,265
Total	2,697	568	—	3,265

(Notes) 1. An increase of 30,830 shares issued and outstanding resulted from the exercise of stock acquisition rights.
2. An increase in treasury stock resulted from the purchase of 568 odd-lot shares.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Components of stock acquisition rights	Type of shares that comprise the objective of stock acquisition rights	Number of shares that comprise the objective of stock acquisition rights (shares)				Balance of stock acquisition rights at the end of the fiscal year under review (million yen)
			Number at the beginning of the fiscal year under review	Increase in number in the fiscal year under review	Decrease in number in the fiscal year under review	Number at the end of the fiscal year under review	
The Company	Stock acquisition rights as stock options	—	—	—	—	—	23
Total		—	—	—	—	—	23

3. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 9, 2020	Common stock	4,550	20.00	February 29, 2020	May 1, 2020
Board of Directors meeting on October 6, 2021	Common stock	4,550	20.00	August 31, 2020	October 23, 2020

(2) Dividends whose record dates are in the fiscal year under review and whose effective dates are in the following fiscal year

Resolution	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting on April 8, 2021	Common stock	4,550	Retained earnings	20.00	February 28, 2021	April 30, 2021

Consolidated statements of cash flows

*1 Relationship between cash and cash equivalents at the end of the period and the itemized amounts stated in consolidated balance sheets

	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Cash and deposits	58,283	131,442
Deposits paid to affiliates	63,400	－
Time deposits with a deposit term longer than three months	(7,314)	(7,362)
Cash and cash equivalents	114,368	124,080

*2 Detail of major corporate assets and liabilities for subsidiaries newly consolidated via acquisition of shares

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

Details of assets and liabilities at commencement of consolidation of newly consolidated Yokohama Import Mart Inc. via acquisition of shares, valuation of stock, and costs (net) of acquisition:

Current assets:	5,326
Fixed assets	5,682
Current liabilities	(894)
Long-term liabilities	(1,677)
Non-controlling interests	(194)
Gain on negative goodwill	(1,239)
Subtotal	7,003
Gain on step acquisitions	(706)
Consolidated subsidiary acquisition cost	6,297
Cash and cash equivalents at consolidated subsidiary	(5,067)
Less: Investments in subsidiaries resulting in a change in scope of consolidation	1,229

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Not applicable.

3. Significant non-cash transactions

(1) Asset retirement obligations recorded

	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Asset retirement obligations	459	1,907

(2) Assets and obligations recorded for lease transactions under IFRS 16

	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Right-of-use assets	141,671	27,161
Lease obligations	126,926	22,041

(Note) Right-of-use assets and lease obligations for fiscal 2019 include an increase of ¥92,007 million and ¥115,939 million, respectively, due to the first-time adoption of IFRS 16.

Lease transactions

1. Finance leases

Omitted due to the lack of materiality.

2. Operating leases

Unexpired lease payment related to non-cancellable operating lease transactions

As lessee (Million yen)

	Year Ended February 29, 2020 (As of February 29, 2020)	Year Ended February 28, 2021 (As of February 28, 2021)
Due within 1 year	46,736	55,692
Due after 1 year	295,384	324,050
Total	342,121	379,742

As lessor (Million yen)

	Year Ended February 29, 2020 (As of February 29, 2020)	Year Ended February 28, 2021 (As of February 28, 2021)
Due within 1 year	6,376	5,264
Due after 1 year	20,628	16,097
Total	27,004	21,361

Rental property

The Company and certain consolidated subsidiaries own commercial leasing buildings in various regions nationwide as well as overseas (China and ASEAN region) for the purpose of generating profits from property leasing. Leasing profit related to rental properties, etc. (properties for lease owned by the Company and overseas master lease properties; malls under master lease and property management agreements are not included; the same applies hereinafter) amounted to ¥48,394 million for the previous consolidated fiscal year (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses). Gain on sale of fixed assets amounted to ¥2,501 million (posted under extraordinary gains), loss on retirement of fixed assets amounted to ¥1,635 million (posted under extraordinary losses), and impairment losses amounted to ¥1,089 million (posted under extraordinary losses). Leasing profit for the current consolidated fiscal year amounted to ¥34,247 million (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses). Gain on sale of fixed assets amounted to ¥746 million (posted under extraordinary gains). Loss on retirement of fixed assets amounted to ¥674 million (posted under extraordinary losses). Impairment losses amounted to ¥4,162 million (posted under extraordinary losses).

The consolidated balance sheet amounts, changes during the term under review, and the fair value related to property leasing are as follows.

(Million yen)

		As of February 29, 2020 (March 1, 2019 to February 29, 2020)	As of February 28, 2021 (March 1, 2020 to February 28, 2021)
Consolidated balance sheet amount			
	Balance at the beginning of the term under review	1,067,163	1,090,837
	Change during term under review	23,674	(8,246)
	At end of term under review	1,090,837	1,082,591
Fair value at end of term under review		1,317,200	1,333,547

(Notes) 1. The balance sheet amount is the acquisition price less the accumulated depreciation.

