Consolidated Financial Results for the Fiscal Year Ended February 29, 2020 (Japanese GAAP)

April 9, 2020

Company name: AEON MALL Co., Ltd. Listings Tokyo Stock Exchange
Stock code: 8905 URL https://www.aeonmall.com/ir/index.html
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Scheduled dates:

General shareholder's meeting	May 19, 2020
Commencement of dividend payments	May 1, 2020
Submission of statutory financial report	May 20, 2020
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 29, 2020 (March 1, 2019 – February 29, 2020)

(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 29, 2020	324,138	3.6	60,794	14.7	56,117	7.5	34,239	2.1
February 28, 2019	312,976	8.6	52,987	7.7	52,206	6.5	33,538	9.8

(Note) Comprehensive income Year ended February 29, 2020: ¥32,269 million (88.5%)
Year ended February 28, 2019: ¥17,114 million (55.2%)

	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 29, 2020	150.50	150.47	8.8	4.3	18.8
February 28, 2019	147.45	147.41	8.9	4.5	16.9

(Note) Investment profit on equity method Year ended February 29, 2020: ¥－million
Year ended February 28, 2019: ¥－million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
February 29, 2020	1,381,217	404,522	28.5	1,731.11
February 28, 2019	1,203,211	394,059	31.9	1,685.46

(Reference) Equity February 29, 2020: ¥393,849 million
February 28, 2019: ¥383,393 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 29, 2020	133,645	(95,783)	22,808	114,368
February 28, 2019	90,600	(176,189)	91,199	55,414

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 28, 2019	―	19.00	―	19.00	38.00	8,643	25.8	2.3
February 29, 2020	―	20.00	―	20.00	40.00	9,100	26.6	2.3
Year ending February 28, 2021 (Projection)	―	20.00	―	20.00	40.00		―	

(Note) A rational earnings projection upon which to base a dividend payout ratio projection for the fiscal year ending February 28, 2021 is difficult to determine at this time. Accordingly, we have not presented a dividend payout ratio projection herein.

3. Consolidated Earnings Projections for the Year Ending February 28, 2021 (March 1, 2020 – February 28, 2021)
The Company has not yet prepared earnings projections for the year ending February 28, 2021. For more information, see *(1) Analysis of Operating Results 2) Future Outlook* on P.10 of this report.

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): Yes

New 1 company (Company Name) Yokohama Importmart Inc.

(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.: Yes
[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 issued at period-end (including treasury stock)			
February 29, 2020:	227,515,009 shares	February 28, 2019:	227,472,789 shares
[2] Treasury stock at period-end			
February 29, 2020:	2,697shares	February 28, 2019:	2,279 shares
[3] Average number of shares issued			
February 29, 2020:	227,501,400 shares	February 28, 2019:	227,454,421 shares

*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.10.

(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 10, 2020. The materials handed out at this briefing will be posted on the Company's website on April 9, 2020. 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

AEON MALL Co., Ltd. (*AEON MALL* or *the Company*) formulated a medium-term management plan covering fiscal year 2017 (FYE February 28, 2018) through fiscal 2019. Under this plan, we are revising existing business models and securing new growth models. We have defined five growth strategies through which we will build sustainable growth and improved profits: (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.

The Company recorded historic highs in both operating revenue and each profit category for the consolidated fiscal year under review.

Operating revenue amounted to ¥324,138 million, up3.6% year on year. Operating costs rose 0.9% to ¥234,813 million, while gross profit rose 11.5% to ¥89,324 million. Selling, general and administrative expenses increased 5.1% to ¥28,530 million. Operating income amounted to ¥60,794 million, which was an increase of 14.7%.

The Company recorded ordinary income of ¥56,117 million, up 7.5% year on year, and net income attributable to owners of parent of ¥34,239 million, which was an increase of 2.1%.

Consolidated earnings and earnings by segment for the fiscal year under review were as described below.

Our consolidated financial statements for the fiscal year ending February 2020 will reflect the adoption of International Financial Reporting Standard (IFRS) 16 *Leases* with respect to our overseas consolidated subsidiaries. For details on the impact of IFRS 16 adoption, see *5. Consolidated Financial Statements and Notes (5) Notes to Consolidated Financial Statements, Changes in accounting policies* on P.32 of the accompanying materials

◆ Consolidated Earnings (Million yen)

	Fiscal Year ended February 28, 2019	Fiscal Year ended February 29, 2020	Change [Year on year]
Operating Revenue	312,976	324,138	+11,161 [103.6%]
Operating income	52,987	60,794	+7,807 [114.7%]
Ordinary income	52,206	56,117	+3,910 [107.5%]
Net income attributable to owners of parent	33,538	34,239	+700 [102.1%]

◆ Earnings by Segment (Million yen)

	Operating Revenue			Segment Income (loss)		
	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Change [Year on year]	Fiscal year ended February 28, 2019	Fiscal year ended February 29, 2020	Change [Year on year]
Japan	268,358	274,999	+6,640 [102.5%]	52,415	52,460	+45 [100.1%]
China	33,369	35,850	+2,481 [107.4%]	(453)	5,622	+6,075 [-]
ASEAN	11,248	13,288	+2,039 [118.1%]	999	2,686	+1,686 [268.7%]
Overseas	44,617	49,138	+4,521 [110.1%]	546	8,308	+7,762 [1,519.9%]
Adjustment	—	—	— [-]	25	25	— [0%]
Total	312,976	324,138	+11,161 [103.6%]	52,987	60,794	+7,807 [114.7%]

AEON MALL applied IFRS 16 to overseas consolidated subsidiaries as of the beginning 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.

a. Overseas (China, ASEAN)

The Company recorded overseas (China, ASEAN) operating revenue in the amount of ¥49,138 million, an increase of 10.1% year on year. Operating income amounted to ¥8,308 million, up 1,419.9%. Our Overseas Business consists of 30 malls as of the end of the current consolidated fiscal year as we experience the brand benefits of opening area-dominant malls. Operating revenue and operating income grew in proportion to high sales growth.

◆ Capture Growth Opportunities in Asia

(China)

The Company recorded operating revenue in China in the amount of ¥35,850 million, an increase of 7.4% year on year. Operating income amounted to ¥5,622 million, an improvement of ¥6,075 million compared to an operating loss of ¥453 million in the prior consolidated fiscal year.

In China, the Company continues 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.

In June, we opened AEON MALL Changshu Xinqu (Changshu City, Jiangsu Province), our fifth mall in Jiangsu Province and our first in Changshu City. In November, we opened AEON MALL Qingdao Xihaian Xinqu (Qingdao City, Shangdong Province), our second in Shangdong Province and first in Qingdao City.

AEON MALL Changshu Xinqu features highly convenient services and functions, made possible through the latest in digital technologies. These features include digital floor guides, virtual fitting rooms, parking space search, and other smartphone apps that provide a brand-new shopping experience for our customers.

AEON MALL Qingdao Xihaian Xinqu is located in the ninth Chinese new national district established in the international resort city of Qingdao City. Outstanding features include convenient, leading-edge digital services such as face-recognition cash registers at specialty retailers.

On December 6, we signed a memorandum for a strategic alliance with the Qingdao City Municipal Government. Under this memorandum, the city will cooperate in the opening of major shopping centers, while AEON MALL will contribute actively to the prosperity and revitalization of the Qingdao City consumer market.

Despite somewhat slowing growth in the country, AEON MALL is leveraging operational expertise developed in Japan to drive consumer demand 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 tenants, to generate customer traffic.

The number of existing malls that have passed the three- to four-year mark after opening are increasing, reaching the point of lease renewals, lease renegotiations, and renovations timed to the entry of new, more popular tenants. During the consolidated fiscal year, we renovated five malls.

We generated new demand and achieved sales growth through promotional sales timed to coincide with social events. For example, in March, we sponsored a sale for International Women's Day and in November we sponsored a promotion for Singles' Day (November 11).

In August, we held the Fourth Annual AEON MALL National Customer Service Role-Play Contest at AEON MALL Guangzhou Panyu Square (Guangzhou City, Guangdong Province). The contest is growing every year. This year, nearly 50,000 employees participated, representing 3,700 specialty stores and 19 malls across China. This contest not only improves individual customer service levels, but also leads to improved skills of mall employees as a whole.

These and other measures drove double-digit growth in specialty store sales at our 17 existing malls in the country. The Company plans to further evolve our malls in China, generating greater customer traffic and growing profits by
leveraging the expertise learned in Japan and Japanese-quality mall operations to attract more customers and generate income growth.

