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## Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2022 (Japanese GAAP)

January 11, 2022

Company name: AEON MALL Co., Ltd.

Stock Exchange Listing: TSE

Stock code: 8905

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

Representative: Yasutsugu Iwamura, President and CEO

Scheduled date of filing of quarterly report: January 14, 2022

Starting date of dividend payment: —

Preparation of supplementary materials for quarterly financial results: Yes

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

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

### 1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 28, 2022 (March 1, 2021 – November 30, 2021)

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

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended November 30, 2021	233,286	15.1	28,346	23.1	23,755	25.6	16,457	—
Nine months ended November 30, 2020	202,683	(15.7)	23,034	(45.5)	18,909	(48.6)	(4,599)	—

(Note) Comprehensive income: Nine months ended November 30, 2021: ¥36,344 million (-%)

Nine months ended November 30, 2020: (¥13,438) million (-%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine months ended November 30, 2021	72.32	72.31
Nine months ended November 30, 2020	(20.21)	—

(Note) Diluted net income per share for the nine months ended November 30, 2020, is not provided, as the company recorded a net loss per share for shares with dilutive effect.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
November 30, 2021	1,470,832	413,521	27.4
February 28, 2021	1,394,199	387,486	27.1

(Reference) Equity: November 30, 2021: ¥403,300 million

February 28, 2021: ¥377,318 million

### 2. Dividends

	Annual dividend				
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2021	—	20.00	—	20.00	40.00
Year ending February 28, 2022	—	25.00	—	—	—
Year ending February 28, 2022 (projection)	—	—	—	25.00	50.00

(Note) Revisions to dividend forecast announced recently: None

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

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full-year	344,000	22.6	59,000	71.5	50,500	77.6	31,000	—	136.23

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

\* Notes

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

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

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

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

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

[3] Changes in accounting estimates: None

[4] Revisions and restatements: None

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

[1] Number of shares outstanding at period-end (including treasury stock)	Nine months ended November 30, 2021	227,548,939	Year ended February 28, 2021	227,545,839
[2] Treasury stock at period-end	Nine months ended November 30, 2021	3,857	Year ended February 28, 2021	3,265
[3] Average number of shares during the period (quarterly cumulative)	Nine months ended November 30, 2021	227,544,186	Nine months ended November 30, 2020	227,531,112

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

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

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

The forward-looking statements, such as earnings projections, included in these materials are based on information currently available to the Company and certain assumptions it deems reasonable. They do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. See *1. Qualitative Information on Quarterly Financial Performance (3) Explanation of Consolidated Earnings Projections and Other Projections* on P.14 of the accompanying materials for assumptions used in earnings projections and matters to note when using earnings projections.

(Procedures for obtaining supplementary information on financial results)

The Company is scheduled to hold a briefing for institutional investors and analysts on January 12, 2022. The materials handed out at this briefing will be posted on the Company's website on January 11, 2022, and an audio recording of the briefing will be made available on the Company's website soon after the briefing has ended.

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## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Operating Results

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

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

Our current medium-term management plan (FY2020-FY2022), which we launched in fiscal 2020, outlines four growth policies: (1) Achieve high profit growth overseas; (2) Achieve stable growth in Japan; (3) Pursue a financing mix and strengthen governance structures to support growth; and (4) Pursue ESG-based management.

In pursuit of our growth initiatives, we defined the following management tasks and goals: (1) Achieve profit growth in overseas businesses and accelerate new mall openings; (2) Maximize the attractiveness of brick-and-mortar malls through customer experience (CX); (3) Build next-generation malls and pursue the urban shopping center business; (4) Pursue digital transformation (DX); and (5) Pursue medium-term strategies, while accelerating reform based on ESG perspectives. Through these efforts, we will continue to provide solutions to regional and social issues, establishing our position through social infrastructure functions to be a central facility for the local community.

The AEON COVID-19 Prevention Protocol is our standard for quarantine measures established by the AEON Group to protect the health and livelihoods of customers and employees, as well as to ensure the safety and security of customers and the local community. Based on this protocol we continue to improve internal mall environments, managing and operating malls under comprehensive systems that prevent infection. We view this as an opportunity to reinvent our business models and create malls that offer new concepts and service functions in the era of the new normal. We will strive to create malls that respond to social change in Japan and overseas.

During the third quarter of the consolidated fiscal year, COVID-19 infections remained uncontained, although differences were evident among various countries and regions. Certain of our malls in Japan and overseas were forced to shorten operating hours or close temporarily.

We recorded higher revenue and profit for the nine months ended November 30, 2021 compared to the same period in the previous fiscal year. Operating revenue amounted to ¥233,286 million (+15.1% year on year), while operating income amounted to ¥28,346 million (+23.1%), ordinary income amounted to ¥23,755 million (+25.6%), and quarterly net income attributable to owners of parent amounted to ¥16,457 million (compared to net loss of ¥4,599 million in the year-ago period). Operating revenue, operating income, ordinary income, and net income attributable to shareholders of the parent company were -3.0%, -32.9%, -35.4%, and -30.0% compared to the results recorded in the cumulative consolidated third quarter of the fiscal year ended February 2020 ("FY2019"), which was not impacted by COVID-19.

Fixed costs for the nine months ended November 30, 2021, amounted to ¥3,663 million, stemming from temporary closures and other factors. We posted these costs as extraordinary losses due to COVID-19.

#### ◆ Consolidated Earnings

(Million yen)

	FY2020 Q3	FY2021 Q3	Change [YoY]
Operating revenue	202,683	233,286	+30,603 [+15.1%]
Operating income	23,034	28,346	+5,312 [+23.1%]
Ordinary income	18,909	23,755	+4,845 [+25.6%]
Net income (loss) attributable to owners of parent	(4,599)	16,457	+21,057 [—]

(Reference) Versus nine months ended November 30, 2019

(Million yen)

	FY2019 Q3	FY2021 Q3	Change [YoY]
Operating revenue	240,573	233,286	(7,286) [-3.0%]
Operating income	42,265	28,346	(13,919) [-32.9%]
Ordinary income	36,783	23,755	(13,027) [-35.4%]
Net income attribute to owners of parent	23,503	16,457	(7,046) [-30.0%]

**b. Explanation of business performance by segment**

## ◆ Earnings by Segment

(Million yen)

	Operating Revenue			Segment Income		
	FY2020 Q3	FY2021 Q3	Change [YoY]	FY2020 Q3	FY2021 Q3	Change [Vs. FY2020]
Japan	172,345	191,575	+19,229 [+11.2%]	21,012	21,917	+904 [+4.3%]
China	21,621	31,428	+9,807 [+45.4%]	715	5,247	+4,532 [+633.8%]
ASEAN	8,716	10,282	+1,566 [+18.0%]	1,287	1,162	(124) [-9.7%]
Overseas	30,337	41,711	+11,373 [+37.5%]	2,002	6,409	+4,407 [+220.1%]
Adjustment	—	—	— [—]	18	18	— [+0.0%]
Total	202,683	233,286	+30,603 [+15.1%]	23,034	28,346	+5,312 [+23.1%]

(Reference) Versus nine months ended November 30, 2019

(Million yen)

	Operating Revenue			Segment Income		
	FY2019 Q3	FY2021 Q3	Change [YoY]	FY2019 Q3	FY2021 Q3	Change [Vs. FY2019]
Japan	204,538	191,575	(12,963) [-6.3%]	36,120	21,917	(14,202) [-39.3%]
China	26,489	31,428	+4,939 [+18.6%]	4,107	5,247	+1,139 [+27.8%]
ASEAN	9,545	10,282	+737 [+7.7%]	2,019	1,162	(856) [-42.4%]
Overseas	36,034	41,711	+5,676 [+15.8%]	6,126	6,409	+283 [+4.6%]
Adjustment	—	—	— [—]	18	18	— [+0.0%]
Total	240,573	233,286	(7,286) [-3.0%]	42,265	28,346	(13,919) [-32.9%]

**Overseas**

The company recorded operating revenue in the amount of ¥41,711 million (+37.5% year on year) and operating income in the amount of ¥6,409 million (+220.1%). During the consolidated third quarter (July-September), ASEAN, mainly Vietnam, was affected significantly by the temporary closure of malls due to the spread of COVID-19. During the first nine months of the current fiscal year, specialty store sales in China grew, and our Overseas business earned higher revenue and profits, recording operating revenue and operating income growth of 15.8% and 4.6%, respectively, compared to the same period in FY2019.