2. Of the changes during the prior consolidated fiscal year, the largest increase was due to property acquisitions (¥94,563 million), while the largest decreases were due to disposals and sales of fixed assets (¥6,916 million), impairment losses (¥1,089 million), depreciation (¥56,422 million), and foreign exchange losses (¥4,400 million). The largest increase during the current consolidated fiscal year was due to property acquisitions (¥61,199 million), while the largest decreases were due to disposal and sales of fixed assets (¥522 million), impairment losses (¥4,162 million), depreciation expense (¥58,586 million), and foreign currency translation adjustments (¥6,299 million).

3. The fair value at the end of term under review is based on appraisal reports and other information provided by an appraisal company.

Segment and other information

Segment information

1. Overview of reportable segments

The Group’s reportable segments are units of the Group whose financial information is available separately and are reviewed regularly for determining the distribution of management resources and the evaluation of business performance.

The Group has been operating solely in the shopping mall business in Japan and overseas. The Group develops comprehensive strategies according to the characteristics of different regions and conducts operations.

Accordingly, the Group consists of three geographical reportable segments: Japan, China, and ASEAN.

2. Method of calculating operating revenue, profit (loss), assets, liabilities, and other items of each reportable segment

The accounting treatment for each reportable segment is reporting segment is essentially the same as that described in Important matters concerning the basis for preparing the consolidated financial statements. Profit for each reportable segment is treated as operating income.

3. Information on operating revenue, profit (loss), assets, liabilities, and other items of each reportable segment

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount on Consolidated Financial Statements (Note 2)
Operating Revenue						
Operating revenue from external customers	274,999	35,850	13,288	324,138	―	324,138
Intersegment operating revenue or transfers	―	―	―	―	―	―
Total	274,999	35,850	13,288	324,138	―	324,138
Segment profit (Note 4)	52,460	5,622	2,686	60,769	25	60,794
Segment assets	918,027	221,428	176,520	1,315,976	65,241	1,381,217
Other items						
Depreciation and amortization (Note 3)	40,124	18,698	5,112	63,936	(25)	63,910
Impairment loss	4,121	913	―	5,034	―	5,034
Increase in property, plant and equipment and intangible assets (Note 3 and 4)	66,763	15,384	12,052	94,199	―	94,199

(Notes) 1. Adjustments are as follows:

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

(2) Adjustment to segment assets of ¥65,241 million include corporate assets not allocated to reportable segments of ¥65,776 million and the elimination of intersegment transactions.

(3) Adjustment to depreciation and amortization is an adjustment to unrealized gains related to fixed assets.

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

3. Depreciation and amortization and the increase in property, plant and equipment and intangible assets includes long-term prepaid expenses and the amortization of long-term prepaid expenses.

4. As noted under *Changes in accounting policies*, the Company has applied IFRS 16 as of the current consolidated fiscal year.

As a result, profits for the China and ASEAN segments increased ¥4,859 million and ¥480 million, respectively, for the current consolidated fiscal year. In addition to the increase in property, plant and equipment and intangible assets (investment), segment assets in China and ASEAN countries increased by ¥84,067 million and ¥7,939 million, respectively, as of the beginning of the current consolidated fiscal year.

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount on Consolidated Financial Statements (Note 2)
Operating Revenue						
Operating revenue from external customers	237,093	31,353	12,241	280,688	－	280,688
Intersegment operating revenue or transfers	－	－	－	－	－	－
Total	237,093	31,353	12,241	280,688	－	280,688
Segment profit	30,597	2,296	1,474	34,369	25	34,394
Segment assets	923,327	219,777	188,828	1,331,932	62,368	1,394,199
Other items						
Depreciation and amortization (Note 3)	37,459	18,406	4,870	60,736	(25)	60,711
Impairment loss	5,132	2,155	－	7,288	－	7,288
Increase in property, plant and equipment and intangible assets (Note 3)	41,691	12,777	30,827	85,296	－	85,296

(Notes) 1. Adjustments are as follows:

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

(2) Adjustment to segment assets of ¥62,368 million include corporate assets not allocated to reportable segments of ¥62,154 million and the elimination of intersegment transactions.

(3) Adjustment to depreciation and amortization is an adjustment to unrealized gains related to fixed assets.

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

3. Depreciation and amortization and the increase in property, plant and equipment and intangible assets includes long-term prepaid expenses and the amortization of long-term prepaid expenses.

Related information

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

1. Information by product and service

Omitted, as more than 90% of operating revenue in the consolidated statements of income consists of operating revenue to external customers in the shopping mall business.

2. Information by region

(1) Operating revenue

Omitted, as the same information is disclosed in segment information.

(2) Property, plant and equipment

(Million yen)

Japan	China	ASEAN	Total
802,227	149,220	140,007	1,091,455

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	33,671	Japan

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

1. Information by product and service

Omitted, as more than 90% of operating revenue in the consolidated statements of income consists of operating revenue to external customers in the shopping mall business.

2. Information by region

(1) Operating revenue

Omitted, as the same information is disclosed in segment information.