(ASEAN)
AEON MALL recorded operating revenue in ASEAN in the amount of ¥13,288 million, an increase of 18.1% year on year. Operating income amounted to ¥2,686 million (+168.7%), an increase of ¥1,686 million compared to the prior consolidated fiscal year.

In Vietnam, we responded to market needs accompanying a rapidly growing economy.

In June, we expanded and reopened existing malls, including AEON MALL Tan Phu Celadon (Ho Chi Minh City), our first mall in Vietnam. In November, we celebrated the expansion grand reopening of AEON MALL Binh Tan (Ho Chi Minh City), our fourth mall in the country. We opened the new AEON MALL Ha Dong in December, which became our fifth in Vietnam and second in Hanoi City.

AEON MALL Tan Phu Celadon features A newly expanded food court now offers seating for 1,000 customers in addition to a beverage zone (food market) on each floor. The diverse range of new tenants includes fashion retailers, sporting goods stores, cosmetics outlets, pet shops, and entertainment .

AEON MALL Binh Tan underwent the first major renovation of the mall since opening in July 2016. In all, 71 tenant spaces were renovated, representing nearly half of the total mall tenants. The mall now features specialty food and other retailers offering daily necessities, accessories, cosmetics, household goods, and other lifestyle suggestion-based businesses.

Nearly 40% of the 220 tenants and brands at the new AEON MALL Ha Dong are firsts for Vietnam, Hanoi, or any shopping mall. The mall features a food court consisting of 21 outlets providing foods and beverages from cuisines around the world. A total of 80 tenants (more than 30%) in the mall are dining specialty shops. AEON MALL Ha Dong also includes global fashion brands and fashion brands popular locally, as well as a zone featuring the latest experimental brands produced by young fashion designers, helping foster domestic brands in Vietnam.

We also conducted preparations for a fiscal 2020 grand opening of a sixth mall in Vietnam, AEON MALL Hai Phong Le Chan (Hai Phong City).

In July, AEON MALL, Vietnam Posts and Telecommunications Group, and Nissho Electronics VIETNAM Company Limited signed a joint memorandum at a Vietnam investment conference in Tokyo hosted by JETRO (Japan External Trade Organization) and the Vietnam Ministry of Planning and Investment. The purpose of this memorandum is to contribute to improved convenience and comfort for the citizens of Vietnam. Bringing the resources of these three companies to bear, we will engage in further digitalization and ICT usage for the benefit of Vietnamese society.

In Indonesia, we are preparing for grand openings of the Company's third and fourth malls during fiscal 2020, AEON MALL Sentul City (West Java) and AEON MALL Tanjung Barat (Southern Jakarta district).

In Cambodia, we held the Fourth Annual AEON MALL Cambodia Customer Service Role-Play Contest in November. This contest, also held in Vietnam (October) and Indonesia (November), improves individual customer service levels and the skills of mall employees as a whole.

Overseas Malls Renovated During the Current Consolidated Fiscal Year

	Name	Location	Date Reopened	No. 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	May 24	180	23	23	46
	AEON MALL Suzhou Wuzhong	Suzhou City, Jiangsu	September 28	200	26	21	47
Vietnam	AEON MALL Tan Phu Celadon (Note)	Ho Chi Minh City	April 25	200	77	46	123
			June 28		45	16	61
	AEON MALL Binh Tan	Ho Chi Minh City	November 22	150	38	33	71

(Note) AEON MALL Tan Phu Celadon underwent a floor space expansion and renovation. The expanded mall now provides space for 200 tenants (+80) with a total 84,000m^2 (+37,000m^2) in lease area, 2,000 parking spaces for cars (+1,500), and 10,000 parking spaces for motorcycles (+6,000).

New Business Locations (Malls) Overseas During the Fiscal Year Ended February 29, 2020

	Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
China	AEON MALL Changshu Xinqu	Changshu City, Jiangsu	June 2019	180	63,000
	AEON MALL Qingdao Xihaian Xinqu	Qingdao City, Shandong	November 2019	240	70,000
Vietnam	AEON MALL Ha Dong	Hanoi City	December 2019	220	74,000

(Note) The scheduled opening for AEON MALL Sentul City has been shifted to FY2020 due to changes in construction schedule.

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

b. Japan

The Company recorded operating revenue in Japan in the amount of ¥274,999 million, an increase of 2.5% year on year. Operating income amounted to ¥52,460 million, up 0.1%. Our Mall Business expanded sales floor space in four malls and renovated 11 existing malls during the period. Along with expansions and mall renovations, the Company implemented measures to increase new customer segment drawing power (Happiness Mall Initiatives, etc.), while executing sales policies to promote localization.

◆ **Develop Latent Sources of Domestic Demand**

To encourage consumer demand in Japan post-consumption tax increase, we launched a Restaurant/Food Court/Cafe WAON POINT x5 Campaign between October 1 and October 31. This campaign was designed to attract families and customers of all ages.

Over the five-day period between November 22 and November 26 (Note), we held a nation-wide AEON MALL Black Friday campaign. As our fourth consecutive Black Friday campaign to attract more customers, we offered limited availability pricing for popular fashion and food items, as well as original novelty items and a five-times point reward when using the AEON Card for payments. Results were favorable, as customer traffic was up 8.5% year on year during the promotional period, while specialty store sales were up 6.9% (both figures adjusted for equivalent days).

In response to changes in the consumer environment and the transition toward digitalization, we have started initiatives toward creating Smart Malls to create traffic among a wide range of customer segments and improve the shopping environment. In China and ASEAN, we are developing and testing digital equipment with domestic and international partners who have unique technologies, reflecting tests of advanced digital technologies and the opinions of our customers. AEON MALL Makuhari Shintoshin (Chiba Pref.) served as a pilot location for proof-of-concept testing across the five requirements: (1) Stress-free, (2) Convenience, (3) Information and communications, (4) Inbound tourism, and (5) Labor and energy savings. We will conduct a horizontal rollout of these initiatives across other malls throughout Japan after verifying results.

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 has promoted AEON Mall Walking activities at every AEON MALL location throughout Japan. Indoor mall walking is available regardless of weather conditions and serves to promote health and prevent heat stroke. 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.

AEON MALL supports the Sport in Life project, a new effort by the Japan Sports Agency aimed at promoting sports in society. Our malls throughout Japan sponsored *Mall de Sports* sports experience events taking advantage of our comfortable mall spaces.

One example of a Wellness program is our Opera de AEON MALL, operas held at various malls in cooperation with the Japan Opera Foundation. The Company has expanded this program, holding concerts at 28 locations in Japan. Since our first event in 2017, concerts have been held at 63 different locations and attended by nearly 20,000 individuals as of the end of February 2020. We intend to continue offering true opera experiences to many more customers in the future. Also in February, we sponsored the AEON MALL de Kabuki at the AEON MALL Shinkomatsu (Ishikawa Pref.) and AEON MALL Narita (Chiba Pref.) locations. Our intent here was to provide experiences in traditional Japanese cultural arts.

Under Community, we conducted collaborations with industry, academia, government, private organizations, cultural organizations, and merchants for hyper-localization projects designed to create stronger local communities.

AEON MALL encourages Opportunity by providing new experiences and discoveries to customers, working actively to attract overseas specialty stores to Japan. Newly introduced stores include British chocolate specialty retailer Hotel Chocolat and KOI Thé, the overseas brand of 50 Lan, a popular tapioca beverage café chain with more than 500 locations in Taiwan. We will continue to leverage our network of overseas retailers to attract leading companies as tenants in Japan.

(Note) Three-day period from November 23 to November 25 in the previous year. Comparative figures used represent November 22 through November 26.

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

As more commercial facilities become victims of natural selection, AEON MALL is increasing our 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 fiscal year under review, the Company expanded floor space at four malls: AEON MALL Higashiura (Aichi Pref.), AEON MALL Natori (Miyagi Pref.), and AEON MALL Okinawa Rycom (Okinawa Pref.) in April; AEON MALL Takaoka (Toyama Pref.) in September. We also renovated 11 malls during the year.

The April expansion at AEON MALL Higashiura marked the first major renovation (new wing) for the facility since we opened the location in 2001. The newly opened wing hosts a selection of stores for kids and babies, as well as a new 1,000-seat food court that features the latest in amenities and design. The mall now features one of the largest kids/babies zones in the region, as well as a food zone expanded nearly 1.8 times the original size. In July, the existing wing was redesigned into a lifestyle zone featuring a dining area consisting of 12 new tenants and an integrated bookstore and café.

The AEON MALL Natori floor space expansion has made it 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 in the existing wing, becoming the largest mall in Okinawa Prefecture.

