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Financial Results for the Nine Months ended November 30, 2021

January 12, 2022

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
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Scheduled dates:

Submission of statutory quarterly financial report	January 14, 2022
Commencement of dividend payments	-
Supplementary materials to the quarterly results	Available
Quarterly earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Nine Months ended November 30, 2021
(March 1, 2021 to November 30, 2021)

(1) Operating Results (Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended November 30, 2021	6,450,567	0.9	89,245	31.0	83,889	42.2	(8,956)	-
Nine months ended November 30, 2020	6,392,538	0.1	68,111	(33.9)	58,997	(36.8)	(62,590)	-

Note: Comprehensive income: Nine months ended November 30, 2021: 58,722 million yen (-%)
Nine months ended November 30, 2020: -39,912 million yen (-%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Nine months ended November 30, 2021	(10.59)	-
Nine months ended November 30, 2020	(74.09)	-

Note. Even though the Company has dilutive shares, earnings per share - fully diluted is not indicated because a net loss per share was recorded in each of the above periods.

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
November 30, 2021	11,647,054	1,766,134	8.1	1,118.17
[excl. Financial Services]	[5,799,896]	[1,376,988]	[14.5]	-
February 28, 2021	11,481,268	1,755,776	8.5	1,147.56
[excl. Financial Services]	[5,749,281]	[1,393,624]	[15.3]	-

Reference: 1. Total equity: November 30, 2021: 946,400 million yen February 28, 2021: 970,321 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.
2. The figures in square brackets represent consolidated financial position excluding the Financial Services Business.

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended February 28, 2021	-	18.00	-	18.00	36.00
Year ending February 28, 2022	-	18.00	-		
Year ending February 28, 2022 (forecast)				18.00	36.00

Note: No changes were made to the latest release of dividend forecasts.

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2022
(March 1, 2021 to February 28, 2022)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Full year	8,620,000	0.2	200,000 to 220,000	32.8 to 46.1	190,000 to 210,000	36.9 to 51.3	20,000 to 30,000	-	23.65 to 35.48

Note: No changes were made to the latest release of earnings forecasts.

*Notes

(1) Changes affecting the consolidation status of significant subsidiaries during the period: None

(2) Application of special accounting treatment for the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:
1) Changes in accordance with amendments to accounting standards: None
2) Changes other than the above 1): None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Number of shares issued (common stock)
1) Number of shares issued at end of period (treasury stock included):
November 30, 2021: 871,924,572 shares
February 28, 2021: 871,924,572 shares
2) Number of shares held in treasury at end of period:
November 30, 2021: 25,541,084 shares
February 28, 2021: 26,370,771 shares
3) Average number of shares outstanding during the period:

Nine months ended November 30, 2021: 845,925,857 shares
Nine months ended November 30, 2020: 844,809,895 shares
The Company’s stock held by the Employee Stock Ownership Plan Trust (November 30, 2021: 3,625,400 shares, February 28, 2021: 4,388,100 shares) is included in the number of shares held in treasury.

***Quarterly review status**
This report is exempt from the quarterly review by certified public accountant or audit firm.

***Appropriate Use of Earnings Forecasts and Other Important Information**
(Note on the forward-looking statements)
The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors. Please refer to “(3) Consolidated Earnings Forecast” on page 10 in section “1. Review of Operating Results and Financial Statements” in the Accompanying Materials for the assumptions underlying the forecasts and notes concerning their appropriate use.

Accompanying Materials

Contents

1. Review of Operating Results and Financial Statements
(1) Analysis of Operating Results

1) Summary of Operating Results

For the first nine months of the fiscal year ending February 28, 2022 (March 1, 2021 – November 30, 2021), Aeon Co., Ltd. (hereinafter "Aeon") posted consolidated operating revenue of 6,450,567 million yen (up 0.9% year on year), marking an increase in consolidated operating revenue for the first nine months of the fiscal year for the 12th consecutive fiscal year, and setting a new record high. Consolidated operating profit was 89,245 million yen (up 31.0%), while ordinary profit was 83,889 million yen (up 42.2%), both significant increases. Loss attributable to owners of parent also improved significantly to 8,956 million yen (an improvement of 53,634 million yen year on year).

During the first nine months of the fiscal year, the external environment was more challenging than initially anticipated. This included continuous and prolonged restrictions on activities through the end of September, such as the state of emergency declared in response to the dramatic surge in infections from new COVID-19 variants, and the accompanying ongoing deterioration in consumer sentiment. Amid this environment, the Supermarket Business (which bolstered its efforts to respond to ongoing dine-in demand), the Discount Store Business, the Health & Wellness Business (which is boosting the number of its drugstores able to process prescriptions), and the Financial Services Business (which has strengthened its screening and collection framework improve the quality of its loans), each posted segment profit exceeding that of the first nine months of the fiscal year ended February 29, 2020, prior to the COVID-19 pandemic. Although the GMS (General Merchandise Store) Business, Shopping Center Development Business, and the Services and Specialty Store Business were each impacted by the COVID-19 pandemic, they were able to improve profitability compared to the same period of the previous fiscal year by bolstering sales of Aeon's Topvalu private brand, enhancing online sales, carrying out initiatives to spur demand such as Black Friday sales, implementing cost structure reforms, and otherwise advancing efforts to quickly respond to customers' rapidly changing needs and build a base for growth.

