



Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 28, 2020 (Japanese GAAP)

July 4, 2019

Company name: AEON MALL Co., Ltd.

Stock code: 8905

Representative: Akio Yoshida, President and CEO

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

Telephone: +81-43-212-6733

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

Stock Exchange Listing: TSE
URL <http://www.aeonmall.com/ir/index.html>

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

1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 2020 (March 1, 2019 – May 31, 2019)

(1) Consolidated Operating Results (cumulative)

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2019	80,690	5.1	15,137	19.6	12,862	5.1	7,991	1.2
Three months ended May 31, 2018	76,759	8.0	12,654	4.5	12,233	1.9	7,897	13.7

(Note) Comprehensive income: Three months ended May 31, 2019: ¥12,139 million (–%)
Three months ended May 31, 2018: (¥1,729) million (–%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three months ended May 31, 2019	35.13	35.12
Three months ended May 31, 2018	34.72	34.71

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
May 31, 2019	1,330,058	388,911	28.5
February 28, 2019	1,203,211	394,059	31.9

(Reference) Equity: May 31, 2019: ¥378,415 million
February 28, 2019: ¥383,393 million

2. Dividends

	Annual Dividend				
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2019	—	19.00	—	19.00	38.00
Year ending February 28, 2020	—				
Year ending February 28, 2020 (projection)		20.00	—	20.00	40.00

(Note) Revisions to dividend forecast announced recently: None

3. Consolidated Earnings Projections for the Year Ending February 28, 2020 (March 1, 2019 - February 28, 2020)

(Percentage figures represent changes from the corresponding period of the previous fiscal year)

	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
Interim period (cumulative)	159,000	2.8	29,000	17.5	24,500	2.6	15,700	0.5	69.01
Full-year	326,000	4.2	62,000	17.0	54,000	3.4	33,700	0.5	148.15

(Notes) 1. Revisions to earnings forecast announced recently: None

(Notes) 2. Consolidated financial statements for the fiscal year ending February 28, 2020 will reflect the adoption of IFRS 16 *Leases*. Accordingly, the Company's consolidated earnings projections for the fiscal year ending February 28, 2020 incorporate the impact of this accounting standard.

* Notes

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

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

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

[1] Changes in accounting policies due to changes in accounting standards, etc.: Yes

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

[3] Changes in accounting estimates: None

[4] Revisions and restatements: None

Note: For details, see 2. *Quarterly Consolidated Financial Statements* (4) *Notes to the Quarterly Consolidated Financial Statements, Changes in accounting policies* on P.14 of the accompanying materials.

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

[1] Number of shares outstanding at period-end (including treasury stock)	Three months ended May 31, 2019	227,490,609	Year ended February 28, 2019	227,472,789
[2] Treasury stock at period-end	Three months ended May 31, 2019	2,407	Year ended February 28, 2019	2,279
[3] Average number of shares during the period (quarterly cumulative)	Three months ended May 31, 2019	227,478,907	Three months ended May 31, 2018	227,428,308

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

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

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

The forward-looking statements, such as earnings projections, included in these materials are based on information currently available to the Company and certain assumptions it deems reasonable. They do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. See 1. *Qualitative Information on Quarterly Financial Performance* (3) *Explanation of Consolidated Earnings Projections and Other Projections* on P.8 of the accompanying materials for assumptions used in earnings projections and matters to note when using earnings projections.

(Procedures for obtaining supplementary information on financial results)

The Company is scheduled to hold a briefing for institutional investors and analysts on July 5, 2019. The materials handed out at this briefing will be posted on the Company's website on July 4, 2019, and an audio recording of the briefing will be made available on the Company's website soon after the briefing has ended.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

The Company formulated a medium-term management plan covering fiscal 2017 (FYE February 28, 2018) through fiscal 2019. Under this plan, we are revising existing business models and securing new growth models. More specifically, we are striving to reach sustainable growth and profit improvements through five growth strategies: (1) Capture growth opportunities in Asia; (2) Develop latent sources of domestic demand; (3) Become the overwhelmingly dominant mall in each region; (4) Capture urban growth opportunities; and (5) Implement an optimal financing mix and build organizational structures that support growth.

Operating revenue for the three months ended May 31, 2019 was ¥80,690 million (+5.1% year on year).