After expansion, AEON MALL Takaoka is now the largest mall in the Hokuriku region. The new wing hosts a collection of major fashion retailers, the latest in experiential amusement facilities, and a new, nearly 900-seat food court, resulting in a total of almost 1,400 seats between the new and existing food courts. The mall is truly in a unique class among shopping centers in the Hokuriku region.

Tenants enjoyed solid sales performance in the 22 malls where we expanded floor space or conducted renovations in the previous and current period. Sales grew a strong 5.0% compared to the prior fiscal year.

New mall openings included the September grand opening of AEON Fujiidera Shopping Center (Osaka Pref.). This mall was opened originally in 1973 and closed temporarily in 2014 for the rebuild. The facility has a gourmet food zone with a food court and stores selling fresh foods, confections, and side dishes, and also hosts 65 retailers specializing in daily-use goods. The facility also offers a book-return box for the library, a city information desk, and other initiatives tied to the local community.

We have also started construction on AEON MALL Ageo (Saitama Pref.) and the new wing of AEON MALL Rifu (Miyagi Pref.; tentative name) looking ahead to fiscal 2020 grand openings. Working toward fiscal 2021 grand openings, we began construction on the Noritake no Mori Project (Aichi Pref.; tentative name) and AEON MALL Kawaguchi (Saitama Pref.).

Malls Renovated During Fiscal 2019

Name	Location	Date Reopened	No. of Tenants	No. of New Specialty Stores (A) (Note 1)	Relocated/Renovated (B)	No. of Renovated Specialty Stores (A) + (B)
AEON MALL Musashi Murayama	Tokyo Prefecture	March 20	180	27 (4)	56	83
		July 12		16 (3)	5	21
AEON MALL Mito Uchihara	Ibaraki Prefecture	March 21	200	18 (5)	11	29
AEON MALL Higashiura (Note 2)	Aichi Prefecture	April 19	170	69 (11)	53	122
		July 30		14 (—)	—	14
AEON MALL Natori (Note 3)	Miyagi Prefecture	April 19	240	67 (29)	54	121
AEON MALL Hiroshima Fuchu	Hiroshima Prefecture	April 19	280	10 (1)	2	12
AEON MALL Narita	Chiba Prefecture	April 20	170	30 (9)	58	88
		July 12		7 (1)	6	13
AEON MALL Kasukabe	Saitama Prefecture	April 20	160	19 (—)	7	26
AEON MALL Okinawa Rycom (Note 4)	Okinawa Prefecture	April 26	240	14 (8)	4	18
AEON MALL Kobe Kita	Hyogo Prefecture	April 26	160	12 (1)	11	23
AEON MALL Tsukuba	Ibaraki Prefecture	April 26	200	21 (7)	11	32
AEON MALL Sakai Teppocho	Osaka Prefecture	April 27	160	18 (—)	3	21
Kobe Harborland umie	Hyogo Prefecture	July 12	230	12 (—)	14	26
		September 12		13 (—)	3	16
AEON MALL Takaoka (Note 5)	Toyama Prefecture	September 14	200	77 (32)	27	104
AEON MALL Fukuoka	Fukuoka Prefecture	October 25	220	20 (3)	80	100
AEON MALL Hanyu	Saitama Prefecture	November 1	210	18 (1)	2	20

(Notes) 1. Numbers in parentheses indicate the number of new specialty stores opening their first shop in that prefecture.
2. AEON MALL Higashiura underwent a floor space expansion and renovation. The mall now hosts 170 tenants (+50) and offers a lease area of 75,000m^2 (+12,000m^2).
3. AEON MALL Natori underwent a floor space expansion and renovation. The mall now hosts 240 tenants (+50) and offers a lease area of 80,000m^2 (+13,000m^2).
4. AEON MALL Okinawa Rycom underwent a floor space expansion and renovation. The mall now hosts 240 tenants (+10) and offers a lease area of 86,000m^2 (+8,000m^2).
5. AEON MALL Takaoka underwent a floor space expansion and renovation. The mall now hosts 200 tenants (+70) and offers a lease area of 82,000m^2 (+19,000m^2).

New Business Locations (Malls) in Japan During Fiscal 2019

Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
AEON Fujiidera Shopping Center	Osaka Prefecture	September 2019	65	15,000

◆ **Capture Urban Growth Opportunities**

The AEON MALL urban shopping center business renovated locations to transition away from apparel-heavy sales, working to attract trendy specialty stores that will generate more customer traffic at existing facilities.

After a renovation, the Nagoya Wonder City VIVRE facility (Aichi Pref.) was reopened in October as Nagoya mozo OPA. Including a fully stocked bookstore, cafe, interior accessories, and child education, Nagoya mozo OPA offers a wide diversity of retailers in a convenient culture zone.

In November, Canal City OPA (Fukuoka Pref.) converted its second-floor ladies' floor to a unisex floor that includes the latest in men's fashion trends. The location also offers an increased ratio of cosmetics and daily-use goods for inbound tourists.

Elsewhere, we renovated the Yokohama VIVRE (Kanagawa Pref.) and Shinyurigaoka OPA (Kanagawa Pref.) locations, adding dining, food sales, drugstore, daily goods, and other retail shops.

As a result of these activities and reactivations of existing tenants, like-for-like sales rose 2.3%

We also conducted a grand opening for Oita OPA (Oita Pref.) in June. After a temporary closure in June 2017, the facility was reopened under a scrap-and-build approach. The location has moved away from the former apparel-heavy tenant structure to a concentration of food-centric goods and services, offering new lifestyle options for urban living.

The Company acquired shares of Yokohama Import Mart Inc., operator of Yokohama World Porters, from Yokohama City. OPA Co., Ltd. had operated certain sections of World Porters Vivre (Kanagawa Pref.) in Yokohama World Porters. Moving forward, the AEON MALL Group will centrally manage and operate the entire facility, conducting renovations to attract traffic more effectively, to operate more efficiently, and to grow profits.

We closed Tenjin Vivre (Fukuoka Pref.) temporarily beginning February 11, 2020, in conjunction with the Tenjin Big Bang Project (redevelopment of the Tenjin/Hakata district in Fukuoka City). Store closing sales were held in conjunction with the final days of this location, operated for 44 years since starting in 1976 as Nichii Tenjin. The redevelopment project includes plans to develop a large-scale multi-use building and build an underground dining and food sales zone.

New Business Locations (Urban Shopping Centers) in Japan During Fiscal 2019

Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
Oita OPA	Oita Prefecture	June 2019	47	3,800

2) Future Outlook

a. Overseas (China, ASEAN)

As a driver of company growth, our overseas business has now entered stage of expanding profits. The Company plans to open one mall in Vietnam and two malls in Indonesia during the fiscal year ending February 2021 (fiscal 2020), securing a pipeline to accelerate the opening of locations in the future. At our existing malls, we are moving forward with renovations for new tenants, floor space expansions, and initiatives to improve our operations.

New Overseas Business Locations Scheduled to Open During the Fiscal Year Ending February 2021

	Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
Vietnam	AEON MALL Hai Phong Le Chan	Hai Phong City	FY2020	200	74,000
Indonesia	AEON MALL Sentul City	West Java	FY2020	250	71,000
	AEON MALL Tanjun Barat	South Jakarta	FY2020	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 two new malls in Japan during fiscal year ending February 2021 (fiscal 2020). We will expand floor space at two malls and renovate eight malls, continuing our aggressive approach to update existing facilities and grow our income.

At each mall, we intend to engage in measures that motivate consumer demand. Our Happiness Mall programs promote greater localization through sales promotions and events capitalizing on local characteristics, creating a stronger drawing power in our malls and driving greater sales growth. Digital initiatives not only improve customer convenience, but also grow income. Examples include sales promotions communicated through digital signage and a stronger sales framework in connection with greater operational efficiencies for specialty retailer staff. The Company will also improve operating efficiency by taking advantage of the economies of scale of our more than 140 malls in Japan. We will also engage in low-cost management and operations by reducing electricity usage through the introduction of energy-saving equipment.

At the same time, the urban shopping mall business will see a greater influx of management resources. Here, renovations will be part of a transition away from an apparel-focused model to more stores with a lifestyle-focused approach, driving improved income earnings capacity.

New Japanese Business Locations (Malls) Scheduled to Open During the Fiscal Year Ending February 2021

Name	Location	Opening Date	No. of Tenants	Lease Area (m^2)
AEON MALL Ageo	Saitama Prefecture	Fall 2020	130	34,000
(Tentative name) AEON MALL Rifu New Wing	Miyagi Prefecture	Winter 2020	TBA	69,000

Financial Forecast

In response to the global spread of COVID-19, AEON MALL is among those businesses that have enacted temporary closures for malls, rent reductions for tenants, etc. It is difficult to forecast the future related to COVID-19. The timing of the return to normalcy will potentially impact our financial condition and business results for the upcoming consolidated fiscal year. At the present time, however, it is difficult to forecast the impact of COVID-19 in numerical terms and we have not yet done so. We will make an announcement promptly after we have been able to calculate earnings projections.