Common Group Strategy

- The Group instituted the Aeon Group Medium-term Management Plan (FY2021-FY2025). With this new medium-term management plan the Group aims to transition to sustainable growth by 2030, viewing the further acceleration, amid the COVID-19 pandemic, of the societal changes that had been already been taking place for some time as a good opportunity for the Group to achieve dramatic growth. These societal changes include the significant changes in customers' behavior, perceptions, and values due to the COVID-19 pandemic, as well as changes in demographics, changes in customers' actions in response to climate change, the penetration of digital technologies into all aspects of life, heightened environmental and health awareness, as well as structural changes in the competitive environment. Under the new medium-term management plan, as a common strategy for the Group, the Group has set forth "Five Reforms" (accelerate and evolve the shift to digital, create unique value with a supply chain-focused outlook, evolve health and wellness, create "AEON Living Zones", and further accelerate the shift to Asian markets), thereby aiming to further accelerate the four "strategic shifts" (Regional, Digital, Asia, plus Investment to support these) implemented up until this point, as well as build a business foundation to realize sustainable growth from 2025 and beyond. In addition to reforming the existing business model and establishing a new growth model, the Group will boost profitability and concentrate investment of management resources thus produced into new growth domains, thereby having the Group work as one to acquire new growth opportunities. Please refer to https://www.aeon.info/en/ir/policy/strategy/ for more information on the new medium-term management plan.

- In September, in response to increasingly cautious customer spending, Aeon declared that it would not raise the prices of Topvalu food products (excluding fresh foods, rice, ready-to-eat foods, alcohol, gift products, special event products, and other products with altered specifications) for the rest of the year in order to support customers' lifestyles. This price freeze declaration was based on Aeon's social mission to provide the products and services that customers need at reasonable prices and to contribute to the enrichment of customers' lifestyles by reducing logistics expenses and enhancing efforts to provide better value as a "purchasing agent" for customers, a longstanding Aeon tradition. During the period from the price freeze declaration through to the end of November, sales of major Topvalu products such as canola oil and mayonnaise increased more than 30% compared to the year-earlier period as a result of strong customer demand for such items. Amid the recent spate of food price hikes due to skyrocketing ingredient prices and inclement weather, Aeon has been working to rationally reduce costs and provide a stable supply of products by implementing a variety of initiatives, including increasing distribution efficiency, procuring ingredients from the best sources in Japan and overseas, and making bulk purchases. In December, Aeon announced that it would extend the price freeze on Topvalu brand products until the end of March 2022, while also expanding its scope to include daily necessities, thus expanding the number of products covered by the price freeze to around 5,000.

- In September, in order to establish a more customer-friendly and convenient Aeon points system and to establish a common Group-wide digital platform, Aeon converted all Tokimeki Points earned through payments made with Aeon Card credit cards from September 11, 2021 onward into WAON Points. With this change in the point system, Aeon's points were unified as WAON Points. Customers now earn WAON Points when using their Aeon Card, and points earned can be used for shopping in one point increments. With this change, customers can easily earn points, and Aeon's point system is easier to understand and more convenient than ever before. Also in September, the Group launched services through a comprehensive Aeon app called "iAEON", which will be a common touchpoint for the entire Group, with the aim of providing convenient and highly-satisfying services tailored to customers' lifestyles, and delivering a seamless experience integrating stores and digital services. With iAEON, customers can earn, use, and exchange WAON Points and check their points balances, make payments using mobile WAON and the QR code-based AEON Pay system, as well as access promotion information from their favorite stores, and otherwise use all of the services provided by Group companies in a single app. To further improve the convenience of the app for customers, the Group plans to add to and upgrade the functionality of the app as a common touchpoint for the entire Group. This will include increasing the number of stores that can be registered, expanding payment options, and linkage with other apps and services provided by Group companies.

- In September, Fuji Co., Ltd. (hereinafter, "Fuji"), Maxvalu Nishinihon Co., Ltd. (hereinafter "Maxvalu Nishinihon") and Aeon, concluded a basic agreement on a merger of Fuji and Maxvalu Nishinihon in March 2024, with the objective of evolving the new company into one that is capable of playing a part in regional co-creation. In December, ahead of the merger, Fuji and Maxvalu Nishinihon also concluded an agreement in order to establish a joint holding company that will be a consolidated subsidiary of Aeon, and to integrate management. Following the capital and business tie-up between Fuji and Aeon in October 2018, the companies had been working to realize the visions of each company and enhance corporate value, as well as engage in information sharing and communication about the issues that each needs to work on, with the aim of becoming the "No. 1 business alliance in the Chugoku and Shikoku area." However, amid the changes in consumers' lifestyles caused by the COVID-19 pandemic, the companies judged that it was necessary to further deepen their relationships and decided go ahead with management integration in order to respond to the changes in the regional environment and the intensification of competition, as well as to continue helping to enrich the lives of customers and to speed up the provision of solutions to societal issues in local communities. Under the new framework following the management integration, the new company will establish a fair and highly-transparent governance system and foster a flexible and innovative corporate culture, as well as aim to create synergies that will help optimize product offerings and logistics and processing centers, and utilize digital technologies to reduce costs and create new business models.

- In October, Aeon announced that it would acquire Can Do Co., Ltd.'s common shares in a tender offer bid in line with the Financial Instruments and Exchange Act, with the aim of turning Can Do Co., Ltd. (hereinafter "Can Do") into a consolidated subsidiary. Can Do became a consolidated subsidiary of Aeon on January 5, 2022. Can Do stores provide daily necessities and the company has received strong support from customers based on its low prices, high quality, and strong product design capabilities. A variety of initiatives are possible for Aeon's existing businesses, including offering Can Do's merchandise, and store openings in a variety of formats, from small to large stores. When considering the further evolution of business formats for physical stores, the 100-yen shop format is highly compatible and suitable for integration with existing formats, and Aeon expects to be able to create synergies and achieve considerable business expansion and competitive differentiation through adding Can Do sections to stores. Going forward, the two companies will share business and management know-how to achieve efficient business operations and bolster business models.

2. Business Segment Information

Results by segment are as follows.

In the first quarter and third quarter of the fiscal year, Aeon revised the business segments presented as reportable segments. Comparisons and analysis for the period under review are based on the revised segments.