Operating costs rose 2.7% to ¥58,996 million in connection with business growth. At the same time, gross profit rose 12.2% to ¥21,693 million, while selling, general and administrative expenses decreased 1.9% to 6,555 million. Operating income amounted to ¥15,137, which was an increase of 19.6%.

Ordinary income rose 5.1% to ¥12,862 million. Net income attributable to owners of parent rose 1.2% to ¥7,991 million.

Consolidated earnings and earnings by segment in the period under review were as described below.

Consolidated financial statements for the current consolidated fiscal year will reflect the adoption of IFRS 16. For details on the impact of IFRS 16 adoption, see 2. *Quarterly Consolidated Financial Statements (4) Notes to the Quarterly Consolidated Financial Statements, Changes in accounting policies on P.14* of the accompanying materials

◆ Consolidated Earnings

(Million yen)

	FY2018 Q1	FY2019 Q1	Change [YoY]
Operating revenue	76,759	80,690	+3,931 [5.1%]
Operating income	12,654	15,137	+2,483 [19.6%]
Ordinary income	12,233	12,862	+628 [5.1%]
Net income attributable to owners of parent	7,897	7,991	+93 [1.2%]

◆ Earnings by Segment

(Million yen)

	Operating revenue			Segment Income		
	FY2018 Q1	FY2019 Q1	Change [YoY]	FY2018 Q1	FY2019 Q1	Change [YoY]
Japan	66,072	68,575	+2,502 [3.8%]	12,383	12,837	+454 [3.7%]
China	8,214	8,988	+773 [9.4%]	3	1,584	+1,580 [46,123.8%]
ASEAN	2,471	3,126	+655 [26.5%]	261	709	+447 [171.1%]
Overseas	10,686	12,115	+1,428 [13.4%]	265	2,293	+2,028 [765.2%]
Adjustment	—	—	— [—]	6	6	— [0%]
Total	76,759	80,690	+3,931 [5.1%]	12,654	15,137	+2,483 [19.6%]

AEON MALL applied IFRS 16 as of the beginning of the current consolidated fiscal year. As a result, profits for the China and ASEAN segments increased ¥1,216 million and ¥119 million, respectively.

a. Overseas (China, ASEAN)

The Company continues to secure improving branding advantages through area-dominant store openings in China and ASEAN. As a result, operating revenue grew to ¥12,115 million, representing a 13.4% increase year on year. Operating income amounted to ¥2,293 million, which was a 765.2% increase. By area, operating income was in positive territory for both China and ASEAN. The company's overseas business operates 27 malls as of the end of the prior fiscal year, and is experiencing high growth rates in operating revenue and operating income in step with high revenue growth. In addition to new mall openings, AEON MALL is moving forward with renovations for new tenants in existing malls and strategic floor space expansions. These measures combined with initiatives to leverage Japanese-quality mall operations for competitive advantage and increased customer traffic lead us to expect continued high profit growth in the future.

◆ Capture Growth Opportunities in Asia

(China)

Operations in China resulted in operating revenue of ¥8,988 million (+9.4% year on year) and operating income of ¥1,584 million (+46,123.8%) for the first three months of the fiscal year, an increase of ¥1,580 million compared to the year-ago period.

In China, AEON MALL continued area-dominant store openings, mainly in the four areas of Beijing/Tianjin/Shandong, Jiangsu/Zhejiang, Hubei and Guangdong. The impact of these store openings has increased the company's brand power to attract more customers. This type of brand advantage attracts quality tenants and leads to lease contracts under more favorable terms.

Despite somewhat slowing growth in the country, AEON MALL leverages operational expertise developed in Japan to drive consumer demand and generate customer traffic through promotional sales and events. The company also offers the same type of cleanliness found in Japanese malls (clean, safe, comfortable environments) and conducts renovations regularly, timed to the changeover of specialty store tenants.

The number of malls are increasing that have passed the three- to four-year mark after opening, reaching the point of lease renegotiations and renovations timed to the entry of new, more popular tenants. During the first three months of the current fiscal year, AEON MALL reopened four newly renovated malls: AEON MALL Suzhou Xinqu (April 30; Suzhou City, Jiangsu Province); AEON MALL Wuhan Jingkai (May 1; Wuhan City, Hubei Province); AEON MALL Guangzhou Panyu Square (May 1; Guangzhou City, Guangdong Province) and AEON MALL Hangzhou Liangzhu Xingcheng (May 24; Hangzhou City, Zhejiang Province). We plan to generate new demand and sales growth at these malls through promotional sales that coincide with social events. International Women's Day (March 8) was a half-day national holiday celebrating working women. On this day, the company held sales and sponsored events for women, driving sales growth.