We continue area-dominant mall openings in China, mainly in the four areas of Beijing/Tianjin/Shandong, Jiangsu/Zhejiang, Hubei and Guangdong. In ASEAN, we continue opening malls in Vietnam, Cambodia, and Indonesia. Strengthening the AEON MALL brand power attracts more customers, which provides the type of brand advantage that lets us attract quality tenants and enter into lease contracts under favorable terms.

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

As part of our future growth strategy, we will accelerate the opening of new malls, aiming to create a 50-mall overseas network by 2025. We will continue to search for and secure new properties in high-growth areas of China and ASEAN toward building a pipeline by the end of fiscal 2025 that will support a network of 70 malls.

The accounting period for companies outside Japan is the year ending December 31. Accordingly, figures presented herein for the cumulative consolidated third quarter reflect overseas results for January through September.

#### (China)

(Nine months ended September 30, 2021)

In China, the company recorded operating revenue in the amount of ¥31,428 million (+45.4% year on year) and operating income in the amount of ¥5,247 million (+633.8%). Operating revenue and operating income for the nine months ended September 30, 2021, were +18.6% and +27.8%, compared to the same period in FY2019, which was not affected by COVID-19.

For the nine months ended September 30, 2021, specialty store sales at existing malls rose 47.2% (21 malls) year on year and 5.7% (19 malls) compared to the same period in FY2019. In late July, new cases of COVID-19 broke out across China, and in August, we closed some malls in Hubei Province temporarily. Although sales at specialty stores in existing malls in August were impacted negatively at -14.2% year on year and -16.2% compared to the same period in FY2019, performance recovered quickly in September at +6.2% and +3.5% year on year and versus the same period in FY2019, respectively.

With respect to new malls opened during the nine months ended September 30, 2021, we opened a fourth mall in Guangdong Province, AEON MALL Guangzhou Xintang (Guangzhou City, Guangdong Province), in May. In terms of existing malls, we renovated three malls in Hubei Province (AEON MALL Wuhan Jingkai (Wuhan City), AEON MALL Wuhan Jinqiao (Wuhan City), and AEON MALL Wuhan Jingyintan (Wuhan City)), three malls in Guangdong Province (AEON MALL Guangzhou Panyu Square (Guangzhou City), AEON MALL Foshan Dali (Foshan City), and AEON MALL Guanzhou Jinsha (Guangzhou City)), and AEON MALL Suzhou Yuanqu Hudong (Suzhou City) in Jiangsu Province.

#### New Overseas Malls Opened During the Nine Months Ended September 30, 2021

Name	Location	Opening Date	Tenants	Lease Area
AEON MALL Guangzhou Xintang	Guangzhou City, Guangdong	May 29, 2021	220 (Note 1)	76,000m <sup>2</sup>

(Note) 1. To be opened during fiscal 2021.

#### Consolidated Fourth Quarter (October-December)

During the National Day major holiday period in October, consumers avoided long-distance travel due to concerns of COVID-19, and consumption demand increased in local areas, resulting in specialty store sales growth of +16.0% in October compared to the same period in FY2019. However, in November and December, the outbreak of COVID-19 in the inland areas spread, and activities were restricted due to strict containment efforts and measures to restrict entry to some industries such as cinemas. As a result, specialty store sales at existing malls during the consolidated fourth quarter (October-December) +4.0% ahead of the same period in FY2019 (preliminary basis).

Although there have been cases of localized COVID-19 outbreaks in China, infections tend to be contained within a short period of time due to strict government-led containment measures, and the impact on sales at our mall specialty store retailers has been limited. In addition, as restrictions on overseas travel continue and demand for consumption within China is increasing, sales at our mall specialty store retailers are recovering to pre-COVID-19 growth trends. We will continue to monitor the infection situation in China and push forward with aggressive sales measures.

## (ASEAN)

(Nine months ended September 30, 2021)

The company recorded operating revenue of ¥10,282 million, an increase of 18.0% year on year, while operating income amounted to ¥1,162 million, down 9.7%. Operating revenue and operating income for the nine months ended September 30, 2021, were +7.7% and -42.4% compared to the same period in FY2019, which was not affected by COVID-19. Although sales increased compared with the previous fiscal year and FY2019 owing to the impact of new mall openings, operating income decreased due to the significant impact of the spread of COVID-19 in Vietnam, Cambodia, and Indonesia.

In Vietnam, existing mall specialty store sales for the nine months ended September 30, 2021, were down 26.5% compared with the previous fiscal year (five malls) and down 37.4% compared to the same period in FY2019 (four malls). COVID-19, which spread in southern Vietnam in May, spread throughout the rest of Vietnam in July. The country instituted strict urban blockades in the areas where our malls are located, resulting in the temporary closure of specialty stores during the third quarter of the current fiscal year (July-September). These government-ordered social quarantine measures continued through the end of September, which had a significant negative impact on existing mall specialty store sales during the third quarter (July-September). Sales were 90.3% and 93.3% lower compared to the previous year and the same period in FY2019, respectively.

In Cambodia, specialty store sales at existing malls for the nine months ended September 30, 2021, decreased 38.7% (two malls) year on year and 52.6% (two malls) compared to the same period in FY2019. While the number of new COVID-19 cases is on a downward trend after peaking in July due to improved vaccination rates, sales trends have yet to recover as some industries such as cinemas and amusement facilities remain closed.

In Indonesia, the number of people infected with new COVID-19 cases decreased, and May specialty store sales at existing malls recovered to approximately 80% of the previous year (two malls). However, infections began to spread again in June, with shorter business hours and forced closures of amusement industry facilities. Specialty store sales at existing malls for the nine months ended September 30, 2021, remained subject to severe trends at around 40% of the level of the previous fiscal year.

### Consolidated Fourth Quarter (October-December)

In Vietnam, social quarantine measures under the government's directions were lifted in October, and our specialty stores in our malls have resumed operations. Although sales trends are improving, certain business restrictions remain in place, including rules that prevent unvaccinated employees of specialty stores to serve customers in stores. Specialty store sales in existing malls for the consolidated fourth quarter (October-December) were down 29.1% compared to the same period in FY2019 (preliminary basis). December sales recovered, with performance down 15.2% (preliminary basis).

In ASEAN, business hours are still on shorter schedules and some businesses have closed. However, the number of new COVID-19 cases is on a downward trend as vaccination rates improve. We intend to implement measures to attract customers and achieve a quick recovery in sales while strengthening anti-infection measures that reflect our highest priority on safety and security.