(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 has created the AEON Decarbonization Vision 2050, 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.

AEON Fujiidera Shopping Center (Osaka Pref.), opened in September, installed a 100kW solar power system representing our first use of the PPA Model (Note 1). The location also adopted an open network system provided by AEON delight Co., Ltd. Integrated management of facilities and equipment necessary for facility management is helping the location become more energy efficient, allowing remote facility monitoring and other benefits. Through these initiatives, the Fujiidera Shopping Center has become the first in the AEON Group to use 100% of its electricity from renewable energy.

In April 2019, AEON MALL Nagoya Chaya (Aichi Pref.), AEON MALL Nagakute (Aichi Pref.), and AEON MALL Okazaki (Aichi Pref.) began receiving electricity from renewable energy power production plants. As a result, these three malls collectively achieved a nearly 6,700 ton reduction in CO_2 over the nine-month period from April to December.

In 20017, AEON MALL became the first Japanese company to join EV100 (Note 2), installing environmental facilities for customers who drive electric vehicles (EV) or plug-in hybrid vehicles (PHV). As of fiscal 2019, 154 (Note 3) of our malls in Japan and overseas provide 2,404 EV recharging stations for customer use. During fiscal 2019, AEON MALL Sakai Teppocho (Osaka Pref.) began a new initiative beyond simply providing customers with recharging services. In this initiative, the mall is conducting proof-of-concept tests in electricity charging and discharging utilizing EVs.

・**Plastic elimination initiatives**

AEON MALL Makuhari Shintoshin (Chiba Pref.) and AEON Lake Town kaze (Saitama Pref.) began proof-of-concept tests to eliminate plastic straws in October 2019. After tests, we rolled this policy out to all malls in Japan in March 2020.

More than 80% of dining and food-related tenants have also embraced this policy, replacing plastic straws with paper straws.

・**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 2019, accounting for 28,700 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 1,619 employees, 1,327 (82%) have received this certification test for environmental specialists.

Measures to Address Social Issues

・**Cooperation with regional disaster-prevention activities**

Most of our malls in Japan have signed agreements with local governments to participate in disaster prevention activities, offering another layer of protection for local citizens. On September 9 and 10, 2019, AEON MALL Kisarazu (Chiba Pref.) served as a regional recovery center in the wake of Typhoon No.15, which landed in the Kanto region of Japan. Not only did the mall provide support for the purchase of food and materials, it also supported basic infrastructure in terms of electricity, water, gasoline, and more. Every AEON MALL location conducts regular practical disaster training, which includes the participation of specialty store employees. In these and other ways, we strengthen the community's ability to prevent and respond to emergencies.

・**AEON Yume-Mirai Nursery Schools**

As of the end of the current consolidated fiscal year, we have opened 30 AEON Yume-Mirai Nursery Schools (Note 4) to support our employees who work and raise children. We will continue to support tenant employees, AEON MALL 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**

In December, we cooperated with the Japan Red Cross Society, supporting student volunteers from the organization in conducting a blood drive at 35 malls across Japan, called the Japan Student Christmas Blood Donation Campaign.

・**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 ongoing tree planting activities and other services to help speed recovery.

・**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

・**DBJ Green Building certification**

AEON Lake Town kaze (Saitama Pref.) and AEON Lake Town mori (Saitama Pref.) received DBJ Green Building Certification (Note 5) in recognition of their efforts to reduce environmental impact and initiatives to offer convenient, pleasant atmospheres for local community members. To date, AEON MALL boasts a total of 15 malls that have received DBJ Green Building Certification.

・**GRESB real estate assessment**

In FY2019, AEON MALL was recognized as a Green Star company for management policy and execution and measurement, recognized as outstanding for our approach to the environment and sustainability. This marks the fifth consecutive year we have received this award under the GRESB (Note 6) real-estate assessment system. AEON MALL also received an A rating for GRESB Disclosure Assessment, an assessment of corporate ESG disclosures first introduced in 2017.

・**Carbon Disclosure Project (CDP)**

The Company received recognition for our initiatives and information disclosure regarding climate change, scoring a B from the Carbon Disclosure Project (Note 7). A score of B is the third-highest of eight evaluation stages.

・**Nadeshiko Brand**

The Company is working to increase the ratio of women in management, creating a workplace environment that enables women to be more active and continuing long-term careers. Our efforts include systems for work-child care balance, tracking work hours to reduce overtime, and assessing performance based on efficiency. For the fourth consecutive year, AEON MALL has been selected as a Nadeshiko Brand (Note 8), an honor which recognizes publicly traded companies that encourage the participation of women in the workplace.

・2020 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 2020 Certified Health and Productivity Management Outstanding Organization (Large Enterprise Category), which is a joint certification given by the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi (health promotion organization).

・Tokyo Metropolitan Government Barrier-Free Support Company
In March 2020, AEON MALL was selected as both a Tokyo Metropolitan Government Barrier-Free Support Company and a Tokyo Metropolitan Government Barrier-Free Success Company. We received these honors in recognition for our adoption of universal design in mall development, tenant and employee training, and other actions we deemed necessary in order to welcome all people.

Sixth Local Community Contribution SC Awards (Japan Council of Shopping Centers)
AEON MALL Tendo (Yamagata Pref.) and AEON MALL Kurashiki (Okayama Pref.) were honored by selection in the Sixth Local Community Contribution SC Awards, sponsored by the Japan Council of Shopping Centers. These awards recognized our locations as shopping malls vital to local community living based on community contribution and regional revitalization initiatives.

(Notes) 1. An abbreviation for Power Purchase Agreement. A business model in which PPA operators install solar power generation systems on the land or rooftops of electricity consumers, selling the electricity generated to the consumer.
2. 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.
3. Includes 58 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.
4. This figure includes 10 AEON Yume-Mirai Nursery Schools located on AEON Group company facilities.
5. A certification program operated by Development Bank of Japan Inc. This certification for real estate evaluates buildings based on environmental functions, comfort, risk management, neighbor/community impact, and cooperation with stakeholders.
6. 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.
7. CDP is an international NGO promoting climate change information disclosure. The entity represents more than 525 institutional investors accounting for US$96 trillion. CDP conducts annual survey of the world’s largest corporations, more than 8,400 of which answered the fiscal 2019 CDP survey.
8. 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.

(3) Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets amounted to ¥1,381,217 million, up ¥178,006 million compared to the end of the prior consolidated fiscal year. This increase was mainly due to the recognition of ¥141,671 million in right-of-use assets stemming from the application of IFRS 16 (including land-use rights of ¥40,886 million under other within investments and other assets in prior years). The Company acquired property, plant and equipment of ¥80,444 million in connection with the assets of new subsidiary Yokohama Import Mart Inc., the activation of existing malls, and the advance acquisition of land for development in the future. Deposits paid to affiliates increased ¥63,400 million, while fixed assets decreased ¥56,858 million due to depreciation.

Liabilities

Total liabilities stood at ¥976,695 million, up ¥167,543 million from the end of the prior consolidated fiscal year. This result was mainly due to ¥115,851 million in lease obligations stemming from the application of IFRS 16 (including lease obligations under current liabilities), an increase in bonds of ¥65,000 million (including current portion), and an increase in deposits received from specialty stores of ¥23,494 million. At the same time, the adoption of IFRS 16 resulted in decreases of ¥11,447 million in notes and accounts payable-trade, ¥6,000 million in commercial paper, ¥14,579 million in accounts payable-other related to facilities for new mall openings, and ¥15,878 million in long-term debt (including current portion).

Net assets

Net assets totaled ¥404,522 million, up ¥10,462 million compared to the end of the prior consolidated fiscal year. Despite recording an increase in retained earnings of ¥34,239 million in connection with net income attributable to owners of parent, the Company posted a decrease of ¥12,985 million in connection with application of IFRS 16, made dividend payments of ¥8,872 million, and recorded a decrease in foreign currency translation adjustment of ¥1,585 million.