These and other measures keep AEON MALL shopping centers feeling fresh, driving double-digit growth in specialty store sales at 19 existing malls. The company plans to further evolve its malls in China, generating greater customer traffic and growing profits by leveraging the expertise learned in Japan and Japanese-quality mall operations.

(ASEAN)

AEON MALL recorded operating revenue in ASEAN in the amount of ¥3,126 million, an increase of 26.5% year on year. Operating income amounted to ¥709 million (+171.1%), an increase of ¥447 million compared to the year-ago period.

In Vietnam, the company completed a floor space expansion for AEON MALL Tan Phu Celadon (Ho Chi Minh City), its first mall in the country. In April, the mall reopened certain zones, holding a grand reopening on June 28. AEON MALL Long Bien (Hanoi City) is performing well in the wake of a staged renovation launched

during the prior fiscal year. AEON MALL Ha Dong (Hanoi City), the company's fifth in the Hanoi area, is preparing for a grand opening. Construction began for AEON MALL Hai Phong Le Chan (Hai Phong City) ahead of a scheduled 2020 opening.

The company's second mall in Cambodia, AEON MALL Sen Sok City (Phnom Penh City) welcomed *Food Republic*, a Singapore-based entertainment-style food court. Based on an open kitchen concept, the complex features food stands offering cuisine styles from around the world. The food court accepts cashless payments via a special stored-value card.

The company's third mall in Indonesia, AEON MALL Sentul City (West Java) is preparing for a scheduled opening this fiscal year. Construction for a fourth Indonesian mall, AEON MALL Tanjung Barat (Southern Jakarta) is underway for a planned fiscal 2020 opening.

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

Malls Renovated During the First Quarter of Fiscal 2019

	Name	Location	Date Reopened	Number of Tenants	No. of New Specialty Stores (A)	Relocated/ Renovated (B)	Number of Renovated Specialty Stores (A) + (B)
China	AEON MALL Suzhou Xinqu	Suzhou City, Jiangsu	April 30	280	35	77	112
	AEON MALL Wuhan Jingkai	Wuhan City, Hubei	May 1	300	78	23	101
	AEON MALL Guangzhou Panyu Square	Guangzhou City, Guangdong	May 1	170	33	14	47
	AEON MALL Hangzhou Liangzhu Xingcheng	Hangzhou City, Zhejiang Province	May 24	180	23	23	46
Vietnam	AEON MALL Tan Phu Celadon (Note 2)	Ho Chi Minh City	April 25	200	77	46	123

(Notes) 1. The accounting period for companies outside Japan is the year ending December 31. Accordingly, figures presented herein reflect results for January through March.

2. AEON MALL Tan Phu Celadon was a floor space expansion and renovation. The grand reopening is scheduled for June 28, 2019.

New Overseas Business Locations (Malls) Scheduled to Open During Through the Second Quarter of Fiscal 2019

	Name	Location	Opening Date
China	AEON MALL Changshu Xinqu	Changshu City, Jiangsu	June 28, 2019
	AEON MALL Qingdao Xihaian Xinqu	Qingdao City, Shandong	FY2019
Vietnam	AEON MALL Ha dong	Hanoi City	FY2019
Indonesia	AEON MALL Sentul City	West Java	FY2019

b. Japan

The company recorded operating revenue in Japan in the amount of ¥68,575 million, an increase of 3.8% year on year. Operating income amounted to ¥12,837, up 3.7%.

The Mall Business expanded sales floor space in three malls and renovated eight existing malls during the period. Along with expansions and mall renovations, the Company implemented measures to increase new customer segment drawing power (Happiness Mall Initiative, etc.), while executing sales policies to promote localization.

◆ **Develop Latent Sources of Domestic Demand**

The AEON Group has been strengthening Health and Wellness initiatives that contribute to rich and varied lifestyles for customers through physical and mental health. AEON MALL aspires to be a space for customers to find happiness. We are rolling out Happiness Mall initiatives built on four pillars: Health, Wellness, Community, and Opportunity.