GMS Business

The GMS Business posted an operating loss of 29,159 million yen (an improvement of 10,391 million yen year on year) on operating revenue of 2,435,305 million yen (down 2.3% year on year) for the first nine months of the fiscal year.

Aeon Retail Co., Ltd. (hereinafter "Aeon Retail") saw same-store food category sales increase year on year for the 14th consecutive month. This was due to increased sales of Topvalu products for which a price freeze was implemented in response to increasingly cautious customer spending as well as continued strong sales of food targeted at capturing ongoing dine-in demand. In October and November, following the lifting of the state of emergency, same-store sales (including non-food categories) improved, and exceeded sales in the same months of 2019 and 2020. During the 10-day "Aeon Black Friday" sale, which was held from November 19, sales promotion efforts were bolstered for both online and offline stores, including promotions to sell products matching local characteristics and lifestyles, and the largest-ever selection of products was included in the sale, resulting in same-store sales during the sale period exceeding those for November 2020. In response to increased outings-related demand following the lifting of the state of emergency, apparel sales plans were strengthened, and apparel sales increased approximately 20% compared to the same period of the previous year, and sales of apparel in the travel category grew more than 30% year on year. "Aeon Style Online," which sells a wide range of products including cosmetics, lifestyle goods, fashion items, as well as baby and children's products, roughly doubled the range of products it sells compared to previous years, and sales increased a significant 138% year on year during the period. Demand for online supermarket shopping has grown amid the COVID-19 pandemic, and Aeon Retail made efforts to increase the level of convenience, including expanding morning deliveries and increasing the number of delivery timeslots, as well as beginning to accept advance delivery orders, which allows customers to schedule deliveries up to 10 days in advance. These efforts resulted in online supermarket sales growing approximately 20% year on year. In terms of structural reforms, Aeon Retail worked to improve the precision of their control of the merchandising cycle, and were able to significantly reduce inventory volume at the end of the first nine months of the fiscal year compared to both the beginning of the fiscal year and the same point in the previous fiscal year. Furthermore, in the delicatessen category, Aeon Retail deployed the "AI Kakaku" program (a simple-to-operate program that uses AI to learn about environmental conditions such as sales data, weather, and the number of customers, in order to set appropriate discount prices), and also revised the product lineup, and these efforts helped to reduce the amount of sales price changes made during the period. As a result of these initiatives, the gross profit margin in the first nine months of the fiscal year exceeded that of the year-earlier period.

Aeon Kyushu Co., Ltd. (hereinafter, "Aeon Kyushu") utilized digital technologies to expand services responding to the significant changes to people's lifestyles that have occurred amid the COVID-19 pandemic. Aeon Kyushu revamped its online store "Aeon Kyushu Online," optimizing the site for smartphone users. In addition, in response to the increasing demand for enjoying delicious food products from various regions at home, Aeon Kyushu expanded a service in which regional produce from Kyushu is delivered to customers throughout Japan. It also bolstered its online lineup of bicycles (for which demand is increasing as a means of commuting to work and school as well as to promote health) and suitcases and bags (in response to the expected recovery in travel-related demand). Aeon Kyushu also strengthened its pre-order online sales of items such as summer and winter gifts, traditional New Year's *osechi* food products, and Christmas cakes, which led to e-commerce site sales increasing approximately 50% year on year. Furthermore, the total cumulative number of downloads of the Aeon Kyushu app exceeded 750,000 downloads as of the end of November 2021. Going forward, efforts will be made to link this app with "iAEON" and make it more user-friendly and convenient.

Supermarket Business / Discount Store Business

The Supermarket Business posted operating profit of 16,441 million yen (down 45.3% year on year) on operating revenue of 1,888,588 million yen (down 1.2% year on year). The Discount Store Business posted operating profit of 1,307 million yen (down 55.5% year on year) on operating revenue of 291,126 million yen (down 2.7% year on year).

Maxvalu Tokai Co., Ltd. (hereinafter "Maxvalu Tokai") undertook initiatives in response to increasingly cautious spending among consumers resulting from a firmly-rooted desire among people to economize as well as repeated product price hikes. Such initiatives included offering a larger lineup of small-volume single-serve/single-use products, distributing discount coupons via Maxvalu Tokai's app, and strengthening the offering of Topvalu products for which a price freeze was declared. Maxvalu Tokai also worked on activities rooted in local communities, including expanding the range of local products that are cherished by local residents, continuing to develop products that use ingredients from the local area, as well as developing healthy ready-to-eat foods and boxed meals in collaboration with local governments and students. Additionally, Maxvalu Tokai expanded the introduction of cashless self-checkout registers primarily at new and refurbished stores, thereby improving operational efficiency. At Maxvalu Susono (Shizuoka Prefecture), which newly opened in November following the rebuilding of the existing store, in order to respond to the rapidly increasing demand for online shopping due to the COVID-19 pandemic, Maxvalu Tokai opened an online supermarket based at the same store in tandem with the new opening, thereby bringing its total number of online supermarket centers to 23.

At Maxvalu Nishinihon Co., Ltd. (hereinafter “Maxvalu Nishinihon”), on the products front, initiatives included responding to continued stay-at-home demand and dine-in demand by continuing to develop new delicatessen meals and update popular products. In the marine produce category, the company newly introduced in-store seafood counters where grilled fish, boiled fish, and sushi are prepared, and as of the end of November, a total of 243 stores had such seafood counters. Leveraging its strength of operating across nine prefectures in the Chugoku/Shikoku region plus Hyogo Prefecture, in October Maxvalu Nishinihon carried out a “Kochi Prefecture Fair” at 27 stores in Hyogo Prefecture, where it sold autumnal delicacies and a diverse range of Pacific Ocean food ingredients procured from Kochi Prefecture that local residents normally do not have an opportunity to enjoy. With respect to digitalization, in response to customers’ desire amid the COVID-19 pandemic to be able get their shopping done quickly and pay without having to wait in line, Maxvalu Nishinihon increased the number of stores offering self-scan checkout registers which allow customers to self-scan their items and pay for them at special payment machines. As of the end of November, this service has been made available at a total of 10 stores.