In terms of new malls, we conducted a partial opening of our fourth mall in Indonesia, AEON MALL Tanjung Barat (South Jakarta District), in November. As part of our digitalization efforts, we collaborated with JD.ID, an e-commerce platform company based in China. JD.ID offers a virtual AEON MALL on its website, shares a platform for live video streaming, and provides new convenience to customers through the fusion of the internet and the real world.

In addition, we held a grand opening for AEON MALL Sentul City (West Java District) in October 2021, partially pre-opened in October 2020.

### New ASEAN Malls Scheduled to Open During the Fourth Quarter of Fiscal 2021

Country	Name	Location	Opening Date	Tenants	Lease Area
Indonesia	AEON MALL Tanjung Barat	South Jakarta	November 18, 2021	180 (Note 1)	40,000m <sup>2</sup>

(Note) 1. Certain zones have been opened already ahead of the grand opening scheduled for 2022.

## 2. Japan

(Nine months ended November 30, 2021)

The company recorded operating revenue in Japan in the amount of ¥191,575 million (+11.2% year on year) and operating income in the amount of ¥21,917 million (+4.3%). Operating revenue and operating income for the nine months ended November 30, 2021, were -6.3% and -39.3% compared to the same period in FY2019.

For the nine months ended November 30, 2021, specialty store sales at existing malls rose 10.7% (84 malls) year on year and declined 19.6% (83 malls) compared to the same period in FY2019.

Japan declared a state of emergency on April 25. In response, we temporarily closed 30 of the group's malls and urban shopping centers until May 11. Subsequently, as COVID-19 infections continued to spread, declarations of emergencies were implemented intermittently until September 30 for expanding target areas, although business restrictions were eased.

In September, sales at existing mall specialty stores decreased 8.5% year on year and 30.9% compared with the same period in FY2019. In October, however, the declaration of emergency was lifted and customer spending behavior improved in reaction to continued self-restraints in non-essential travel outside the home. As a result, October sales were down 4.8% year on year and 1.7% compared with FY2019, while November sales were down 1.0% and 7.2%. December sales (preliminary basis) were up 6.3% year on year and down 5.4% compared with FY2019. Performance is returning to pre-COVID-19 levels.

As of November 2021, the AEON MALL App has been downloaded 6.12 million times, driven by our efforts during the COVID-19 pandemic. We will strive to increase customer loyalty and improve the frequency of store visits through events aimed at raising awareness and improved convenience through enhanced functionality. These enhancements included a loyalty program for app members beginning in October.

During the nine months ended November 30, 2021, we opened four new malls and renovated one mall that reopened with floor space expansions. In terms of new malls, we opened AEON MALL Shinrifu South Wing (Miyagi Prefecture) in March, AEON MALL Kawaguchi (Saitama Prefecture) in June, AEON MALL Hakusan (Ishikawa Prefecture) in July and AEON MALL Nagoya Noritake Garden (Aichi Prefecture) in October. We held grand reopenings for floor space expansions of existing malls at THE OUTLETS HIROSHIMA (Hiroshima Prefecture) in November.

### New Japanese Malls Opened During the Nine Months Ended November 30, 2021

Name	Location	Opening Date	Tenants	Lease Area
AEON MALL Shinrifu South Wing	Miyagi Prefecture	March 5, 2021	170	69,000m <sup>2</sup>
AEON MALL Kawaguchi	Saitama Prefecture	June 8, 2021	150	59,000m <sup>2</sup>
AEON MALL Hakusan	Ishikawa Prefecture	July 19, 2021	200	74,000m <sup>2</sup>
AEON MALL Nagoya Noritake Garden	Aichi Prefecture	October 27, 2021	150	(Commercial) 37,000m <sup>2</sup> (Office) 22,000m <sup>2</sup>



## Malls Renovated Through the Third Quarter of Fiscal 2021

Name	Location	Date Reopened	Tenants	No. of Renovated Specialty Stores
AEON MALL Okayama	Okayama Prefecture	March 12, 2021	350	36
		October 8, 2021		11
AEON MALL Kusatsu	Shiga Prefecture	March 19, 2021	200	13
AEON MALL Okazaki	Aichi Prefecture	April 16, 2021	180	30
		September 17, 2021		24
AEON MALL Kyoto Katsuragawa	Kyoto Prefecture	April 23, 2021	220	29
AEON Lake Town kaze (Note 1)	Saitama Prefecture	April 29, 2021	230	13
		July 15, 2021		3
AEON Lake Town Outlet (Note 1)	Saitama Prefecture	April 29, 2021	120	9
		July 15, 2021		2
AEON MALL Shinrifu North Wing (Note 2)	Miyagi Prefecture	July 2, 2021	80	80
AEON MALL Kawaguchi Maekawa	Saitama Prefecture	October 8, 2021	170	29
AEON MALL Suzuka	Mie Prefecture	November 5, 2021	180	22
THE OUTLETS HIROSHIMA (Note 3)	Hiroshima Prefecture	November 26, 2021	230	33

(Notes) 1. Renovations for all three properties, including AEON Lake Town Mori, which AEON MALL manages and operates on consignment for AEON Retail Co., Ltd.

2. This property had been managed and operated on consignment for AEON Retail Co., Ltd.; however, AEON MALL acquired the property on February 28, 2021. In late January 2021, we closed the mall temporarily to conduct major renovations in terms of physical assets and services, after which we reopened the mall.

3. The mall was expanded to 210 specialty stores (+30 stores) and a lease area of 59,000m<sup>2</sup> (+6,000m<sup>2</sup>).

### c. Growth Measures and New Initiatives

#### (1) Achieve Profitable Growth in our Overseas Business and Accelerate New Mall Openings

(China)

As of the end of the consolidated third quarter, we expanded our mall network in China to 22 malls. We aim to have 29 malls in operation as of the end of fiscal 2025.

In China, we have identified high-growth inland areas as key areas for opening new malls. In addition to Hubei Province, we are looking to Hunan Province. We will work to grow the number of malls in both provinces, working from these areas as the core of our businesses inland. We have decided to open three more malls (tentative names provided): AEON MALL Wuhan Jiangxia (Wuhan City, Hubei Province) in 2023; AEON MALL Hangzhou Qiantang Xingu (Hangzhou City, Zhejiang Province) in 2024; and AEON MALL Changsha Chatang (Changsha City, Hunan Province) in 2024.

We continue to evolve our existing malls in both physical and intangible ways through renovations and localization programs. In this way, we will develop specialty stores and facilities that meet the rapidly changing lifestyles of our customers, while at the same time engaging in initiatives that highlight the attractiveness of our local communities. We have decided to renovate the third floor of AEON MALL Tianjin Zhongbei (Tianjin City), which had been used as a parking lot, to increase floor space for specialty retailers. We are working toward a fall 2022 opening for the space.

(ASEAN)

As of the end of the consolidated third quarter, we expanded our mall network in ASEAN to 11 malls. We aim to have 23 malls in operation as of the end of fiscal 2025.

In Vietnam, our most important country in the region, we intend to accelerate the opening of area-dominant malls in the central area of the country, in addition to the south and north, where we already have malls. We are working in stronger cooperation with local governments, establishing a cooperative system for mutually beneficial mall development. After the February and March agreements with Thua Thien Hue and Bac Ninh provinces, we signed an agreement in May with Dong Nai Province. At a Japan-Vietnam investment conference held in Japan on November 25, we signed a Comprehensive Memorandum of Understanding for

Investment and Business Promotion Related to Shopping Mall Development with the government of Thanh Hoa Province.