Under the banner of *Health*, the company promotes mall walking activities at every AEON MALL location throughout Japan. Indoor mall walking is available regardless of weather conditions and serves to prevent heat stroke during summer. The company's malls conduct promotions in each local area, engaging in collaborations with medical institutions and local governments, as well as publishing articles in free newspapers targeting senior citizens.

One example of a Wellness program is the Opera de AEON MALL, operas held at various malls in cooperation with the Japan Opera Foundation. Since debuting in 2017, these concerts have been attended by nearly 12,500 people across 39 locations (as of May 2019). The company intends to expand this program, planning to hold concerts at 30 locations in Japan to deliver true opera experiences to as many customers as possible.

Initiatives to promote *Community* include programs such as the child-rearing support and life-long learning facilities at AEON MALL Natori (Miyagi Pref.; expanded and reopened in April 2019) and closer coordination with local communities at every mall in the country to build stronger relations.

AEON MALL encourages *Opportunity* through providing new experiences and discoveries customers, working actively to attract overseas specialty stores to Japan. Following its first-ever Japanese location at AEON Lake Town (Saitama Pref.) in the prior fiscal year, British chocolatier Hotel Chocolat opened a second location in April 2019 at AEON MALL Narita (Chiba Pref.). KOI Thé is the overseas brand of 50 Lan, a popular tapioca beverage café chain with more than 500 locations in Taiwan. KOI Thé locations opened in AEON MALL Hiroshima Fuchu (Hiroshima Pref.) and AEON MALL Okinawa Rycom (Okinawa Pref.) in March and April, respectively. AEON MALL will continue to leverage its network of overseas retailers to attract leading companies as tenants in Japan.

◆ **Become the Overwhelmingly Dominant Mall in Each Region**

As more retail facilities become victims of natural selection, AEON MALL is increasing its share of dominant regional malls that enjoy the highest rates of customer support. Becoming the dominant No.1 mall in one region raises competitive advantage throughout the Japanese shopping mall market.

During the period under review, the Company expanded floor space at three malls and renovated eight malls.

In April AEON MALL expanded and reopened three malls: AEON MALL Higashiura (Aichi Pref.), AEON MALL Natori, and AEON MALL Okinawa Rycom.

AEON MALL Higashiura underwent its first major renovation since opening in 2001, adding a newly expanded wing to the facility. The mall underwent a nearly 70% renovation, adding the largest kids/babies zone in the region, as well as a dining zone expanded nearly 1.8 times the original size.

With this latest expansion, AEON MALL Natori added 50 more retail stores, reaching 240 in total. Total rentable area is now 80,000m², 13,000m² larger than before, making AEON MALL Natori the largest mall in the Tohoku region. The newly expanded second floor features a covered deck that connects directly to a train station, offering greater convenience to customers.

AEON MALL Okinawa Rycom converted a portion of its existing pilotis-structure parking area to create new retail space. In addition to recruiting eight new tenants, the mall replaced ten others, becoming the largest mall in Okinawa Prefecture.

AEON MALL plans to expand AEON MALL Takaoka (Toyama Pref.) during the second quarter of the current fiscal year.

The Company's tenants enjoyed solid sales performance in the 19 malls with expanded floor space or renovations conducted in the previous year and first quarter of the current fiscal year. Sales grew a strong 7.4% compared to the same period in the prior fiscal year.

A scrap-and-build approach led AEON MALL to plan for a grand reopening of the AEON Fujiidera Shopping Center (Osaka Pref.), closed in February 2014. The reopening is expected to take place sometime after the second quarter of the current fiscal year.

Malls Renovated During the First Quarter of Fiscal 2019

Name	Location	Date Reopened	Number of Tenants	Number of specialty stores (A) (Note 1)	Relocated/ Renovated (B)	Number of Renovated Specialty Stores (A) + (B)
AEON MALL Musashi Murayama	Tokyo Pref.	March 20	180	27 (4)	56	83
AEON MALL Mito Uchihara	Ibaraki Pref.	March 21	200	18 (5)	11	29
AEON MALL Higashiura (Note 2)	Aichi Pref.	April 19	170	69 (11)	53	122
AEON MALL Natori (Note 2)	Miyagi Pref.	April 19	240	67 (29)	54	121
Aeon MALL Hiroshima Fuchu	Hiroshima Pref.	April 19	280	10 (1)	2	12
AEON MALL Narita	Chiba Pref.	April 20	170	30 (9)	58	88
AEON MALL Kasukabe	Saitama Pref.	April 20	160	19 (—)	7	26
AEON MALL Okinawa Rycom (Note 2)	Okinawa Pref.	April 26	240	14 (8)	4	18
AEON MALL Kobe Kita	Hyogo Pref.	April 26	160	12 (1)	11	23
AEON MALL Tsukuba	Ibaraki Pref.	April 26	200	21 (7)	11	32
AEON MALL Sakai Teppochō	Osaka Pref.	April 27	160	18 (—)	3	21

(Notes) 1. Numbers in parentheses indicate the number of new specialty stores opening their first shop in that prefecture.