To establish and grow the discount store business, Aeon is reorganizing the discount store business within the Group. In March, BIG-A CO., LTD. and A·Colle Co., LTD. carried out a management integration aimed at accelerating their dominance of the small-scale discount store business in the Greater Tokyo Area and creating a new growth strategy. In June, Aeon Big Co., Ltd., which in 2019 took on the discount store businesses of Maxvalu Tokai and Maxvalu Chubu Co., Ltd., merged with Maxvalu Nagano Co., Ltd., thereby further reorganizing and strengthening the discount store business.

Health and Wellness Business

The Health and Wellness Business recorded operating profit of 28,960 million yen (down 8.8% year on year) on operating revenue of 760,156 million yen (up 6.2%).

At Welcia Holdings Co., Ltd. (hereinafter “Welcia Holdings”) and its consolidated subsidiaries, in the first nine months of the fiscal year, sales of prescription drugs increased significantly by 15.1% year on year due to the continued increase in the number of prescriptions handled as a result of the increase in the number of stores dispensing prescription drugs (1,797 stores as of November 30, 2021). Sales of goods (cosmetics, houseware, food products, medicines, hygiene products, baby goods, health products, and other categories) increased year on year as a result of new store openings as well as adding local drugstore companies to the Group, along with other factors. As initiatives to improve productivity, Welcia Holdings optimized expenses, centered on personnel expenses, through efforts including increasing the operating efficiency of stores by promoting measures including thorough management to optimize store labor-hours and automating ordering, as well as by optimizing the assignment of pharmacists. In March, Welcia Yakkyoku Co., Ltd., a consolidated subsidiary of Welcia Holdings, absorbed wholly-owned subsidiaries Neo Pharma Co., Ltd. and Summit Co., Ltd., which engage in the prescription drug business in the Shikoku area, centered on Ehime Prefecture, with Welcia Yakkyoku Co., Ltd. as the surviving company, and worked to increase business efficiency. Also, during the first nine months of the fiscal year, Welcia Group opened 115 new stores, and as of November 30, 2021, the number of group stores was 2,312.
Aeon Town Makuharinishi (Chiba Prefecture), which opened on October 21, introduced the latest types of devices and equipment to enhance operational efficiency and to provide more convenience to patients. Such efforts included deploying a prescription dispensing robot in line with the concept of offering new types of customer experiences, as well as introducing lockers for people to use to pick up their prescriptions. Also, based on a basic agreement concerning a capital and business tie-up concluded in July, Welcia Holdings made Pupule Himawari (which operates 132 stores mostly in Hiroshima Prefecture) a subsidiary, effective December 1, 2021.

Financial Services Business

The Financial Services Business posted an operating profit of 46,519 million yen (up 78.0% year on year) on operating revenue of 350,216 million yen (down 3.1%) for the first nine months of the fiscal year.

Both in Japan and overseas, Aeon Financial Service Co., Ltd. promoted investments targeting medium- to long-term growth, including investments to enhance online services, create new businesses, and build an “economic zone” leveraging the common Group-wide points system. The company also continued its efforts from the previous fiscal year to make screening more precise and to strengthen the collection framework.

Aeon Bank Ltd. (hereinafter “Aeon Bank”) advanced its initiative on housing loans that enables customers to complete the entire procedure, right through to completion of the loan agreement, at home through online applications, as well as via telephone, and mail. Also, Aeon Bank was able to grow the balance of residential mortgages compared to the start of the fiscal year by continuing to promote competitive interest rate plans and exclusive Aeon Group shopping benefits for borrowers.

With regard to the Aeon Card, the number of active cardholders in Japan increased by 480,000 compared to the start of the fiscal year, as a result of the implementation of online-only new card sign-up and usage campaigns, as well as strengthening the promotion of increased convenience due to the change in the point system. Regarding credit card shopping, transaction volume in the first nine months of the fiscal year exceeded the level prior to the COVID-19 pandemic, and set a new record for the nine-month period. This was due to the recovery in usage in business formats impacted by COVID-19, as well as the implementation of sales promotion measures such as usage campaigns with Aeon’s online supermarket and home delivery service providers, for which sales have been strong. In September, the Group introduced the QR code-based payment function “AEON Pay” to “iAEON,” while in October the Group launched an Apple Pay service for the “WAON” e-money system as the Group further promoted the shift to cashless payments.

In November, Aeon Allianz Life Insurance Co., Ltd. responded to customer needs relating to pre-symptomatic disease, disease prevention, and health promotion, by launching sales of “Genki Passport,” a whole-life medical insurance product. At the same time, the company launched the “Wellness Palette” app. With this app, users can engage in health-promoting activities that can be exchanged for health-related products and coupons from the Aeon Group. This is part of the Group’s cross-selling efforts to leverage the strengths of Aeon Group’s sales channels, products, and data to provide new value to customers.

In Thailand, card shopping transaction volume recovered, increasing 1.8% year on year in the first nine months of the fiscal year. This was due to the implementation of sales promotions with partners including e-commerce sites and food delivery providers. Also, personal loan transaction volume increased significantly by 13.4% year on year due to measures including raising credit limits for blue-chip cardholders with comparatively high income levels and solid repayment track records.