Moving forward, we aim to secure an even deeper foundation for business in Vietnam, extending into regional cities. In so doing, we intend to contribute to the sustainable development and urban planning of the rapidly growing Vietnamese economy, while expanding our businesses at the same time.

As a future growth strategy next to our mall business in Cambodia, we have decided to develop the country's first multi-function logistics center business, establishing AEON MALL (CAMBODIA) LOGI PLUS. LTD. This business will serve as a platform for overseas logistics. As a measure for sustainable economic growth, the government of Cambodia is studying the concept of integrating the Sihanoukville Autonomous Port, which handles the largest cargo trade volume in the country and is still undergoing development, with a section of the special economic zone located to the rear as a free trade port. This plan is under study in cooperation with the Japanese government and the Sihanoukville Port Authority, which receives technical cooperation from Japan International Cooperation Agency (JICA). As the first pilot company involved in this concept, we will establish and operate a multi-function logistics center equipped with the necessary licenses for cross-border e-commerce businesses, including bonded functions, as well as customs clearance and fulfillment center functions, in the special economic zone area adjacent to the Sihanoukville Autonomous Port. Through these efforts, we will contribute to the further development of the country by solving logistics issues, improving customer convenience, and providing business opportunities and services to a wide variety of businesses, including our own.

In terms of existing malls, we have decided to conduct a floor space expansion and renovate the first AEON Mall Phnom Penh (Phnom Penh Metropolis) for the first time since opening in 2014. Our aim is to evolve this mall into an urban luxury mall, and we are working toward a reopening in fiscal 2023. In addition to the second AEON Mall, AEON MALL Sen Sok City (Phnom Penh City), which features expanded entertainment functions, we plan to open a third mall, AEON MALL Meanchey (Phnom Penh City) in fiscal 2022. We intend to strengthen our area dominance in Phnom Penh by developing MD that takes advantage of the characteristics of each location.

We planned to open our first mall in Myanmar, AEON MALL Dagon Seikkan (tentative name; Yangong Province) in 2023. However, a coup d'état led by the Myanmar military occurred in February 2021, and the country is under a declared state of emergency. We have recalled expatriate staff back to Japan temporarily to monitor the local situation on an ongoing basis. We are reviewing the timing of the start of construction, and we are continuing to work with our local partner company, SHWE TAUNG REAL ESTATE CO., LTD. We will issue an announcement as soon as the decision is final.

## **(2) Maximize the Appeal of Brick-and-Mortar Malls Through Customer Experience (CX)**

As consumer behavior and purchasing habits change at an accelerating pace, AEON MALL, which is in the business of operating brick-and-mortar malls, strives to improve our ability to attract customers by creating new customer experiences (customer experiential value) and maximizing the appeal of brick-and-mortar malls.

At AEON MALL Hakusan, we have introduced two concepts in food and beverage zones, the value of which can only be experienced at a brick-and-mortar mall: a food zone in which customers can enjoy popular local Kanazawa cuisine in a large, open space, and a restaurant zone produced by a leading Japanese chef, providing a high-quality dining experience. We introduced a next-generation entertainment facility in the AEON MALL Shinrifu South Wing that offers exciting activity experiences.

We are also engaging in stronger efforts to attract customers, creating incentives to visit our malls and increase the frequency of visits. AEON MALL Nagoya Noritake Garden boasts a large-scale medical clinic outfitted with the latest medical equipment. The mall has a Health and Wellness zone with a concentration of stores with various functions based on health. In this way, the mall proposes health lifestyles to create incentives for mall customers and office workers to visit the mall. AEON MALL Kawaguchi strives to increase the frequency of visits to the mall by enhancing the food and beverage sales zone with a wide range of products, including fresh foods, confections, and groceries.

As customer needs for open and comfortable outside zones increase, we strive to create facility environments that will become a place of relaxation for our customers. AEON MALL Hakusan has created a tree-lined path in the center of the main mall, providing an indoor space in which customers can relax in a lush green environment. The entire food zone from the first to third floor in AEON MALL Nagoya Noritake Garden faces the lush outdoor landscape. Outdoor and terrace seating offer relaxing

spaces in which customers enjoy the natural environment and the four seasons.

### **(3) Build Next-Generation Malls and Pursue the Urban Shopping Center Business**

The direction of mall development in the future calls for market analysis from various perspectives, based on which we will build next-generation malls across a variety of development patterns according to the characteristics of the location in question. In this way, we will develop malls capable of proposing new value.

AEON MALL Nagoya Noritake Garden includes the *BIZrium* AEON MALL office brand as an office/retail commercial facility. Based on the concept of a blended work-life office, *BIZrium* is a lifestyle office in which individuals have the flexibility to choose how they wish to work and live, making full use of physical space and time. *BIZrium* provides new added value for office workers.

To solve structural issues in Japanese society such as aging population, worker shortage, “shopping refugees,” childcare support, and disaster-response measures, we decided to open a next-generation commercial facility with a Customer Fulfillment Center (CFC) in Hachioji City, Tokyo, developed by AEON Next Preparatory Corporation. As a new lifestyle facility that fuses online and offline channels, we plan to develop not only a home delivery function, but also a next-generation supermarket with a physical store attached to the CFC, a cinema complex, sports facilities for the physically challenged, and a dining facility connected to a roadside station.

### **(4) Pursue Digital Transformation (DX)**

As an initiative based on co-creation with external partners, we implemented the AEON MALL Co-Creation Program aiming to create innovative businesses and services in collaboration with a variety of companies. With a view to the challenges of local communities and major changes in the consumption environment, this program invites start-up companies to join us in creating businesses together for new future of living through the combination of our management resources with external technologies and networks. From among 123 applicants, we selected three companies with whom to work. Moving forward, we will work with these companies to prepare for proof-of-concept tests and examine the impact of these new business.

In our pursuit of digital transformation (DX), we will continue to develop businesses that create new value according to the life stages of our customers, create new business models via co-creation with local communities and partners using digital technology and data, and establish operating systems for the next generation.

#### Three Companies Selected for the AEON MALL Co-Creation Program

Selected Company	Business Activities
NEWROPE Co., Ltd.	#CBK AI specialized in fashion. Trend analysis based on image analysis of social media and e-commerce, online customer service support using AI.
souco Inc.	Development of a sharing-type online logistics platform service that networks logistics and warehouse operators throughout Japan.
Super Duper Co., Ltd.	Development of systems to improve the experience of eating by treating eating as a science. A FoodTech company that makes eating a little more entertaining.

### **(5) Pursue Medium-Term Strategies, Accelerate Reforms Based on ESG Perspectives**

AEON MALL is committed to contributing to improved lifestyles and community development through environmental, social, and governance initiatives and by creating unique malls localized to each area in Japan and overseas. To achieve our Vision for 2025, AEON MALL follows an ESG-oriented approach, defining materialities in terms of regional and social infrastructure development, local community ties, the environment, diversity, work-style reform, and responsible business. We are engaged in measures toward ESG-based management, working to raise employee awareness. Such measures include incorporating matters related to materialities in the personal goals of our employees.