2. AEON MALL Higashiura, AEON MALL Natori, AEON MALL Okinawa Rycom underwent floor space expansions.

New Japanese Business Locations (Malls) Scheduled to Open During Through the Second Quarter of Fiscal 2019

Name	Location	Opening Date
AEON MALL Fujiidera Shopping Center	Osaka Pref.	FY2019

◆ Capture Urban Growth Opportunities

OPA Co., Ltd. is renovating locations to transition away from apparel-heavy sales, working to attract trendy specialty stores that will generate more customer traffic at existing facilities.

During the first three months of the current consolidated fiscal year, OPA renovated Shonan Fujisawa OPA (Kanagawa Pref.) and Yokohama VIVRE (Kanagawa Pref.) locations, adding dining, drugstore, daily goods, and other retail shops. These upgrades resulted in higher year-on-year sales for the company.

Under a scrap-and-build approach, OPA reopened Oita OPA (Oita Pref.) in June. The location had been closed as of June 2017. Oita OPA is located among a collection of commercial and cultural facilities next to the JR Oita railroad station, the fourth-busiest station in Kyushu. This concentration of food and other goods and services offers new lifestyle options for urban living.

New Japanese Business Locations (Urban Shopping Centers) Scheduled to Open During Through the Second Quarter of Fiscal 2019

Name	Location	Opening Date
Oita OPA	Oita Pref.	June 2019

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets amounted to ¥1,330,058 million, up ¥126,847 million compared to the end of the prior consolidated fiscal year. This increase was mainly due to the recognition of ¥133,633 million in right-of-use assets stemming from the application of IFRS 16 (including transfers of land-use rights under *other* within *investments and other assets* in prior years) and acquisitions of property, plant and equipment of ¥32,962 million in connection with activating existing malls and the advance acquisition of land for development in the future. At the same time, cash and deposits decreased ¥2,770 million, while fixed assets declined ¥14,251 million due to depreciation.

Liabilities

Total liabilities stood at ¥941,147 million, up ¥131,995 million compared to the end of the prior consolidated fiscal year. This result was mainly due to ¥119,463 million in lease obligations stemming from the application of IFRS 16 (including lease obligations under current liabilities), deposits received from specialty stores of ¥11,940 million, and an increase in bonds of ¥30,000. These amounts were offset in part by a decrease in commercial paper of ¥6,000 million, a decrease in long-term debt (including current portion) of ¥5,840 million, and a decrease of ¥3,440 million in income taxes payable.

Net assets

Net assets totaled ¥388,911 million, down ¥5,148 million compared to the end of the prior consolidated fiscal year. This result was mainly due to a decrease in retained earnings of ¥12,985 million in connection with the application of IFRS 16, offset in part by an increase in foreign currency translation adjustment of ¥4,344 million.

2) Cash Flows

Cash and cash equivalents (“Cash”) as of the end of first three months of the current consolidated fiscal year amounted to ¥60,277 million, up ¥4,862 million compared to the end of the prior consolidated fiscal year.

Cash flows in the period under review were as follows:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥28,537 million compared to cash flows of ¥25,152 million in for the same period in the prior fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥12,517 million (¥11,913 million in the year-ago period), depreciation and amortization of ¥14,251 million (¥10,325 million in the year-ago period), an increase in deposits received from specialty stores of ¥11,864 million (versus ¥12,311 million in the year-ago period). At the same time, income taxes paid amounted to ¥6,807 million, compared to ¥8,072 million in the year-ago period.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥36,234 million compared to ¥51,038 million. This result was mainly due to payments for facilities at malls opened during the prior consolidated fiscal year (THE OUTLETS HIROSHIMA, AEON MALL Iwaki Onahama, AEON MALL Tsu-Minami) and malls opened during the current consolidated fiscal year (THE OUTLETS HIROSHIMA, AEON MALL Iwaki Onahama, AEON MALL Tsu-Minami), as well as cash outlays of ¥34,999 million in purchases of property, plant and equipment associated with land for development (¥52,244 million in the year-ago period). These cash outlays were somewhat offset by proceeds from lease deposits from lessees in the amount of ¥3,596 million (¥5,953 million in the year-ago period).