In Malaysia, the company bolstered its non-face-to-face services, including switching to online screening for installment sales for consumer electronics and motorbikes, as well as online loan screening applications. For motorbike loans, transaction volume of installment sales in the Malay region increased year on year due to the implementation of initiatives such as preferential interest rate campaigns accompanying manufacturers’ launches of new models as well as incentive campaigns for participating stores, along with an increase in transaction volume for large motorbikes accompanying the increase in travel-related demand following the relaxation of restrictions on activities. Also, doubtful account-related costs declined as the company continued to boost the quality of its operating receivables, thanks to efforts including increasing the precision of screening standards, consolidating the collection framework, and enhancing the efficiency of delinquent receivables collection through outsourcing.

Shopping Center Development Business

The Shopping Center Development Business earned operating profit of 28,391 million (up 18.3% year on year) on operating revenue of 270,434 million yen (up 14.2% year on year).

At Aeon Mall Co., Ltd. (hereinafter "Aeon Mall"), in Japan, amid the intermittent states of emergency until the end of September, the number of people who had downloaded the Aeon Mall app (which provides access to services that increase convenience for customers, including by delivering coupons and a function that helps customers navigate their way to the stores they want to visit), almost doubled between the end of March and the end of November (from roughly 3.3 million to 6.12 million). Aeon Mall also carried out events to raise recognition levels, including conducting a loyalty promotion event for members in October, as the company worked to connect the increase in members to a higher frequency of mall visits. During the first nine months of the fiscal year, Aeon Mall opened four new malls, and reopened one mall that had been temporarily closed in order to increase its floor space. At Aeon Mall Nagoya Noritake Garden (Aichi Prefecture), which opened in October, as customer demand for open and comfortable outdoor zones increases, all sections of the food area from the first to the third floors have a view of greenery in the mall environs, and outdoor and terrace seating is also provided, thus creating restful spaces where customers can enjoy the natural environment and the changing seasons. Also, along with a large health clinic equipped with the latest medical equipment, stores with various functions were brought together under the theme of health to create a health and wellness zone. With this, Aeon Mall is proposing healthy living habits to customers, as well as office workers working nearby, thereby motivating them to visit the mall.

In Aeon Mall's China business, amid ongoing restrictions on overseas travel and the rise in demand within China, Aeon Mall developed specialty stores and facilities in response to customers' rapidly changing lifestyles. With these efforts, in the first nine months of the fiscal year, specialty store sales at existing malls increased 47.2% year on year (sales for 21 malls), and increased 5.7% compared to the same period in the fiscal year ended February 2020 (sales for 19 malls). With regard to new mall openings, in May Aeon Mall opened AEON Mall Guangzhou Xintang (Guangdong Province), bringing the total number of malls at the end of November 2021 to 22. As a result of these efforts, Aeon Mall's China business achieved an increase in both sales and profit compared to the year-earlier period as well as compared to the same period in the fiscal year ended February 2020, which was not impacted by the COVID-19 pandemic. In the ASEAN business, business was impacted by the COVID-19 pandemic in each country where Aeon Mall operates. However, in Vietnam, the most important country for new mall openings for the ASEAN business, Aeon Mall strengthened partnerships with regional governments as part of Aeon Mall's efforts to secure sites for new malls going forward. Through the end of November, Aeon Mall had concluded comprehensive memorandums of understanding concerning investment and business promotion related to shopping mall development with four provinces in the country.

In November, Aeon Mall issued its first sustainability-linked bonds (20 billion yen) aimed at helping to solve societal issues and promoting eco-friendly activities. As a sustainability finance initiative targeting the decarbonization of society, the terms and conditions of the bonds will change depending on whether or not pre-determined sustainability targets are achieved. Going forward, Aeon Mall will further enhance its ESG-related initiatives aimed at achieving these targets.

Services and Specialty Store Business

The Services and Specialty Store Business posted an operating loss of 4,110 million yen (an improvement of 10,615 million yen year on year) on operating revenue of 511,451 million yen (up 7.9% year on year).

Aeon Delight Co., Ltd. (hereinafter "Aeon Delight") worked to transition to its new "area management" facility management model in order to efficiently provide services utilizing their expertise in facility management while ensuring the same quality as the former style of management in which staff always worked in a single facility. As of the end of November, Aeon Delight has realized labor-savings at a total of 133 facilities nationwide, and worked to improve the quality of services and reduce operational costs at these customer facilities. In conjunction with turning facilities into unmanned facilities, 114 facility management specialists were reassigned to newly contracted properties, as well as to sales and engineering divisions, where they proactively made proposals for repair work as well as work to upgrade equipment to energy-saving equipment, and otherwise worked to further expand the scope of services provided. In China, which is positioned as the company's largest growth area in Asia, under AEON DELIGHT (China), a controlling company established in April 2021, the core operating companies are focusing on increasing contracts from the priority targets, which include mid- and high-end shopping centers, hospitals, nursing homes, and re-development areas, and business has steadily expanded.

The domestic business of Aeon Fantasy Co., Ltd. (hereinafter "Aeon Fantasy") saw sales in October and November, after the lifting of the state of emergency, recover to levels near the same months of the fiscal year ended February 2020, prior to the start of the COVID-19 pandemic. Same-store sales in the prize category in the first nine months of the fiscal year were 4.9% higher than the same period in the fiscal year ended February 2020, as a result of focused efforts to sell top-selling prizes, including Aeon Fantasy's limited edition items based on popular characters, and efforts to strengthen collaborative prizes with major confectionery manufacturers. In the new online crane-type machine game business, "Molly Online" performed well, and sales in the first nine months of the fiscal year grew significantly by 54.7%. In Aeon Fantasy's China business, clusters of COVID-19 cases emerged in various areas from September onward, but the company proactively promoted sales promotion events based on themes such as new academic term sports days, the Mid-Autumn Festival, and Halloween, while ensuring thorough infection prevention measures were in place. As a result, sales in the first nine months of the fiscal year were only 3.4% below sales in the same period of the fiscal year ended February 2020 prior to the start of the COVID-19 pandemic. In the company's ASEAN business, almost all stores were temporarily closed in August, but although some stores remained closed at the end of November, stores gradually reopened and all subsidiaries resumed business at stores.