2) Cash Flows

Cash and cash equivalents (“Cash”) as of the current consolidated fiscal year amounted to ¥114,368 million, up ¥58,954 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 ¥133,645 million, compared to cash flows of ¥90,600 million in the prior consolidated fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥54,019 million (¥47,683 million in the prior consolidated fiscal year), depreciation and amortization of ¥56,858 million (¥42,640 million in the prior consolidated fiscal year), and an increase in deposits received from specialty stores of ¥23,074 million (versus ¥3,597 million in the prior consolidated fiscal year). At the same time, income taxes paid amounted to ¥15,701 million, compared to ¥17,194 million in the prior consolidated fiscal year.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥95,783 million, compared to ¥176,189 million in the prior consolidated fiscal year. Principal factors were the purchase of property, plant and equipment of ¥97,192 million (¥207,522 million in the prior consolidated fiscal year) due to payments for equipment at malls opened in the prior fiscal year (THE OUTLETS HIROSHIMA, AEON MALL Iwaki Onahama, AEON MALL Tsu-Minami) and expanded in the current fiscal year (AEON MALL Higashiura, AEON MALL Natori), as well as payments in advance for land for development.

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥22,808 million, compared to net cash provided of ¥91,199 million in the prior consolidated fiscal year. This result was mainly due to proceeds from issuance of bonds in the amount of ¥80,000 million (¥80,000 million in the prior consolidated fiscal year) and proceeds from long-term debt of ¥8,500 million (¥61,159 million in the prior consolidated fiscal year). During the same period, the Company made cash outlays for repayments of long-term debt of ¥24,015 million (¥35,759 million in the prior consolidated fiscal year), ¥15,000 million in redemption of corporate bonds (no redemptions in the prior consolidated fiscal year), ¥6,000 million in repayments of short-term loans and commercial paper (¥5,000 million in the prior consolidated fiscal year), and payments of dividends in the amount of ¥8,872 million (¥8,642 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 28, 2019	Fiscal Year Ended February 29, 2020
Equity ratio (%)	31.9	28.5
Equity ratio based on market capitalization (%)	34.3	25.2
Ratio of interest-bearing debt to cash flow (annual)	5.6	5.0
Interest coverage ratio (times)	28.8	13.7

(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, long-term debt, and lease obligations (long-term liabilities) 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 Ending February 2020and 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 9, 2020, our board of directors resolved to pay year-end dividends of ¥20 per share, an increase of ¥1 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, ¥2 higher than the prior fiscal year. This dividend payment represents a 26.6% payout ratio on a consolidated basis.

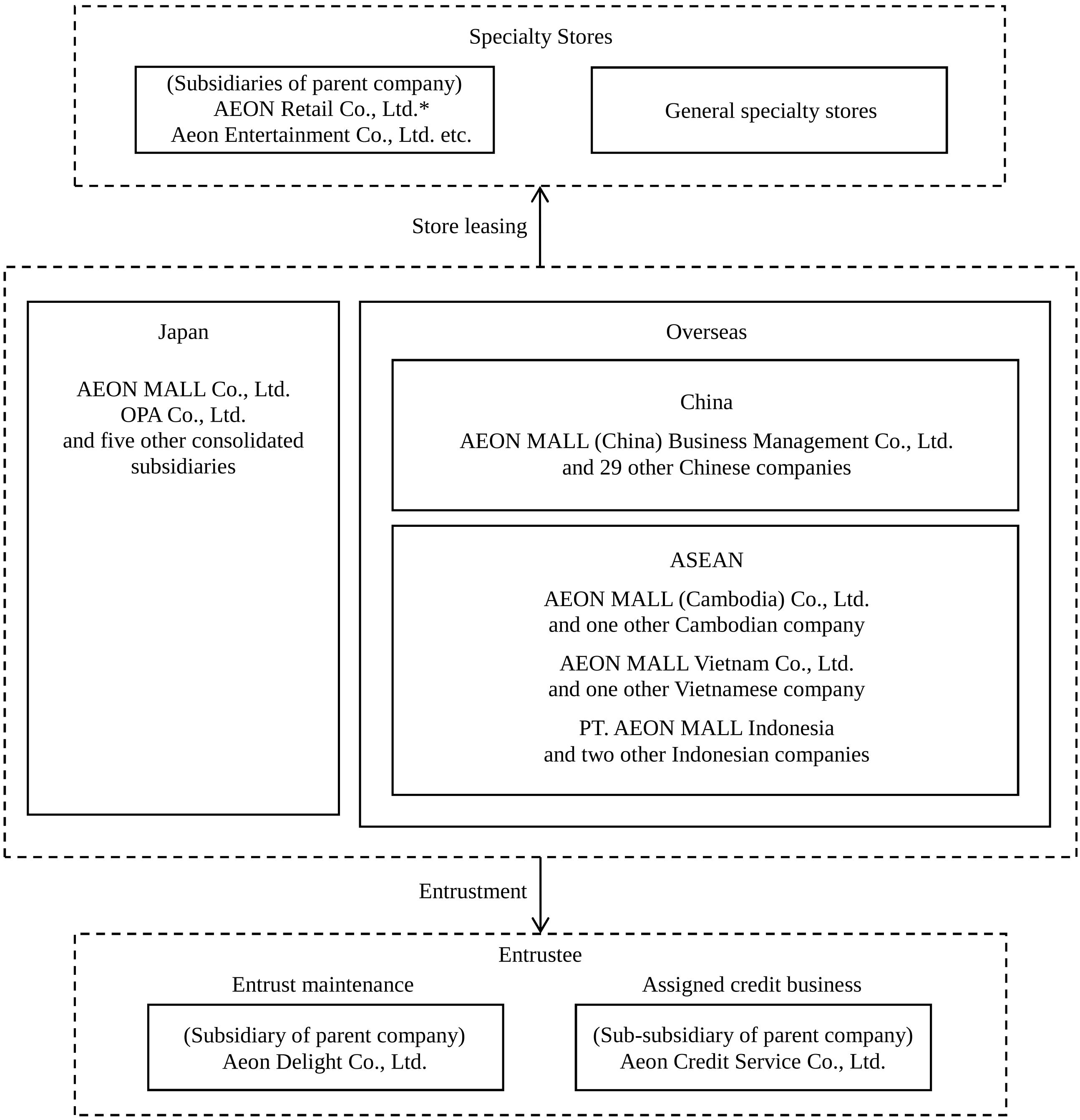
Based on the policy above, we plan to pay annual dividends for the fiscal year ending February 28, 2021 in the amount of ¥40 per share, level with the current consolidated fiscal year.

2. State of the Corporate Group￥

The AEON Mall Group consists of parent AEON MALL Co., Ltd. (shopping mall operations) and 43 consolidated subsidiaries, including OPA Co., Ltd., five other Japanese subsidiaries, AEON MALL (China) Business Management Co., Ltd., 29 other subsidiaries in China, two subsidiaries in Cambodia, two subsidiaries in Vietnam, and three subsidiaries in Indonesia. Among consolidated subsidiaries, OPA Co., Ltd. and two others are engaged in urban shopping center operations, while the remaining 40 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 58 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 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) Life Design is the process of designing future living across the many life stages of each individual, providing functions beyond the traditional framework of commercial facilities. Life Design extends beyond shopping to include personal interactions, cultural education, and more.

(2) Target Performance Indicators

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

The Company recorded the following indicators for the fiscal year ended February 2020:

EPS growth rate: 2.1% (year on year)
Net interest-bearing debt/EBITDA ratio: 4.7 times
ROIC: 4.3%

(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)

The Company recorded the following indicators, formerly tracked, for the fiscal year ended February 2020:
Return on Invested Capital: 4.3%
Equity Ratio: 28.5%
Net Debt-Equity Ratio: 1.5 times
(Notes) Equity ratio: Equity/total assets
Net Debt-Equity Ratio: (Interest-Bearing Debt - Cash and Deposits) / Equity

(3) Medium-Term Management Strategies and Priorities

The Company has defined a long-term vision through the fiscal year ending February 2026 (fiscal 2025) by which we will pursue our management philosophy and achieve further business growth.

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 ¥100 billion.
(3) Conduct floor space expansions and renovations in Japan to become the overwhelmingly dominant mall in each region.
(4) Target overseas operating income of ¥35 billion (operating margin 20%) at 70 malls, operating at the same level of efficiency and scale as our domestic operations (as of FY2016).

Based on this long-term vision, AEON MALL has created a new medium-term management plan beginning with the fiscal year ending February 2021 (fiscal 2020) and running through the fiscal year ending February

2023 (fiscal 2022). Our plan consists of four growth policies: (1) Achieve high profit growth overseas; (2) Achieve stable growth in Japan; (3) Build a financing mix and governance structures supporting growth; and (4) Pursue ESG-based management. By engaging in management from an ESG perspective, we will create both social value and economic value through which we will produce sustainable growth in partnership with our communities.

(1) Achieve high profit growth overseas
China and ASEAN are expected to experience economic growth and market expansion over the medium and long term. We intend to open new locations based on meticulous market analysis in areas of expected high growth. We also intend to develop malls by anticipating market needs in areas of expected population growth and income/consumption standards.