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥11,510 million, compared to net cash provided of ¥35,233 million through the first three months of the previous fiscal year. This result was mainly due to

proceeds from issuance of bonds in the amount of ¥30,000 million (¥30,000 million in the year-ago period) and proceeds from long-term debt of ¥500 million (¥24,441 million in the year-ago period). During the same period, the Company made cash outlays for repayments of short-term loans and commercial paper of ¥6,000 million (¥10,000 million in the year-ago period), repayments of long-term debt in the amount of ¥5,957 million (¥4,663 million in the year-ago period), and dividends paid in the amount of ¥4,321 million (¥4,321 million in the year-ago period). Cash outlays to repay lease obligations stemming from the application of IFRS 16 amounted to ¥2,554 million (¥6 million in the year-ago period).

(3) Explanation of Consolidated Earnings Projections and Other Projections

The Company has made no changes to the consolidated earnings projections announced April 9, 2019.

Consolidated financial statements for the current consolidated fiscal year will reflect the adoption of IFRS 16. The Company's consolidated earnings projections for the current fiscal year incorporate the impact of this accounting standard.

2. Quarterly Consolidated Financial Statements and Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2019	As of May 31, 2019
Assets		
Current assets		
Cash and deposits	56,823	54,053
Notes and accounts receivable–trade	7,426	7,449
Other current assets	38,376	50,947
Allowance for doubtful receivables	(34)	(69)
Total current assets	102,592	112,381
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	612,656	634,767
Land	297,196	297,586
Right-of-use assets (net)	—	131,408
Other, net	30,740	33,121
Total property, plant and equipment	940,593	1,096,883
Intangible assets	3,638	3,535
Investments and other assets:		
Lease deposits paid	52,061	50,470
Other	104,340	66,801
Allowance for doubtful receivables	(15)	(15)
Total investments and other assets	156,387	117,257
Total fixed assets	1,100,618	1,217,677
Total assets	1,203,211	1,330,058

(Million yen)

	As of February 28, 2019	As of May 31, 2019
Liabilities		
Current liabilities:		
Notes and accounts payable-trade	19,977	9,077
Commercial paper	6,000	—
Bonds due within one year	15,000	15,000
Current portion of long-term debt	24,015	20,122
Lease obligations	21	11,878
Income taxes payable	7,879	4,438
Deposits received from specialty stores	41,931	53,872
Allowance for employee bonus	1,525	869
Allowance for director and corporate auditor performance-based remuneration	110	25
Provision for loss on store closing	612	612
Other current liabilities	69,850	66,181
Total current liabilities	186,923	182,077
Long-term liabilities		
Straight bonds	235,000	265,000
Long-term debt	226,960	225,012
Lease obligations	106	107,714
Accrued retirement benefits to employees	1,133	1,107
Asset retirement obligations	16,226	16,502
Lease deposits from lessees	138,842	139,762
Other, long-term liabilities	3,959	3,970
Total long-term liabilities	622,228	759,070
Total liabilities	809,151	941,147
Net assets		
Shareholders' equity:		
Common stock	42,313	42,328
Capital surplus	40,597	40,612
Retained earnings	306,373	297,057
Treasury stock, at cost	(4)	(4)
Total shareholders' equity	389,280	379,994
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,312	1,244
Foreign currency translation adjustment	(6,247)	(1,902)
Remeasurements of defined benefit plans	(951)	(920)
Total accumulated other comprehensive income	(5,887)	(1,578)
Stock acquisition rights	91	86
Non-controlling interests	10,574	10,408
Total net assets	394,059	388,911
Total liabilities and net assets	1,203,211	1,330,058

(2) Quarterly consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the three months ended May 31, 2018 and May 31, 2019)

(Million yen)