(2) Property, plant and equipment

(Million yen)

Japan	China	ASEAN	Total
807,711	144,608	154,764	1,100,085

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	32,734	Japan

Information regarding impairment losses on fixed assets per reportable segment

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

Omitted, as the same information is disclosed in segment information.

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

Omitted, as the same information is disclosed in segment information.

Information on amortization of goodwill and balance of portion not amortized per reporting segment

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

Omitted, as information is not material.

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

Omitted, as information is not material.

Information regarding gain on negative goodwill per reporting segment

Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)

In the Japan segment, the Company recognized ¥1,239 million in gains on negative goodwill during the current consolidated fiscal year. These gains were associated with adding Yokohama Import Mart Inc. as a new subsidiary during the period in question.

Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)

Not applicable.

Per-share information

	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Net assets per share	1,731.11 yen	1,658.23 yen
Net income (loss) per share	150.50 yen	(8.19) yen
Diluted net income per share	150.47 yen	—

(Note) 1. Diluted net income per share for the current consolidated fiscal year is not shown, despite the existence of dilutive shares, as the Company posted a net loss per share.

2. The basis for the calculation of net income per share, net loss per share, and diluted net income per share is shown in the table below.

	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	Year Ended February 28, 2021 (March 1, 2020 to February 28, 2021)
Net income (loss) per share		
Net income (loss) attributable to owners of parent (million yen)	34,239	(1,864)
Amounts not attributable to shareholders of common stock (million yen)	—	—
Net income (loss) attributable to shareholders of common stock of parent (million yen)	34,239	(1,864)
Average number of common shares outstanding during the fiscal year	227,501,400	227,533,220
Diluted net income per share		
Adjustment of net income attributable to owners of parent (million yen)	—	—
Increase in number of common stock (shares) (Stock acquisition rights included)	35,535 (35,535)	— (—)
Outline of dilutive stock not included in calculation of diluted net income per share because it is anti-dilutive	——————	——————

Significant subsequent events

Issuance of bonds

The Company issued unsecured bonds on March 31, 2021 based on a resolution of the Board of Directors dated February 18, 2021.

The details are outlined below.

Name of bonds	AEON MALL Co., Ltd. Unsecured Bond Series 27 (with inter-bond pari passu clause)
Total value of bonds	¥30,000 million
Value of each bond	¥1 million
Coupon rate	0.39%
Issue price	¥100 per face value of ¥100
Date of issuance	March 31, 2021
Method and due date for the redemption	Bullet bond, where the entire face value is paid at once on the maturity date of March 31, 2026
Collateral	No collateral or guarantee is pledged and no assets are specifically reserved to secure the bonds.
Use of Proceeds	The proceeds will be used for a portion of the repayment of debt.

Business combinations involving entities under common control

At meetings held on December 1, 2020, the board of directors of AEON MALL Co., Ltd. and wholly owned subsidiary OPA Co., Ltd. as then constituted (“OPA”) resolved to split off (via incorporation-type company split) a wholly owned subsidiary (“New OPA”) to be established by OPA, with New OPA becoming the successor company. The boards also resolved to merge with the split company (OPA) in an absorption-type merger, subject to a condition precedent that the company split in question take effect. The transaction in question took place on March 1, 2021.

1. Transaction overview

A. Split company

i. Company name and business lines at the time of combination

Name of company subject to combination: OPA Co., Ltd.

Business lines: Management, operations, and development of commercial facilities

ii. Date of combination

March 1, 2021

iii. Legal form of business combination

OPA will become the split company with newly formed New OPA established via incorporation-type company split.

iv. Name of company after combination

OPA Co., Ltd.

B. Absorption-type merger

i. Company name and business lines at the time of combination

Name of company subject to combination: OPA Co., Ltd.

Business lines: Management, operations, and development of commercial facilities

ii. Date of combination

March 1, 2021

iii. Legal form of business combination

The merger will be an absorption-type merger, with AEON MALL as the surviving company and OPA as the absorbed company.

iv. Name of company after combination

AEON Co., Ltd.

2. Other matters related to the transaction

On March 1, 2016, AEON MALL made fashion building business operator OPA a wholly owned subsidiary, entering the urban shopping center business. AEON MALL has reorganized its Urban Shopping Center business for the purpose of strengthening initiatives to respond to changes in consumer behavior in the with-COVID-19 era of the new normal.

New OPA will specialize in the management and operations of urban facilities, mainly located in transportation terminals, creating new value through a concentration of management resources. AEON MALL will absorb certain community-based facilities and urban shopping centers owned by OPA, transforming these assets into facilities that meet daily needs and engaging in the redevelopment of certain properties to increase property values.

By pivoting to the business structure as described, AEON MALL intends to pursue initiatives tailored to the characteristics of each location and to improve the profitability and efficiency of the facilities in question.

3. Overview of accounting treatment

We intend to adopt an accounting treatment reflecting a transaction under common control based on *Accounting Standard for Business Combinations* (ASBJ Statement No. 21, issued January 16, 2019) and *Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures* (ASBJ Guidance No. 10, issued January 16, 2019).