GFOOT Co., Ltd. (hereinafter "GFOOT") worked on measures to improve profitability, such as revising products/sales floors, optimizing inventories, and closing unprofitable stores. However, in October the company asked Aeon to underwrite a capital increase via third-party allotment, in order make up for the equity capital that was lost due to COVID-19 pandemic, to advance structural reforms in the business, and to build a financial structure that can withstand the impacts of the COVID-19 pandemic as well as to rejuvenate business and return to a growth track. After subsequent discussions and negotiations between the two companies, in December the two companies agreed for Aeon to underwrite Class A shares issued via third-party allotment.

International Business

(Aeon's consolidated financial statements for the International Business reflect results mainly for January through September).

The International Business posted operating profit of 721 million yen (down 77.6% year on year) on operating revenue of 302,481 million yen (down 4.4% year on year).

At Aeon Co. (M) Bhd. (hereinafter "Aeon Malaysia"), resurgences of COVID-19 had an impact on operations, including closures of apparel as well as household and recreational product sales areas. Amid this situation, Aeon Malaysia bolstered its response to the increase in dine-in demand by reviewing its product lineups and expanding its fresh food and frozen food sales floors, among other initiatives. Also, as a part of bolstering online business, in August the company launched an online supermarket utilizing BOXED's e-commerce platform which offers functional screen design and personalized functions, along with other features. While being impacted by resurgences of COVID-19 infections, Aeon Big (M) Sdn. Bhd. revised and strengthened its lineup of essentials such as fresh and processed foods demanded by customers, and sales in the food category in the first nine months of the fiscal year exceeded sales in the year-earlier period.

Aeon Vietnam Co., Ltd. (hereinafter “Aeon Vietnam”) was impacted by lockdowns over a period of several months, but the company worked on mobile sales as well as order sales and other measures for customers unable to visit stores amid the COVID-19 pandemic, resulting in sales of food in the first nine months of the fiscal year exceeding that of the year-earlier period. In November, the company reopened their first Aeon Vietnam store following a refurbishment, while in Hanoi the company prepared for the opening of a new supermarket.

In China, with increases in COVID-19 infections in various areas, the government strengthened its activity restrictions in order to contain outbreaks. In conjunction with this, there were temporary closures and other impacts in the Guangdong and South China areas. Meanwhile, Aeon (Hubei) Co., Ltd., which operates in Wuhan, the location of the first outbreak of COVID-19, sales in the first nine months of the fiscal year recovered to approximately 20% above the level of the year-earlier period. In the online supermarket business in China, sales in the first nine months of the fiscal year grew 62.5% year on year due to sales promotions focused on categories for which online sales demand is high, as well as efforts to bolster a service in which items purchased online are delivered within one hour of the order being received. With this, online supermarket sales increased to approximately 10% of total food sales in China.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets as of November 30, 2021 were 11,647,054 million yen, an increase of 165,786 million yen, or 1.4%, from the end of the previous fiscal year (February 28, 2021). The increase is mainly attributable to increases of 154,875 million yen in notes and accounts receivable-trade, 137,167 million yen in loans and bills discounted for banking business, and 92,007 million yen in property, plant and equipment, which offset a 204,216 million yen decline in cash and deposits, among other factors.

Consolidated liabilities as of November 30, 2021 were 9,880,920 million yen, an increase of 155,428 million yen, or 1.6%, from February 28, 2021. The increase is mainly attributable to increases of 109,644 million yen in short-term loans payable, 63,747 million yen in bonds (including the current portion of bonds), and 54,752 million yen in commercial papers, which offset a 56,160 million yen decrease in notes and accounts payable-trade, and a 13,419 million yen decline in long-term loans payable (including the current portion of long-term loans payable).

Consolidated net assets as of November 30, 2021 were 1,766,134 million yen, an increase of 10,357 million yen, or 0.6%, from February 28, 2021.

(3) Consolidated Earnings Forecast

The consolidated earnings forecast for the year ending February 28, 2022 is unchanged from the forecast announced April 9, 2021.

*Since Aeon Co., Ltd. is a pure holding company, non-consolidated forecasts are not disclosed.

2. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2021	As of November 30, 2021
	Amount	Amount
Assets		
Current assets		
Cash and deposits	1,287,564	1,083,348
Call loans	30,841	2,275
Notes and accounts receivable - trade	1,602,703	1,757,578
Securities	620,096	558,343
Inventories	542,894	566,071
Operating loan	415,531	427,676
Loans and bills discounted for banking business	2,317,689	2,454,857
Other	453,335	471,216
Allowance for doubtful accounts	(134,409)	(123,030)
Current assets	7,136,247	7,198,337
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,508,861	1,549,050
Tools, furniture and fixtures, net	207,096	215,834
Land	945,371	978,418
Construction in progress	46,307	56,702
Other, net	355,279	354,917
Property, plant and equipment	3,062,916	3,154,924
Intangible assets		
Goodwill	121,659	111,735
Software	122,593	131,707
Other	60,509	60,732
Intangible assets	304,762	304,174
Investments and other assets		
Investment securities	269,706	281,132
Net defined benefit asset	18,087	20,906
Deferred tax assets	147,034	144,868
Guarantee deposits	409,843	398,501
Other	140,721	151,380
Allowance for doubtful accounts	(8,051)	(7,172)
Investments and other assets	977,341	989,617
Non-current assets	4,345,020	4,448,716
Assets	11,481,268	11,647,054