The AEON Group pursues sustainable management under the AEON Basic Policy on Sustainability, which is a group-wide policy for the development of a sustainable society. This policy identifies priority issues related to the environment (achieve a decarbonized society, preserve biodiversity, promote resource recycling) and society (create products and stores meeting the expectations of society, engage in fair business practices that respect human rights, collaborate with communities). AEON accomplishes sustainable management by engaging with each of these issues. AEON MALL is also committed to exercising ESG-based management, growing revenues and corporate value for a stronger management foundation and higher levels of development.

## **(Measures to Address Environmental Issues)**

### **• Initiatives to Achieve a Decarbonized Society**

As a decarbonization initiative based on AEON Decarbonization 2050, we aim to reduce total CO<sub>2</sub> and other emissions in Japan to zero by the year 2040. To date, we have streamlined air conditioning operations, installed high-efficiency energy-saving equipment, installed solar systems on mall roofs, and introduced LED lighting. The goal of these efforts was to reduce energy consumption by 50% in the year 2020 as compared to 2010. We actually achieved a 55.1% reduction in energy consumption (per unit of floor space) compared to 2010. In addition to these cost reduction measures, we set a new goal of operating all 160 AEON MALL locations in Japan using effectively CO<sub>2</sub>-Free Electricity by the year 2025 by procuring energy from off-site sources and pursuing direct contracts for renewable energy. As the majority of CO<sub>2</sub> emissions arise from the use of electricity, we will reduce our CO<sub>2</sub> emissions in Japan by 80% by the year 2025 compared to 2013. We will also accelerate efforts to achieve a decarbonized society in Japan and overseas by reducing to zero all CO<sub>2</sub> emissions from all AEON MALL business activities.

AEON MALL Kawaguchi is the first large-scale commercial facility in Japan to operate using electricity and gas with zero CO<sub>2</sub> emissions. In addition to energy conservation efforts, the mall procures electricity offering effectively zero CO<sub>2</sub> emissions through the Non-FIT Non-Fossil Certificate Electricity Menu (Note 1) offered by TEPCO Energy Partner, Inc. For city gas, the mall uses Carbon Neutral City Gas (Note 2) supplied by Tokyo Gas Co., Ltd. Similarly, AEON MALL Nagoya Noritake Garden uses electricity procured from Chubu Electric Power Miraiz Co., Inc. under the Non-FIT Non-Fossil Certificate Electricity Menu (Note 3) and city gas supplied by TOHO GAS Co., Ltd. under the Carbon Neutral City Gas plan for electricity and gas that have effectively zero CO<sub>2</sub> emissions.

### **• Working With Local Communities to Create Renewable Energy Locally for Local Consumption**

AEON MALL aims to generate locally produced and renewable energy locally for local consumption ("Renewable Energy") together with customers in local communities. We intend to use CO<sub>2</sub> emission-free electricity ("CO<sub>2</sub>-Free Electricity") for all electricity used in our facilities, including our specialty store tenants.

Our goal is to convert the electricity used in 160 malls managed and operated by AEON MALL to Renewable Energy by 2025. We will switch gradually from the procurement of effectively CO<sub>2</sub>-Free Electricity through direct renewable energy contracts in each region to Renewable Energy (including PPA (Note 4)). By 2040, 100% of our directly managed malls will be operated under Renewable Energy (approximately 2 billion KWh/year). We will begin with solar power generation in fiscal 2022, and gradually utilize other power generation methods such as wind power, hydrogen energy, and storage batteries.

We will also pursue V2AEON MALL (from vehicle to AEON MALL), which is an evolution of the conventional V2H (vehicle to home) approach. We will establish a customer-participatory renewable energy recycling platform by which electricity generated in the home (surplus electricity) is discharged to the mall by via electric vehicles (EV). We will provide visibility in an environmental contribution index and award points according to the amount of discharge. An app will manage action records and quantify environmental contribution activities such as tree planting, collection of waste plastic, cooperation in food loss prevention, etc., in addition to the discharge of renewable energy by EVs. In this way, we will provide visibility to the meaning of the activities and pursue initiatives together with customers.

By supporting our customers in turning their own environmental awareness into action, we will work with them to build decarbonized societies in Japan and overseas.

### **• Happy Clothes Relay Clothing Collection**

To create a recycling-oriented society AEON MALL pursues the 6Rs, which consist of the 3Rs (Reduce, Reuse, and Recycle) plus Rethink, Repair, and Returnable. We are moving forward in efforts to create circular malls.

As part of these efforts, we held a Happy Clothes Relay event from November 12 to November 30 at malls across Japan to collect clothing that customers no longer use. The clothes collected will be recycled and reborn as new clothes, contributing to the reduction of clothing loss and CO<sub>2</sub> emissions. Also, as part of the Happy Clothes Relay! World, we donated a portion of the clothing received from customers at seven malls in Japan to local children through our malls in Cambodia.

### **• Eco Unit Division Superior Award (Eco Kentei Award 2021)**

The Tokyo Chamber of Commerce and Industry awarded AEON MALL the Eco Unit Division Superior Award as part of the Eco Kentei Award 2021 recognitions. The award honored us for a second consecutive year as a company that engages in

environmental activities leveraging knowledge acquired through the Eco Certification. The award also recognized our efforts in environmental activities during fiscal 2020, including decarbonization initiatives and the sponsoring of environmental awareness events at malls nationwide. In addition, AEON MALL encourages employees to take the Eco test certification to raise awareness of environmental protection and advance related efforts. As of November 2021, 1,473 employees, or roughly 85% of the AEON MALL workforce in Japan, have received certification.

#### **(Measures to Address Social Issues)**

##### **• Accountability in Business (Human Rights)**

AEON MALL follows the AEON Human Rights Policy in respecting human rights. We aspire to create an organization that allows all people, regardless of their gender or nationality, to participate in the development of the company. And we strive to create workplaces that enable all employees to perform to the highest level of their abilities. All AEON MALL employees are required to attend an annual human rights training. We also provide employees with a handbook that lists both internal and external help desks. This handbook provides clear information about respect for human rights, prevention of discrimination, and other matters in the context of the AEON MALL employment rules.

To prevent incidents that may lead to human rights violations, as well as to build a sustainable value chain, we have newly formulated our own Guidelines for Sustainable Trade. These guidelines are based on the AEON Human Rights Policy and the AEON Supplier Transaction Code of Conduct. In December, we held a presentation for construction-related suppliers to encourage an understanding and wider awareness of these guidelines. We comply with the guidelines as a handbook to foster shared values with our business partners and fulfill our social responsibilities in partnership. In this way, we aim to manage and reduce human rights risks in the supply chain, while also monitoring the status of the implementation of these guidelines.

The AEON Human Rights Policy clearly describes the human rights due diligence process, which AEON MALL began implementing in 2020. We will continue our efforts to build a sustainable value chain in our role as a leader in ensuring human rights.

##### **• Anti-Infection Initiatives**

AEON MALL Ageo (Saitama Prefecture), AEON MALL Shinrifu South Wing, AEON MALL Kawaguchi, AEON MALL Hakusan, and AEON MALL Nagoya Noritake Garden received the WELL Health-Safety Rating (Note 5), a global evaluation of measures against COVID-19 infection. In addition to measures to prevent droplet and contact infections within the facility, we established comprehensive safety measures at each entrance and a cleaning management system within the facility for the safety and security of customers and employees.