In combination with aggressive mall development, we also intend to engage in property search activities to support an accelerated schedule of mall openings in the future. For existing malls (30 malls as of fiscal 2019), we plan to conduct floor space expansions and renovations to meet changing market needs spurred by economic growth.

We will grow our income base through tenant replacement and lease revisions that take advantage of area branding. At the same time, we will attract more customers by leveraging the mall management and operations expertise we have developed in Japan. We believe greater operational efficiencies will lead to greater income.

Through these initiatives, we expect to deliver sustainable high profit growth.

(2) Achieve stable growth in Japan
AEON MALL intends to increase the market share of our mall business in regional markets through a number of initiatives that will secure our position as the overwhelmingly dominant mall in each region through further floor space expansions and renovations according to needs by area, health and wellness initiatives, and by providing expanded community functions. We also plan to expand our business domains by opening new locations under new formats. These formats include multi-use commercial facilities and commercial facilities designed for regional revitalization. At the same time, we will leverage the latest in digital technologies to create smart malls for offering new services to our customers. Health and wellness programs will answer the needs of the senior consumer market, while we will provide stronger support to our specialty retail stores and engage in low-cost operations through the use of IT, leading to maximized profits.

In our urban shopping center business, we plan to improve profits at existing locations by leveraging the effect of revitalization efforts. We will renovate these facilities on a location-by-location basis, tailored to the characteristics of each area. We also intend to improve profits through changes in ownership and management/operating models (change ownership format and engage in strategic scrap-and-build), engaging in asset utilization leveraging the characteristics of land near public transportation stations, and other initiatives.

Through these initiatives, we expect to deliver stable profit growth, even in the shrinking Japanese market.

(3) Build a financing mix and governance structure supporting growth
AEON MALL is building a solid financial base to support our medium- to long-term growth strategy. We are doing this through better asset and investment efficiencies, as well as maximized cash flows. Further, we will promote diversity management to cultivate a diverse human resources approach that drives corporate growth. At the same time, we will build a financing mix and organizational structure that support growth policies to strengthen our management structure by sharing the business expertise developed in Japan and overseas and to make decisions with greater speed.

(4) Pursue ESG-based management
a. Materiality related to ESG (priority measures)
We will engage in materiality analysis to identify matters having a significant impact on medium- and long-term value creation. After this analysis, we will establish strategies and policies, including KPIs, to bolster our response to these matters.

b. Measures related to materiality

Materiality	Measures
Develop community and social infrastructure ・Development of 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
Promotion of responsible business ・Human rights ・Bribery	・Human rights policies, human rights structure, human rights training ・Anti-corruption initiatives

See *AEON MALL Integrated Report 2019* (P.29-30, P.61-66), available online, for more about materiality.

AEON MALL Integrated Report 2019
https://ssl4.eir-parts.net/doc/8905/ir_material13/95933/00.pdf

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 28, 2019	As of February 29, 2020
Assets		
Current assets:		
Cash and deposits	56,823	58,283
Notes and accounts receivable–trade	7,426	7,755
Prepaid expenses	4,151	3,628
Deposits to associated companies	—	*2 63,400
Other current assets	34,224	36,354
Allowance for doubtful receivables	(34)	(66)
Total current assets	102,592	169,354
Fixed assets		
Property, plant and equipment		
Buildings and structures	*1 875,910	*1 933,962
Accumulated depreciation	(263,253)	(303,360)
Buildings and structures, net	*1 612,656	*1 630,602
Machinery and transportation equipment	5,613	5,617
Accumulated depreciation	(1,697)	(1,989)
Machinery and transportation equipment, net	3,916	3,628
Furniture and fixtures	39,794	41,998
Accumulated depreciation	(29,004)	(30,671)
Furniture and fixtures, net	10,790	11,326
Land	*1 297,196	*1 305,383
Right-of-use assets	—	141,671
Accumulated depreciation	—	(17,873)
Right-of-use assets (net)	—	123,798
Construction in progress	15,977	16,670
Other	536	536
Accumulated depreciation	(480)	(490)
Other, net	56	45
Total property, plant and equipment	940,593	1,091,455
Intangible assets	3,638	3,807
Investments and other assets		
Investment securities	2,359	1,793
Long-term loans	39	31
Long-term prepaid expenses	87,882	50,428
Deferred tax assets	13,420	13,902
Lease deposits paid	52,061	49,919
Other investments and other assets	639	538
Allowance for doubtful receivables	(15)	(13)
Total investments and other assets	156,387	116,600
Total fixed assets	1,100,618	1,211,863
Total assets	1,203,211	1,381,217

(Million yen)

	As of February 28, 2019	As of February 29, 2020
Liabilities		
Current liabilities		
Notes and accounts payable–trade	19,977	8,530
Commercial paper	6,000	—
Bonds due within one year	15,000	15,000
Current portion of long-term debt	*1 24,015	*1 35,774
Lease obligations	21	12,107
Income taxes payable	7,879	11,388
Deposits received from specialty stores	41,931	65,426
Deposits received	5,043	4,884
Allowance for employee bonus	1,525	1,661
Allowance for director and corporate auditor performance-based remuneration	110	114
Provision for loss on store closing	612	572
Notes payable—construction	26,902	10,699
Electronically recorded obligations—construction	11,804	12,466
Accounts payable—construction	8,732	9,693
Other current liabilities	*1 17,366	*1 23,597
Total current liabilities	186,923	211,916
Long-term liabilities		
Straight bonds	235,000	300,000
Long-term debt	*1 226,960	*1 199,322
Lease obligations	106	103,872
Deferred tax liabilities	410	344
Accrued retirement benefits to employees	1,133	1,278
Asset retirement obligations	16,226	16,575
Lease deposits from lessees	*1 138,842	*1 140,375
Other long-term liabilities	3,548	3,011
Total long-term liabilities	622,228	764,779
Total liabilities	809,151	976,695
Net assets		
Shareholders’ equity		
Common stock	42,313	42,347
Capital surplus	40,597	40,666
Retained earnings	306,373	318,755
Treasury stock, at cost	(4)	(5)
Total shareholders’ equity	389,280	401,765
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,312	920
Foreign currency translation adjustment	(6,247)	(7,832)
Remeasurements of defined benefit plans	(951)	(1,003)
Total accumulated other comprehensive income	(5,887)	(7,916)
Stock acquisition rights	91	47
Non-controlling interests	10,574	10,625
Total net assets	394,059	404,522
Total liabilities and net assets	1,203,211	1,381,217

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

(Million yen)

Year ended	February 28, 2019	February 29, 2020
Operating revenue		
Rental income	312,976	324,138
Operating costs		
Cost of rental income	232,831	234,813
Gross profit	80,144	89,324
Selling, general and administrative expenses		
Employees' salaries and bonuses	6,995	7,148
Provision for employees' bonuses	709	819
Provision for director and auditor performance-based remuneration	102	108
Retirement benefit expenses	293	333
Statutory welfare benefit expense	1,930	2,086
Travel expenses	1,459	1,336
Rent	778	830
Sales commission	2,378	2,361
Depreciation and amortization	977	925
Other selling, general and administrative expenses	11,530	12,580
Total selling, general and administrative expenses	27,157	28,530
Operating income	52,987	60,794
Non-operating profits		
Interest income	838	1,127
Dividend income	63	44
Compensation paid by departing tenants	1,441	2,616
Foreign exchange gains	—	332
Gain on valuation of derivatives	141	—
Compensation income	1,291	771
Insurance income	132	243
Lease deposit collection income	—	1,340
Other non-operating profits	421	299
Total non-operating profits	4,330	6,777
Non-operating expenses		
Interest expenses	3,335	9,795
Loss on valuation of derivatives	—	46
Foreign exchange losses	235	—
Other non-operating expenses	1,540	1,612
Total non-operating expenses	5,111	11,454
Ordinary income	52,206	56,117

(Million yen)

Year ended	February 28, 2019	February 29, 2020
Extraordinary gains		
Gain on sale of fixed assets	*1 4,608	*1 2,508
Subsidy income	—	688
Gain on negative goodwill	—	1,239
Gain on step acquisitions	—	706
Other extraordinary gains	—	13
Total extraordinary gains	4,608	5,156
Extraordinary losses		
Loss on sale of fixed assets	*2 1	*2 1
Loss on retirement of fixed assets	*3 1,149	*3 2,095
Impairment loss	*4 7,754	*4 5,034
Other extraordinary losses	226	122
Total extraordinary losses	9,132	7,254
Income before income taxes	47,683	54,019
Income tax – current	16,328	19,060
Income tax – deferred	(1,721)	436
Total income taxes	14,607	19,496
Net income	33,075	34,522
Net income (loss) attributable to non-controlling interests	(462)	282
Net income attributable to owners of parent	33,538	34,239