	FY2018 Q1 March 1 - May 31, 2018	FY2019 Q1 March 1 - May 31, 2019
Operating revenue	76,759	80,690
Operating costs	57,422	58,996
Gross profit	19,336	21,693
Selling, general and administrative expenses	6,682	6,555
Operating income	12,654	15,137
Non-operating profits		
Interest income	158	192
Compensation paid by departing tenants	295	360
Gain on valuation of derivatives	123	—
Compensation income	136	42
Other non-operating profits	104	125
Total non-operating profits	818	720
Non-operating expenses		
Interest expenses	727	2,444
Foreign exchange losses	171	78
Loss on valuation of derivatives	—	77
Other non-operating expenses	340	395
Total non-operating expenses	1,239	2,995
Ordinary income	12,233	12,862
Extraordinary gains		
Gain on sale of fixed assets	0	2
Total extraordinary gains	0	2
Extraordinary losses		
Loss on sale of fixed assets	1	0
Loss on retirement of fixed assets	252	337
Other extraordinary losses	66	10
Total extraordinary losses	320	347
Income before income taxes	11,913	12,517
Income tax – current	3,873	3,768
Income tax – deferred	217	647
Total income taxes	4,090	4,416
Net income	7,822	8,100
Net income (loss) attributable to non-controlling interests	(74)	109
Net income attributable to owners of parent	7,897	7,991

(Quarterly Consolidated Statements of Comprehensive Income)
(For the three months ended May 31, 2018 and May 31, 2019)

(Million yen)

	FY2018 Q1 March 1 - May 31, 2018	FY2019 Q1 March 1 - May 31, 2019
Net income	7,822	8,100
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	206	(67)
Foreign currency translation adjustment	(9,786)	4,075
Remeasurements of defined benefit plans	27	31
Total other comprehensive income	(9,552)	4,039
Comprehensive income	(1,729)	12,139
Comprehensive income (loss) attributable to:		
Owners of parent	(968)	12,299
Non-controlling interests	(761)	(159)

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	FY2018 Q1 March 1 - May 31, 2018	FY2019 Q1 March 1 - May 31, 2019
Cash flows from operating activities:		
Income before income taxes and other adjustments	11,913	12,517
Depreciation and amortization	10,325	14,251
Interest and dividend income	(179)	(226)
Interest expenses	727	2,444
Decrease (increase) in receivables—trade accounts	(223)	135
Increase (decrease) in payables—trade accounts	2,507	1,097
Increase (decrease) in deposits received from specialty stores	12,311	11,864
Other	(3,443)	(4,271)
Subtotal	33,939	37,813
Interest and dividends received	122	198
Interest paid	(837)	(2,666)
Income taxes paid	(8,072)	(6,807)
Net cash provided by (used in) operating activities	25,152	28,537
Cash flows from investing activities:		
Purchase of property, plant and equipment	(52,244)	(34,999)
Proceeds from sales of property, plant and equipment	10	25
Payment of lease deposits to lessors	(53)	(152)
Reimbursement of lease deposits to lessors	60	964
Repayment of lease deposits from lessees	(3,036)	(2,841)
Proceeds from lease deposits from lessees	5,953	3,596
Other payments	(1,826)	(3,401)
Other proceeds	98	573
Net cash provided by (used in) investing activities	(51,038)	(36,234)
Cash flows from financing activities:		
Increase (decrease) in short-term debt and commercial paper	(10,000)	(6,000)
Repayment of lease obligations	(6)	(2,554)
Proceeds from long-term debt	24,441	500
Repayment of long-term debt	(4,663)	(5,957)
Proceeds from issuance of bonds	30,000	30,000
Purchase of treasury stock	(0)	(0)
Dividends paid	(4,321)	(4,321)
Dividends paid to non-controlling interests	(6)	(6)
Other	(210)	(149)
Net cash provided by (used in) financing activities	35,233	11,510
Foreign currency translation adjustments on cash and cash equivalents	(1,472)	1,049
Net increase (decrease) in cash and cash equivalents	7,874	4,862
Cash and cash equivalents at beginning of the period	54,223	55,414
Cash and cash equivalents at end of the period	62,097	60,277

(4) Notes to the Quarterly Consolidated Financial Statements

Notes on the going concern assumption

Not applicable

Notes on significant changes in shareholders' equity

The Company has applied IFRS 16 (*Leases*) at overseas consolidated subsidiaries beginning with the first quarter of the fiscal year ending February 2020. See *Notes to the Quarterly Consolidated Financial Statements, Changes in accounting policies* for more.