##### **• Support for COVID-19 Vaccinations in Japan and Overseas**

AEON MALL works with local governments to encourage the use of halls, parking lots, and other facilities in malls as COVID-19 vaccination sites. AEON MALL Hiroshima Fuchu (Hiroshima Prefecture), AEON MALL Kasukabe (Saitama Prefecture), AEON MALL Asahikawa (Hokkaido), and nearly 30 other malls nationwide are being used as sites for COVID-19 vaccinations, helping roughly 490,000 individuals receive vaccinations. By maximizing the use of our malls, we strive to create a safe, secure, and comfortable lifestyle for all community members. Overseas, as well, AEON MALL Binh Duong Canary (Binh Duong Province) in Vietnam is providing a large-scale vaccination site inside the mall. Through its efforts, the mall is facilitating approximately 650 vaccinations per day for the approximately 3,300 people working at factories and commercial facilities in the city. To prevent the spread of infection in local communities, we continue to cooperate in ensuring the safety and security of local residents.

In addition, The AEON Group is supporting workplace COVID-19 vaccinations for group employees throughout Japan to increase vaccination rates in every region. Several malls, including AEON MALL Makuhari Shintoshin (Chiba Prefecture) and AEON MALL Lake Town (Saitama Prefecture) are being used as vaccination centers. We are striving to create a workplace environment where employees can work with peace of mind by expanding the scope of vaccinations not only among our own employees, but also among employees of specialty store tenants.

##### **• Initiatives for Industry-Academia Collaboration**

As the impact of COVID-19 has limited the opportunities and locations for students to conduct academic and cultural activities, we have been providing our malls as spaces for these activities.

In April, we signed a Memorandum of Understanding on Industry-Academia Collaboration between Sanko Gakuen and AEON MALL Nagoya Noritake Garden. Based on this memorandum of understanding, we held an event called “Find Your Own Christmas” between November 27 and December 25. Students from Nagoya Children’s Education College, Nagoya Beauty Art College, and other institutions attended activities that included workshops for making Christmas tree decorations, makeup application experiences, exercise experiences, and other activities.

We concluded an agreement in June on industry-academia collaboration between AEON MALL, the International Research Institute of Disaster Science at Tohoku University, and the AEON Environmental Foundation. Aiming to create safe, secure, and resilient communities, the three parties established the AEON Research Division for the Promotion of Disaster-Resistant Environmental Cities (tentative name) within the Tohoku University International Research Institute of Disaster Science. We plan to hold workshops and other events with the participation of local residents, focusing three main topics: disaster prevention and mitigation, forest design, and measures against infectious diseases. In particular, we are developing a disaster relief facility on the former site of the Tohoku University Amamiya Campus, which we plan to test and implement from expert perspectives for the confident use by community members.

We signed a memorandum of understanding for industry-academia collaboration between AEON MALL Hakusan and Kokusai Business Gakuin, Kinjo University/College, and the Ishikawa Prefecture Susei High School to promote initiatives with area schools as part of the Kagayaki Atsumaru Project. The mall will provide the schools with a place to present their research, and the schools will use the space for research presentations and events, deepening cooperation with each school and contributing to the revitalization and development of the local community.

#### • **Election Polling Stations**

AEON MALL opened polling stations at 55 of our malls nationwide for the 49th general election for the House of Representatives held in October. The purpose putting polling stations in our malls was to provide a comfortable voting environment for families with children, students, and mall employees. This convenience contributed to increased usage and voting rates.

#### • **Japan Student Christmas Blood Donation Campaign**

The Japan Red Cross Society and AEON MALL teamed up for a Japan Student Christmas Blood Donation Campaign in 30 AEON MALL locations throughout Japan. Student blood donation volunteers from the Japanese Red Cross Society took the lead in encouraging customers to donate blood at our malls, promoting understanding and cooperation in blood donations among all age groups, particularly among young people. This year marked the fifth time the campaign has been held since 2017. The blood donation activities conducted at our malls during fiscal 2021 represented approximately 4.4% of the total number of blood donation participants at drives conducted nationwide by the Japan Red Cross Society.

- (Notes) 1. A service option in which the environmental value procured by TEPCO is sent to the location of customer demand, together with grid electricity, resulting in effectively CO<sub>2</sub>-free electricity for the user.
2. Greenhouse gases generated in the process from mining to the combustion of natural gas are offset with CO<sub>2</sub> credits (carbon offsets). In this way, no CO<sub>2</sub> is considered to have been generated on a global scale. Eligible CO<sub>2</sub> credits are those that have been certified by highly reliable verification organizations for the CO<sub>2</sub> reduction effects of environmental conservation projects around the world.
3. CO<sub>2</sub>-free electricity resulting by procuring electricity and non-fossil certificates from non-FIT hydroelectric power sources owned by a group company of Chubu Electric Power Miraiz Co., Inc.
4. A contract with an electricity retailer providing a means of receiving power supplied from a dedicated power plant without owning any assets directly.
5. The WELL Health-Safety Rating is a global standard conducted by a third-party verification organization to ensure facilities in the with-COVID-19 era are managed and operated in consideration of health and safety for visitors, employees, and others.

#### **Sustainability Finance Initiatives**

In November, we issued ¥20,000 million of our first-ever Sustainability-Linked Bonds (“Bonds,” see Note 1) for the purpose of solving social issues and for environmental considerations. In September last year, we raised ¥30,000 billion through the issuance of Sustainability Bonds. We used the proceeds for measures against COVID-19 and for reconstruction assistance related to the Great East Japan Earthquake. We issue these Bonds as a sustainability finance initiative toward the creation of

decarbonized societies. These Bonds are issued on terms that vary according to the whether we achieve predetermined sustainability targets, and we will continue to contribute sustainable societies by expanding our ESG initiatives further.

Name	AEON MALL Co., Ltd. Unsecured Bond Series 28 (with inter-bond pari passu clause) (Sustainability-Linked Bonds)
Term	5 years
Amount	¥20,000 million
Coupon Rate	0.160%
Condition Determination Date	November 19, 2021
Date of Issuance	November 26, 2021
Redemption Date	November 26, 2026
Rating	A- (Rating and Investment Information, Inc.)
SPT (Note 2)	CO <sub>2</sub> -free electricity used at all AEON MALL locations in Japan by the end of fiscal 2025
Bond Attributes After Determination	If the SPT is confirmed to be unachievable at the time of judgment at the end of fiscal 2025, an amount equivalent to 0.2% of the bond issue amount will be donated to a public interest incorporated foundation (AEON Environmental Foundation, etc. (Note 3)) by the end of October 2026.
Lead Underwriter	Mizuho Securities Co., Ltd. (Administration), Daiwa Securities Co., Ltd., Nomura Securities Co., Ltd.
Sustainability-Linked Bond Structuring Agent (Note 4)	Mizuho Securities Co., Ltd.
Third-Party Evaluation	We received a second opinion about the Bonds from Rating and Investment Information, Inc. about the conformity of these bonds with the Sustainability-Linked Bond Principles of the International Capital Market Association.