(Consolidated Statements of Comprehensive Income)

(Million yen)

Year ended	February 28, 2019	February 29, 2020
Net income	33,075	34,522
Other comprehensive income		
Net unrealized gain on available-for-sale securities	(140)	(391)
Foreign currency translation adjustment	(15,777)	(1,809)
Remeasurements of defined benefit plans	(42)	(51)
Total other comprehensive income	*1 (15,961)	*1 (2,252)
Comprehensive income	17,114	32,269
Comprehensive income (loss) attributable to		
Owners of parent	18,381	32,210
Non-controlling interests	(1,266)	59

(3) Statements of Changes in Shareholders' Equity

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	42,271	40,555	281,477	(2)	364,302
Changes during period					
Issue of new shares	42	42			84
Cash dividends			(8,642)		(8,642)
Net income attributable to owners of parent			33,538		33,538
Purchase of treasury stock				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net change in items other than shareholders' equity					
Total of changes	42	42	24,895	(1)	24,978
Balance at end of fiscal year	42,313	40,597	306,373	(4)	389,280

	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	1,452	8,727	(909)	9,270	141	11,847	385,561
Changes during period							
Issue of new shares							84
Cash dividends							(8,642)
Net income attributable to owners of parent							33,538
Purchase of treasury stock							(1)
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net change in items other than shareholders' equity	(140)	(14,974)	(42)	(15,157)	(50)	(1,272)	(16,480)
Total of changes	(140)	(14,974)	(42)	(15,157)	(50)	(1,272)	8,498
Balance at end of fiscal year	1,312	(6,247)	(951)	(5,887)	91	10,574	394,059

Year Ended February 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

(4) Consolidated Statements of Cash Flows

(Million yen)

Year ended	As of February 28, 2019	As of February 29, 2020
Cash flows from operating activities		
Income before income taxes	47,683	54,019
Depreciation and amortization	42,640	56,858
Impairment loss	7,754	5,034
Gain on negative goodwill	—	(1,239)
Increase (decrease) in provision for loss on store closing	(442)	(40)
(Gain) loss on step acquisitions	—	(706)
Increase (decrease) in allowance for doubtful accounts	(9)	30
Increase (decrease) in provision for employees' bonus	67	130
Increase (decrease) in provision for director and auditor performance-based remuneration	3	4
Increase (decrease) in net defined benefit liability	8	29
Interest and dividend income	(902)	(1,172)
Interest expenses	3,335	9,795
Loss on retirement of fixed assets	1,229	1,415
Loss (gain) on sales of fixed assets	(4,606)	(2,507)
Decrease (increase) in receivables–trade accounts	(1,117)	(447)
Decrease (increase) in other current assets	(20)	(1,226)
Increase (decrease) in payables–trade accounts	3,192	413
Increase (decrease) in consumption tax payable	1,035	4,361
Increase (decrease) in deposits received from specialty stores	3,597	23,074
Increase (decrease) in other current liabilities	(3,994)	1,554
Other	10,573	8,897
Subtotal	110,029	158,280
Interest and dividends received	914	824
Interest paid	(3,148)	(9,757)
Income taxes paid	(17,194)	(15,701)
Net cash provided by (used in) operating activities	90,600	133,645

(Million yen)

Year ended	As of February 28, 2019	As of February 29, 2020
Cash flows from investing activities		
Purchase of property, plant and equipment	(207,522)	(97,192)
Proceeds from sales of property, plant and equipment	36,287	8,220
Purchase of intangible assets	(715)	(1,151)
Purchase of long-term prepaid expenses	(9,578)	(2,441)
Investments in subsidiaries resulting in a change in scope of consolidation	—	*2 (1,229)
Collection of loans	79	11
Payment of lease deposits to lessors	(4,449)	(2,382)
Reimbursement of lease deposits to lessors	5,705	5,338
Repayment of lease deposits from lessees	(10,496)	(10,279)
Proceeds from lease deposits from lessees	14,914	11,313
Time deposits	(2,341)	(9,162)
Withdrawal of time deposits	1,901	3,248
Other	26	(77)
Net cash provided by (used in) investing activities	(176,189)	(95,783)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	(5,000)	(6,000)
Repayment of lease obligations	(25)	(11,210)
Proceeds from long-term debt	61,159	8,500
Repayment of long-term debt	(35,759)	(24,015)
Proceeds from issuance of bonds	80,000	80,000
Redemption of bonds	—	(15,000)
Purchase of treasury stock	(1)	(0)
Dividends paid	(8,642)	(8,872)
Dividends paid to non-controlling interests	(6)	(6)
Investments in subsidiaries not resulting in a change in scope of consolidation	—	(161)
Other	(524)	(425)
Net cash provided by (used in) financing activities	91,199	22,808
Foreign currency translation adjustments on cash and cash equivalents	(4,418)	(1,715)
Net increase (decrease) in cash and cash equivalents	1,191	58,954
Cash and cash equivalents at beginning of the period	54,223	55,414
Cash and cash equivalents at end of the period	*1 55,414	*1 114,368

(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: 43

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 current consolidated fiscal year, AEON MALL acquired shares and converted Yokohama Importmart Inc. to a subsidiary, adding this entity to the scope of consolidation. Further, Yokohama Importmart Inc. qualifies as a special subsidiary.

2. Matters concerning consolidated subsidiary fiscal years

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.

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.

Changes in accounting policies

The Company has applied IFRS 16 (Leases) at overseas consolidated subsidiaries beginning with the consolidated 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 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 ¥123,798 million, ¥12,086 million, and ¥103,786 million, respectively, on the Company's consolidated balance sheets for the current consolidated fiscal year. Retained earnings decreased ¥12,985 million. Land-use rights of ¥36,097 million included under long-term prepaid expenses within investments and other assets in prior years is now included in right-of-use assets (net) as of the current consolidated fiscal year.

On the Company's consolidated statements of income for the current cumulative consolidated fiscal year, operating income rose ¥5,340 million, while ordinary income and income before taxes and other adjustments decreased ¥1,024 million.

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

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.

Changes in presentation method

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 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.

As a result, ¥1,510 million in *deferred tax assets* under *current assets* on the consolidated balance sheet of the prior consolidated fiscal year has been included in ¥13,420 million of *deferred tax assets* under *investments and other assets* for presentation herein.

Notes

Consolidated balance sheets

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

(Assets pledged as collateral) (Million yen)

	Year Ended February 28, 2019 (As of February 28, 2019)	Year Ended February 29, 2020 (As of February 29, 2020)
Buildings and structures	36,614	30,584
Land	2,418	2,418
Total	39,033	33,002

(Liabilities backed by above collateral) (Million yen)

	Year Ended February 28, 2019 (As of February 28, 2019)	Year Ended February 29, 2020 (As of February 29, 2020)
Current portion of long-term debt	957	716
Other current liabilities (Current portion of lease deposits from lessees)	75	75
Long-term debt	25,478	25,761
Lease deposits from lessees	980	905
Total	27,491	27,459

*2 Deposits to associated companies (Million yen)

	Year Ended February 28, 2019 (As of February 28, 2019)	Year Ended February 29, 2020 (As of February 29, 2020)
Deposits to associated companies	-	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 28, 2019 (March 1, 2018 to February 28, 2019)		Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	
Takasaki OPA (Takasaki City, Gunma Prefecture)	3,080	AEON MALL Okazaki (Okazaki City, Aichi Prefecture)	2,501
Sendai Amamiya (Sendai City, Miyagi Prefecture)	1,422		—
AEON MALL Kofu Showa (Nakakomagun Showacho, Yamanashi Prefecture)	103		—
Other	1	Other	7
Total	4,608	Total	2,508

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

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)		Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	
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 28, 2019 (March 1, 2018 to February 28, 2019)		Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)	
Buildings and structures	435	Buildings and structures	427
Furniture and fixtures	34	Furniture and fixtures	41
Demolition and removal expenses	623	Demolition and removal expenses	1,464
Other	54	Other	161
Total	1,149	Total	2,095

*4 Impairment loss

The AEON MALL Group incurred an impairment loss in the following asset groups during the previous fiscal year (March 1, 2018 to February 28, 2019).