	As of February 28, 2021	As of November 30, 2021
	(Millions of yen)	
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	1,072,409	1,016,248
Deposits for banking business	4,010,090	4,099,989
Short-term loans payable	360,481	470,126
Current portion of long-term loans payable	281,435	316,689
Current portion of bonds	68,882	144,449
Commercial papers	91,269	146,022
Income taxes payable	53,954	22,734
Provision for bonuses	35,055	54,794
Provision for loss on store closing	10,143	4,361
Provision for point card certificates	25,143	18,863
Other provision	1,385	937
Notes payable - facilities	44,116	62,043
Other	824,103	779,556
Current liabilities	6,878,471	7,136,817
Non-current liabilities		
Bonds payable	907,156	895,337
Long-term loans payable	1,043,122	994,449
Deferred tax liabilities	40,137	38,434
Provision for loss on store closing	2,622	2,767
Provision for loss on interest repayment	5,706	3,024
Other provision	6,247	6,251
Net defined benefit liability	21,852	18,660
Asset retirement obligations	104,029	104,676
Long-term guarantee deposited	254,763	259,978
Reserve for insurance policy liabilities	86,639	66,380
Other	374,741	354,141
Non-current liabilities	2,847,019	2,744,102
Liabilities	9,725,491	9,880,920

(Millions of yen)

	As of February 28, 2021 Amount	As of November 30, 2021 Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	300,964	299,722
Retained earnings	439,600	400,042
Treasury shares	(36,601)	(34,773)
Shareholders' equity	923,971	885,000
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	62,813	59,519
Deferred gains or losses on hedges	(3,122)	(2,110)
Foreign currency translation adjustment	(8,752)	8,099
Remeasurements of defined benefit plans	(4,589)	(4,108)
Total accumulated other comprehensive income	46,349	61,400
Subscription rights to shares	1,550	1,395
Non-controlling interests	783,904	818,337
Net assets	1,755,776	1,766,134
Liabilities and net assets	11,481,268	11,647,054

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

Consolidated Statement of Income

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
	Amount	Amount
Operating revenue		
Net sales	5,636,029	5,666,589
Operating revenue from financial services business	325,424	313,235
Other operating revenue	431,085	470,742
Operating revenue	6,392,538	6,450,567
Operating costs		
Cost of sales	4,112,017	4,115,796
Operating cost from financial services business	62,748	50,576
Operating cost	4,174,765	4,166,373
Gross profit	1,524,011	1,550,793
Operating gross profit	2,217,773	2,284,194
Selling, general and administrative expenses	2,149,661	2,194,948
Operating profit (loss)	68,111	89,245
Non-operating income		
Interest income	2,760	2,507
Dividend income	1,411	1,602
Share of profit of entities accounted for using equity method	3,223	3,583
Other	14,942	21,071
Non-operating income	22,338	28,765
Non-operating expenses		
Interest expenses	23,768	25,828
Other	7,683	8,291
Non-operating expenses	31,451	34,120
Ordinary profit (loss)	58,997	83,889
Extraordinary income		
Gain on sales of non-current assets	2,457	1,710
Insurance income	10	1,853
Subsidy income	4,510	7,140
Other	2,712	2,243
Extraordinary income	9,691	12,947
Extraordinary losses		
Impairment loss	11,600	4,137
Loss on retirement of non-current assets	1,553	1,590
Infectious disease related cost	32,508	5,944
Other	13,782	6,082
Extraordinary losses	59,445	17,754
Profit before income taxes	9,243	79,082
Income taxes		
Current	60,395	48,459
Deferred	(8,692)	1,890
Income taxes	51,703	50,349
Profit (loss)	(42,460)	28,733
Profit attributable to non-controlling interests	20,130	37,689
Loss attributable to owners of parent	(62,590)	(8,956)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2020	Nine months ended November 30, 2021
	Amount	Amount
Profit (loss)	(42,460)	28,733
Other comprehensive income		
Valuation difference on available-for-sale securities	17,071	(2,500)
Deferred gains or losses on hedges	(933)	2,426
Foreign currency translation adjustment	(14,923)	29,416
Remeasurements of defined benefit plans, net of tax	1,023	757
Share of other comprehensive income of entities accounted for using equity method	309	(111)
Other comprehensive income	2,547	29,989
Comprehensive income	(39,912)	58,722
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(54,647)	6,093
Comprehensive income attributable to non-controlling interests	14,734	52,628

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)

Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)

Not applicable

(Additional Information)

(Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts)

The Company has introduced the Employee Stock Ownership Plan Trust ("ESOP Trust") incentive scheme that provides the Company's work force with ownership interest in the Company with the aim of further enhancing corporate value over the mid to long term.

The Company's stock held by the ESOP Trust was included in treasury shares under net assets with a book value of 8,376 million yen for 3,625,400 shares as of November 30, 2021. The book value of long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross accounting method was 9,100 million yen.

(Segment Information)

I. Nine Months ended November 30, 2020 (March 1 – November 30, 2020)

Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount Store	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue: (1) Revenue attributable to customers	2,342,766	1,900,481	298,559	715,527	325,424	180,283	341,553
(2) Intersegment revenue or transfers	150,439	10,519	764	498	35,838	56,471	132,666
Total	2,493,205	1,911,001	299,323	716,026	361,262	236,754	474,220
Segment income (loss)	(39,551)	30,042	2,937	31,744	26,127	23,998	(14,725)

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statement of income*4
	International	Total				
Operating revenue: (1) Revenue attributable to customers	313,974	6,418,571	5,723	6,424,295	(31,756)	6,392,538
(2) Intersegment revenue or transfers	2,322	389,520	35,491	425,012	(425,012)	—
Total	316,297	6,808,092	41,215	6,849,307	(456,768)	6,392,538
Segment income (loss)	3,221	63,796	1,607	65,403	2,707	68,111

Notes: 1. “Other” segment includes business segments not categorized as reportable segments such as digital business.