- (Notes) 1. Refers to bonds whose terms and conditions vary depending on whether the issuer achieve predetermined sustainability goals. The bond proceeds do not have to be used for specific purposes necessarily, but the bonds are evaluated based on key performance indicators (KPIs) and SPTs determined beforehand by the issuer. SPTs are target values to be achieved with respect to the KPI. The terms of the bond change depending on whether the KPI has achieved the SPT, thereby motivating the issuer to achieve the SPT.
2. Sustainability performance target A goal based on the issuer's business strategy that determines the terms and conditions of the sustainability-linked bond issue.
3. The AEON Environmental Foundation (<https://www.aeon.info/ef/>) is engaged in public service activities focusing on grants, support, tree planting, awards, and environmental education. Established in December 1990 with donations from Mr. Takuya Okada (honorary chairman and advisor of AEON Co., Ltd. and chairman of AEON Environmental Foundation) and two others, based on the AEON basic principle of pursuing peace, respecting humanity, and contributing to local communities. After receiving approval as a designated public interest corporation in 1991, the foundation became a public interest incorporated foundation in 2009.
4. Entities that provide support for the implementation of sustainability finance through advice on the design of sustainability-linked bond products and on obtaining external third-party evaluations such as second opinions.

## (2) Explanation of Financial Position

### 1) Assets, Liabilities and Net Assets

#### Assets

Total assets amounted to ¥1,470,832 million, up ¥76,633 million compared to the end of the prior consolidated fiscal year. This result was mainly due to an increase in property, plant and equipment of ¥70,733 million stemming from an increase in new mall development, reactivation of existing malls, and acquisitions of property for future development of ¥92,212 million in excess of ¥47,235 million of depreciation and amortization. We also recorded a significant increase in foreign currency translation adjustments. These figures were offset in part by a decrease in cash and deposits of ¥27,023 million.

#### Liabilities

Total liabilities stood at ¥1,057,311 million, up ¥50,598 million from the end of the prior consolidated fiscal year. This result was

mainly due to increases of ¥35,000 million in bonds (including current portion), ¥8,380 million in lease obligations (including lease obligations under current liabilities-other), ¥7,762 million in lease deposits from lessees, ¥4,492 million in long-term debt (including current portion of long-term debt). These increases were offset in part by a decrease of ¥4,022 million in income taxes payable.

#### **Net assets**

Net assets totaled ¥413,521 million, up ¥26,034 million compared to the end of the prior consolidated fiscal year. This result was mainly due to the recording of ¥16,457 million in quarterly net income attributable to owners of parent and dividend payments of ¥10,239 million, which resulted in an increase in retained earnings of ¥6,218 million, and an increase in foreign currency translation adjustment of ¥19,658 million.

#### **2) Cash Flows**

Cash and cash equivalents (“Cash”) as of the end of cumulative consolidated third quarter amounted to ¥98,881 million, down ¥25,199 million from the end of the prior consolidated fiscal year.

Cash flows in the period under review were as follows:

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

Net cash provided by operating activities amounted to ¥45,925 million, compared to net cash used of ¥18,029 million for the same period in the prior fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥20,142 million (net loss before income taxes and other adjustments of ¥1,687 million in the year-ago period) and depreciation and amortization of ¥47,235 million (¥43,572 million in the year-ago period). These amounts were offset in part by a decrease in deposits received from specialty stores of ¥980 million (¥10,461 million in the year-ago period) and a decrease in income taxes paid of ¥10,669 million (¥11,150 million in the year-ago period).

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

Net cash used in investing activities amounted to ¥93,225 million, compared to ¥47,881 million in the prior consolidated fiscal year. This result was mainly due to purchases of property, plant and equipment in the amount of ¥86,717 million (¥44,344 million in the year-ago period) for equipment at malls expanded and revitalized in the prior consolidated fiscal year (AEON MALL Kochi) and malls newly opened in the prior consolidated fiscal year (AEON MALL Ageo), as well as for purchases of property, plant and equipment related to AEON MALL Sentul City during the cumulative consolidated third quarter for land for development.

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

Net cash provided by financing activities amounted to ¥14,910 million, compared to net cash provided of ¥30,341 million for the same period in the prior fiscal year. This result was mainly due to proceeds from the issuance of bonds in the amount of ¥65,000 million (¥60,000 million in the year-ago period) and proceeds from long-term debt of ¥23,287 million (¥20,022 million in the year-ago period). During the same period, the company made cash outlays for redemptions of bonds of ¥30,000 million (¥15,000 million in the year-ago period), repayment of long-term debt in the amount of ¥20,380 million (¥16,507 million in the year-ago period), ¥12,225 million in repayment of lease obligations (¥8,451 million in the year-ago period), and ¥10,239 million in dividend payments (¥9,100 million in the year-ago period).

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

We have made no changes to the full-year consolidated earnings projections as announced April 8, 2021.



## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2021	As of November 30, 2021
<b>Assets</b>		
Current assets		
Cash and deposits	131,442	104,419
Notes and accounts receivable–trade	7,661	9,368
Other	40,456	65,850
Allowance for doubtful receivables	(133)	(176)
<b>Total current assets</b>	<b>179,427</b>	<b>179,461</b>
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	624,036	639,710
Land	310,198	339,942
Right-of-use assets (net)	134,872	147,410
Other	30,977	43,755
<b>Total property, plant and equipment</b>	<b>1,100,085</b>	<b>1,170,818</b>
<b>Intangible assets</b>	<b>3,350</b>	<b>3,303</b>
Investments and other assets		
Lease deposits paid	50,926	51,751
Other	60,439	65,515
Allowance for doubtful receivables	(29)	(18)
<b>Total investments and other assets</b>	<b>111,336</b>	<b>117,248</b>
<b>Total fixed assets</b>	<b>1,214,771</b>	<b>1,291,371</b>
<b>Total assets</b>	<b>1,394,199</b>	<b>1,470,832</b>

(Million yen)

	As of February 28, 2021	As of November 30, 2021
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	8,606	10,566
Bonds due within one year	30,000	40,000
Current portion of long-term debt	33,629	53,246
Lease obligations	14,955	18,008
Income taxes payable	7,024	3,001
Deposits received from specialty stores	60,223	59,606
Allowance for employee bonus	1,703	2,027
Allowance for director and corporate auditor performance-based remuneration	85	59
Provision for loss on store closing	733	733
Other	56,977	53,920
Total current liabilities	213,938	241,168
Long-term liabilities		
Straight bonds	330,000	355,000
Long-term debt	188,794	173,670
Lease obligations	112,279	117,606
Accrued retirement benefits to employees	837	694
Asset retirement obligations	18,679	19,137
Lease deposits from lessees	137,778	145,540
Other	4,404	4,491
Total long-term liabilities	792,774	816,142
<b>Total liabilities</b>	<b>1,006,712</b>	<b>1,057,311</b>
<b>Net assets</b>		
Shareholders' equity		
Common stock	42,372	42,374
Capital surplus	40,691	40,693
Retained earnings	307,790	314,009
Treasury stock, at cost	(6)	(7)
Total shareholders' equity	390,848	397,069
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,029	1,036
Foreign currency translation adjustment	(13,868)	5,789
Remeasurements of defined benefit plans	(690)	(595)
Total accumulated other comprehensive income	(13,529)	6,230
Stock acquisition rights	23	33
Non-controlling interests	10,143	10,187
<b>Total net assets</b>	<b>387,486</b>	<b>413,521</b>
<b>Total liabilities and net assets</b>	<b>1,394,199</b>	<b>1,470,832</b>

**(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**(Quarterly Consolidated Statements of Income)**  
**(For the nine months ended November 30, 2020 and November 30, 2021)**

(Million yen)