Location	Use	Type	Amount (million yen)
Akita Prefecture	Store	Buildings, etc.	730
Tokyo Prefecture	Store	Buildings, etc.	9
Kanagawa Prefecture	Store	Buildings, etc.	8
Aichi Prefecture	Store	Buildings, etc.	88
Kyoto Prefecture	Store	Buildings, etc.	2
Osaka Prefecture	Store	Buildings, etc.	190
Hyogo Prefecture	Store	Buildings, etc.	6,725

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually.

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 3.9% to calculate the future cash flows of value in use. No future cash flows are expected for certain facilities; 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 impairment losses above consist of losses of ¥7,188 million on building and structures, ¥245 million on furniture and fixtures, ¥276 million on long-term prepaid expenses, and ¥44 million on other.

The AEON MALL Group incurred an impairment loss in the following asset groups during the fiscal year under review (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	Shared use	Furniture and fixtures, etc.	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, etc.	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 shared-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 on building and structures, ¥506 million on furniture and fixtures, ¥875 million on long-term prepaid expenses, ¥913 million on right-of-use assets, etc., and ¥125 million on other.

Consolidated statements of comprehensive income

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

	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)
Net unrealized gain on available-for-sale securities		
Amount accrued in the fiscal year	(202)	(563)
Amount rearranged or adjusted	-	-
Before tax effect adjustment	(202)	(563)
Tax effect	61	171
Net unrealized gain on available-for-sale securities	(140)	(391)
Foreign currency translation adjustment		
Amount accrued in the fiscal year	(15,777)	(1,809)
Amount rearranged or adjusted	-	-
Before tax effect adjustment	(15,777)	(1,809)
Tax effect	-	-
Foreign currency translation adjustment	(15,777)	(1,809)
Remeasurements of defined benefit plans, net of tax		
Amount accrued in the fiscal year	(234)	(265)
Amount rearranged or adjusted	156	177
Before tax effect adjustment	(77)	(88)
Tax effect	34	36
Remeasurements of defined benefit plans, net of tax	(42)	(51)
Total other comprehensive income	(15,961)	(2,252)

Statements of changes in shareholders' equity

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

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)	227,430,089	42,700	—	227,472,789
Total	227,430,089	42,700	—	227,472,789
Treasury stock, at cost				
Common stock (Note 2)	1,721	558	—	2,279
Total	1,721	558	—	2,279

(Notes) 1. An increase of 42,700 shares issued and outstanding resulted from the exercise of stock acquisition rights.
2. An increase in treasury stock resulted from the purchase of 558 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	—	—	—	—	—	91
Total		—	—	—	—	—	91

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 11, 2018	Common stock	4,321	19.00	February 28, 2018	May 1, 2018
Board of Directors meeting on October 10, 2018	Common stock	4,321	19.00	August 31, 2018	October 24, 2018

(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, 2019	Common stock	4,321	Retained earnings	19.00	February 28, 2019	April 26, 2019

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

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

(Million yen)

	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)
Cash and deposits	56,823	58,283
Deposits to associated companies	－	63,400
Time deposits with a deposit term longer than three months	(1,409)	(7,314)
Cash and cash equivalents	55,414	114,368

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

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

Details of assets and liabilities at commencement of consolidation of newly consolidated Yokohama Importmart 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

3. Significant non-cash transactions

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

Asset retirement obligations recorded during the fiscal year ended February 28, 2019 amounted to ¥5,634 million.

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

Asset retirement obligations recorded during the fiscal year ended February 29, 2020 amounted to ¥459 million.

Lease transactions

As lessee

1. Finance leases

Not applicable

2. Operating leases

Future lease payment obligations

As lessee (Million yen)

	Year Ended February 28, 2019 (As of February 28, 2019)	Year Ended February 29, 2020 (As of February 29, 2020)
Due within 1 year	65,860	46,736
Due after 1 year	476,419	295,384
Total	542,280	342,121

(Note) During the previous consolidated fiscal year, ¥45,525 million (¥1,114 million of which is due within one year) of ¥542,280 million in future lease obligations has already been paid for land-use rights in China and Vietnam and rents for buildings in Indonesia. This amount is recorded in the Company’s consolidated balance sheets under long-term prepaid expenses.

As lessor (Million yen)

	Year Ended February 28, 2019 (As of February 28, 2019)	Year Ended February 29, 2020 (As of February 29, 2020)
Due within 1 year	6,091	6,376
Due after 1 year	23,946	20,628
Total	30,037	27,004

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 in Japan and property management agreements are not included; the same applies hereinafter) amounted to ¥39,280 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 ¥4,607 million (posted under extraordinary gains) and impairment losses amounted to ¥6,154 million (posted under extraordinary losses). Leasing profit for the current consolidated fiscal year amounted to ¥48,394 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 ¥2,501 million (posted under extraordinary gains). Loss on disposal of fixed assets amounted to ¥1,635 million (posted under extraordinary losses) and impairment losses amounted to ¥1,089 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)

		Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)
Balance sheet amount			
	Balance at the beginning of the term under review	866,036	1,067,163
	Change during term under review	70,797	23,674
	At end of term under review	936,833	1,090,837
Fair value at end of term under review		1,177,114	1,317,200

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

2. The Company applied IFRS 16 *Leases* at the beginning of the current consolidated fiscal year. As a result, property categorized as rental property increased, raising the beginning balance by ¥130,329 million.
3. Of the changes during the prior consolidated fiscal year, the largest increase was due to property acquisitions (¥162,092 million), while the largest decreases were due to disposals and sales of fixed assets (¥35,646 million), impairment losses (¥6,154 million), depreciation (¥38,800 million), and foreign exchange losses (¥11,512 million). The largest increase during the current consolidated fiscal year was due to property acquisitions (¥94,563 million), while the largest decreases were due to disposal and sales of fixed assets (¥6,916 million), impairment losses (¥1,089 million), depreciation expense (¥56,422 million), and foreign exchange losses (¥4,400 million).
4. The fair value at the end of term under review is based on appraisal reports and other information provided by an appraisal company.

Segment 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 28, 2019 (March 1, 2018 to February 28, 2019)

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount on Consolidated Financial Statements (Note 2)
Operating Revenue						
Operating revenue from external customers	268,358	33,369	11,248	312,976	―	312,976
Intersegment operating revenue or transfers Intersegment operating revenue or transfers	―	―	―	―	―	―
Total	268,358	33,369	11,248	312,976	―	312,976
Segment profit (loss)	52,415	(453)	999	52,961	25	52,987
Segment assets	894,146	147,224	155,860	1,197,231	5,980	1,203,211
Other items						
Depreciation and amortization (Note 3)	34,958	6,895	3,953	45,808	(25)	45,782
Impairment loss	7,754	―	―	7,754	―	7,754
Increase in property, plant and equipment and intangible assets (Note 3)	147,663	8,921	21,788	178,374	―	178,374

(Notes) 1. Adjustments are as follows:

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

(2) Adjustment to segment assets of ¥5,980 million include corporate assets not allocated to reportable segments of ¥7,836 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 (loss) adjustment is reflected in 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.

Year Ended February 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 Intersegment operating revenue or transfers	―	―	―	―	―	―
Total	274,999	35,850	13,288	324,138	―	324,138
Segment profit	52,460	5,622	2,686	60,769	25	60,794
Segment assets	925,609	213,846	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)	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.

b. Related information

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

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
779,437	55,233	105,921	940,593

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	33,956	Japan

Year Ended February 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

c. Information regarding impairment losses on fixed assets per reportable segment

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

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

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

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

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

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

Omitted, as information is not material.

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

Omitted, as information is not material.

e. Information regarding gain on negative goodwill per reporting segment

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

Not applicable.

Year Ended February 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.

Per-share information

	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)
Net assets per share	1,685.46 yen	1,731.11 yen
Net income per share	147.45 yen	150.50 yen
Diluted net income per share	147.41 yen	150.47 yen

(Note) The basis for the calculation of net income per share and diluted net income per share is shown in the table below.

	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	Year Ended February 29, 2020 (March 1, 2019 to February 29, 2020)
Net income per share		
Net income attributable to owners of parent (million yen)	33,538	34,239
Amounts not attributable to shareholders of common stock (million yen)	―	―
Net income attributable to shareholders of common stock of parent (million yen)	33,538	34,239
Average number of common shares outstanding during the fiscal year	227,454,421	227,501,400
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)	65,162 (65,162)	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

The Company issued unsecured bonds on March 31, 2020 based on a resolution of the Board of Directors dated February 20, 2020.

The details are outlined below.

Name of bonds	AEON MALL Co., Ltd Unsecured Bond Series 24 (with inter-bond pari passu clause)
Total value of bonds	¥30,000 million
Value of each bond	¥1 million
Coupon rate	0.33%
Issue price	¥100 per face value of ¥100
Date of issuance	March 31, 2020
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, 2025
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.