Changes in major consolidated subsidiaries during the period under review

Not applicable.

Changes in accounting policies

The Company has applied IFRS 16 (*Leases*) at overseas consolidated subsidiaries beginning with the first quarter of the fiscal year ending February 2020. Accordingly, lessees recognize assets and liabilities for all leases as a rule.

In accordance with transitional treatment, the Company has recognized the impact of this accounting standard cumulatively as of the date of adoption for balances at the beginning of the first quarter of the current consolidated fiscal year.

As a result, right-of-use assets (net), lease obligations under current liabilities, and lease obligations under long-term liabilities have increased ¥131,408 million, ¥11,856 million, and ¥107,613 million, respectively, on the Company's consolidated balance sheets as of the first quarter of the consolidated fiscal year. Retained earnings decreased ¥12,985 million. Land-use rights of ¥38,142 million included under *other* within *investments and other assets* in prior years is now included in right-of-use assets (net) as of the first quarter of the consolidated fiscal year.

On the company's consolidated statements of income for the first quarter of the consolidated fiscal year, operating income rose ¥1,335 million, while ordinary income and income before taxes and other adjustments decreased 294 million.

The impact of these changes on per-share data for the first quarter of the consolidated fiscal year is minor.

Supplementary Information

Application of *Partial Amendment to Accounting Standard for Tax-Effect Accounting*

The Company adopted *Partial Amendment to Accounting Standard for Tax-Effect Accounting* (ASBJ Statement No.28, February 16, 2018) in the first quarter of the current consolidated fiscal year. Under this standard, the Company presents deferred tax assets under investments and other assets and deferred tax liabilities under long-term liabilities.

Segment and other information

Segment information

I. Three Months Ended May 31, 2018

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

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
Operating revenue						
Operating revenue from external customers	66,072	8,214	2,471	76,759	—	76,759
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	66,072	8,214	2,471	76,759	—	76,759
Segment profit	12,383	3	261	12,648	6	12,654

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

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

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

Not applicable.

II. Three Months Ended May 31, 2019

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

(Million yen)

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

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

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

3. As noted under *Changes in accounting policies*, the company has applied IFRS 16 as of the first quarter of the current consolidated fiscal year. As a result, profits for the China and ASEAN segments increased ¥1,216 million and ¥119 million, respectively.

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

Not applicable.

Significant subsequent events

The Company issued Series 20, 21, 22, and 23 unsecured bonds (with inter-bond pari passu clause) on July 3, 2019. The details of these bonds are as follows

The details are outlined below.

Name of bonds	AEON MALL Co., Ltd Unsecured Bond Series 20 (with inter-bond pari passu clause)
Total value of bonds	¥10,000 million
Value of each bond	¥100 million
Coupon rate	0.05%
Issue price	¥100 per face value of ¥100
Date of issuance	July 3, 2019
Method and due date for the redemption	Single redemption payment on July 1, 2022
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 as funds for capital investment, repayment of debt, and funds for payments on redemptions of bonds.

Name of bonds	AEON MALL Co., Ltd Unsecured Bond Series 21 (with inter-bond pari passu clause)
Total value of bonds	¥10,000 million
Value of each bond	¥100 million
Coupon rate	0.29%
Issue price	¥100 per face value of ¥100
Date of issuance	July 3, 2019
Method and due date for the redemption	Single redemption payment on July 3, 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 as funds for capital investment, repayment of debt, and funds for payments on redemptions of bonds.

Name of bonds	AEON MALL Co., Ltd Unsecured Bond Series 22 (with inter-bond pari passu clause)
Total value of bonds	¥20,000 million
Value of each bond	¥100 million
Coupon rate	0.40%
Issue price	¥100 per face value of ¥100
Date of issuance	July 3, 2019
Method and due date for the redemption	Single redemption payment on July 3, 2029
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 as funds for capital investment, repayment of debt, and funds for payments on redemptions of bonds.

Name of bonds	AEON MALL Co., Ltd Unsecured Bond Series 23 (with inter-bond pari passu clause)
Total value of bonds	¥5,000 million
Value of each bond	¥100 million
Coupon rate	0.90%
Issue price	¥100 per face value of ¥100
Date of issuance	July 3, 2019
Method and due date for the redemption	Single redemption payment on July 1, 2039
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 as funds for capital investment, repayment of debt, and funds for payments on redemptions of bonds.