	FY2020 Q3 March 1 - November 30, 2020	FY2021 Q3 March 1 - November 30, 2021
Operating revenue	202,683	233,286
Operating costs	159,736	183,459
Gross profit	42,947	49,827
Selling, general and administrative expenses	19,913	21,480
Operating income	23,034	28,346
Non-operating profits		
Interest income	964	1,038
Compensation paid by departing tenants	1,521	1,202
Foreign exchange gains	206	—
Gain on valuation of derivatives	88	978
Compensation income	377	1,583
Other	683	402
Total non-operating profits	3,842	5,206
Non-operating expenses		
Interest expenses	7,057	8,132
Foreign exchange losses	—	874
Other	909	789
Total non-operating expenses	7,967	9,796
Ordinary income	18,909	23,755
Extraordinary gains		
Gain on sale of fixed assets	2	1
Gain on sale of investment securities	5	—
Compensation income	304	1,381
Total extraordinary gains	312	1,382
Extraordinary losses		
Loss on sale of fixed assets	1	—
Loss on retirement of fixed assets	431	496
Impairment loss	3,545	613
Loss due to COVID-19	16,486	3,663
Other	445	221
Total extraordinary losses	20,909	4,995
Income (loss) before income taxes	(1,687)	20,142
Income tax – current	3,581	6,997
Income tax – deferred	(499)	(3,296)
Total income taxes	3,081	3,700
Net income (loss)	(4,769)	16,442
Net loss attribute to non-controlling interests	(169)	(15)
Net income (loss) attributable to owners of parent	(4,599)	16,457

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(For the nine months ended November 30, 2020 and November 30, 2021)**

(Million yen)

	FY2020 Q3 March 1 - November 30, 2020	FY2021 Q3 March 1 - November 30, 2021
Net income (loss)	(4,769)	16,442
Other comprehensive income		
Net unrealized gain on available-for-sale securities	80	6
Foreign currency translation adjustment	(8,857)	19,801
Remeasurements of defined benefit plans	107	94
Total other comprehensive income	(8,669)	19,902
Comprehensive income	(13,438)	36,344
Comprehensive income (loss) attributable to:		
Owners of parent	(12,185)	36,217
Non-controlling interests	(1,252)	127

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

(Million yen)

	FY2020 Q3 March 1 - November 30, 2020	FY2021 Q3 March 1 - November 30, 2021
<b>Cash flows from operating activities</b>		
Income (loss) before income taxes	(1,687)	20,142
Depreciation and amortization	43,572	47,235
Impairment loss	3,545	613
Interest and dividend income	(989)	(1,058)
Interest expenses	7,057	8,132
Decrease (increase) in receivables–trade accounts	(287)	(929)
Increase (decrease) in payables–trade accounts	722	2,040
Increase (decrease) in deposits received from specialty stores	(10,461)	(980)
Other	(5,958)	(11,255)
<b>Subtotal</b>	<b>35,512</b>	<b>63,940</b>
Interest and dividends received	882	969
Interest paid	(7,214)	(8,314)
Income taxes paid	(11,150)	(10,669)
<b>Net cash provided by (used in) operating activities</b>	<b>18,029</b>	<b>45,925</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(44,344)	(86,717)
Proceeds from sales of property, plant and equipment	11	1
Payment of lease deposits to lessors	(1,449)	(2,738)
Reimbursement of lease deposits to lessors	228	1,033
Repayment of lease deposits from lessees	(8,275)	(6,172)
Proceeds from lease deposits from lessees	6,934	12,928
Other payments	(4,990)	(20,586)
Other proceeds	4,004	9,025
<b>Net cash provided by (used in) investing activities</b>	<b>(47,881)</b>	<b>(93,225)</b>
<b>Cash flows from financing activities</b>		
Repayment of lease obligations	(8,451)	(12,225)
Proceeds from long-term debt	20,022	23,287
Repayment of long-term debt	(16,507)	(20,380)
Proceeds from issuance of bonds	60,000	65,000
Redemption of bonds	(15,000)	(30,000)
Purchase of treasury stock	(0)	(1)
Dividends paid	(9,100)	(10,239)
Dividends paid to non-controlling interests	(66)	(83)
Other	(554)	(447)
<b>Net cash provided by (used in) financing activities</b>	<b>30,341</b>	<b>14,910</b>
Foreign currency translation adjustments on cash and cash equivalents	(1,020)	7,190
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(530)</b>	<b>(25,199)</b>
Cash and cash equivalents at beginning of the period	114,368	124,080
Cash and cash equivalents at end of the period	113,838	98,881

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

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

Not applicable.

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

Not applicable.

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

At meetings held December 1, 2020, the board of directors of AEON MALL Co., Ltd. and wholly owned subsidiary OPA Co., Ltd. as then constituted ("OPA") resolved to split off (via incorporation-type company split) a wholly owned subsidiary ("New OPA") to be established by OPA, with New OPA becoming the successor company. The boards also resolved to merge with the split company (OPA) in an absorption-type merger, subject to a condition precedent that the company split in question take effect. The transaction in question was executed on March 1, 2021. As a result of this reorganization, Former OPA has been excluded from the scope of consolidation.

Although not considered a change in a specified subsidiary, New OPA and Changsha Mall Investment Limited were newly established during the first quarter of the current consolidated fiscal year. We also established CHANGSHA MALL REAL ESTATE DEVELOPMENT CO., LTD. and HANGZHOU HANGDONG MALL REAL ESTATE DEVELOPMENT CO.,LTD. During the second quarter of the current consolidated fiscal year, adding these entities to the scope of consolidation.

##### **Supplementary information**

###### **Accounting estimates related to the impact of COVID-19**

COVID-19 infections remained uncontained, although differences were evident among various countries and regions. Certain AEON MALL Group-operated malls were forced to shorten operating hours or close temporarily. At the same time, COVID-19 vaccinations are advancing in Japan and many other countries, and the AEON MALL Group is striving to maintain anti-infection systems at the malls we operate. Therefore, accounting estimates such as impairment accounting for fixed assets assume that operating revenue, etc. for the fiscal year ending February 28, 2022 will recover to approximately the same level as the fourth quarter of the fiscal year ended February 28, 2020, despite the impact of COVID-19. Although we continue mall operations in Indonesia, we have assumed that ongoing emergency restrictions on activities will have a negative impact on operating revenue through 2023.

## Segment and other information

### Segment information

#### I. Nine Months Ended November 30, 2020

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

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
Operating revenue						
Operating revenue from external customers	172,345	21,621	8,716	202,683	—	202,683
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	172,345	21,621	8,716	202,683	—	202,683
Segment income	21,012	715	1,287	23,015	18	23,034

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

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

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

###### Material impairment of fixed assets

The company recognized impairment losses in the Japan segment for asset groups which have experienced a significant decline in profitability and asset groups which the company does not deem recoverable. The company recorded ¥3,545 million in impairment loss for the cumulative consolidated third quarter.

Goodwill did not change materially during the period under review.

#### II. Nine Months Ended November 30, 2021

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

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount to quarterly consolidated statements of income (Note 2)
Operating revenue						
Operating revenue from external customers	191,575	31,428	10,282	233,286	—	233,286
Intersegment operating revenue or transfers	—	—	—	—	—	—
Total	191,575	31,428	10,282	233,286	—	233,286
Segment income	21,917	5,247	1,162	28,327	18	28,346

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

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

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

###### Material impairment of fixed assets

The Company recognized impairment losses in the Japan segment for asset groups for which changes have occurred causing a significant decline in expected recoverable value. The company recorded ¥880 million in impairment loss for the cumulative consolidated third quarter.

Goodwill did not change materially during the period under review.

**Significant subsequent events**

Not applicable.