2. Main components of the minus 31,756 million yen in adjustments for revenue attributable to customers are as follows:
(a) minus 62,289 million yen in adjustments to transactions reported in the reportable segment information, and
(b) 30,419 million yen in “operating revenues from equity-method affiliates” of Group companies attributable to Aeon Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

3. Main components of the 2,707 million yen in adjustments for segment income (loss) are as follows:
(a) 3,068 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
(b) 1,561 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and
(c) minus 1,954 million yen in intersegment transaction eliminations.

4. Segment income adjustments are based on operating profit reported in the quarterly Consolidated Statement of Income for the corresponding period.

II. Nine Months ended November 30, 2021 (March 1 – November 30, 2021)

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment						
	GMS	Supermarket	Discount Store	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue: (1) Revenue attributable to customers	2,353,538	1,877,788	290,361	759,544	313,235	210,183	371,089
(2) Intersegment revenue or transfers	81,767	10,799	765	612	36,980	60,250	140,361
Total	2,435,305	1,888,588	291,126	760,156	350,216	270,434	511,451
Segment income (loss)	(29,159)	16,441	1,307	28,960	46,519	28,391	(4,110)

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statement of income*4
	International	Total				
Operating revenue: (1) Revenue attributable to customers	299,912	6,475,653	6,085	6,481,739	(31,171)	6,450,567
(2) Intersegment revenue or transfers	2,569	334,107	34,315	368,423	(368,423)	-
Total	302,481	6,809,761	40,401	6,850,162	(399,594)	6,450,567
Segment income (loss)	721	89,072	1,579	90,652	(1,407)	89,245

Notes: 1. “Other” segment includes business segments not categorized as reportable segments such as digital business.

2. Main components of the minus 31,171 million yen in adjustments for revenue attributable to customers are as follows:
(a) minus 66,395 million yen in adjustments to transactions reported in the reportable segment information, and
(b) 35,131 million yen in “operating revenues from equity-method affiliates” of Group companies attributable to Aeon Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

3. Main components of the minus 1,407 million yen in adjustments for segment income (loss) are as follows:
(a) 33 million yen in loss of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
(b) 2,041 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and
(c) minus 3,518 million yen in intersegment transaction eliminations.

4. Segment income (loss) adjustments are based on operating profit reported in the quarterly Consolidated Statement of Income for the corresponding period.

2. Change of reportable segment

In line with organizational changes implemented at the beginning of the first quarter of the fiscal year ending February 28, 2022, the Company has reclassified “Supermarket” business to

"Supermarket" business and "Discount Store" business; and has also reclassified some of the subsidiaries included in "Services and Specialty Store" business to include them in "Other" business. In addition, in line with organizational changes implemented at the beginning of the third quarter of the fiscal year ending February 28, 2022, some of the subsidiaries that were included in "Supermarket" business have been reclassified to "GMS" business. For reference, segment information for the nine months ended November 30, 2020 was prepared based on the current segmentation.

(Material Subsequent Events)

1. Conclusion of management integration agreement, share exchange agreement, and absorption-type company split agreement

Fuji Co., Ltd. (hereinafter, “Fuji”), an equity method affiliate of Aeon, Maxvalu Nishinihon Co., Ltd. (hereinafter, “Maxvalu Nishinihon”), a consolidated subsidiary of Aeon, and Aeon concluded a basic agreement regarding management integration on September 1, 2021. Based on this basic agreement, on December 6, 2021 the three parties concluded a management integration agreement, a share exchange agreement, and an absorption-type company split agreement. Details of these agreements are provided below.

(1) Summary of the management integration

(a) Purpose of the management integration

Following the capital and business alliance agreement announced in October 2018, Fuji, Maxvalu Nishinihon, and Aeon had been working to realize the visions of each company and enhance corporate value, as well as engage in information sharing and communication about the issues that each needs to work on, with the aim of becoming the “No. 1 business alliance in the Chugoku and Shikoku area.”. During this time, the three companies judged that it was necessary to further deepen their relationships and decided go ahead with management integration in order to respond to the changes in the regional environment and the intensification of competition, as well as to continue helping to enrich the lives of customers and to speed up the provision of solutions to issues in areas such as industry, society, culture, and employment in the Chugoku and Shikoku regions. Based on this decision, the three companies agreed to conclude on September 1, 2021, a basic agreement that stipulates that the Fuji and Maxvalu Nishinihon will integrate management and become a consolidated subsidiary of Aeon.

After conclusion of the basic agreement, an integration preparatory committee was set up for the establishment in March 2024 of a new integrated company created through the merger of Fuji and Maxvalu Nishinihon. The committee has been discussing and examining the basic philosophy, vision, organizational structure, etc. of a joint holding company for Fuji and Maxvalu Nishinihon, ahead of its establishment as a subsidiary of the Company. In order to smoothly execute the management integration and work toward maximizing corporate value, deliberations on the integration method and discussions about the concrete impacts of the integration were conducted, and a management integration agreement, share exchange agreement, and absorption-type company split agreement were concluded on December 6, 2021.

Through the management integration, Fuji and Maxvalu Nishinihon will further strengthen their dominant positions in the Chugoku and Shikoku regions and western Hyogo Prefecture, respond to changes in the regional environment and increasingly intense competition, continue helping to enrich lives of customers, and speed up the provision of solutions to issues in areas such as industry, society, culture, and employment in the Chugoku and Shikoku regions. In addition, Fuji and Maxvalu Nishinihon will continue to tackle various reforms to maximize corporate value, ensure that employees are able to have a sense of mission and pride in their work, and to develop into a corporate group that is the Chugoku and Shikoku regions’ No. 1 super-regional retailer, and the business alliance that contributes the most to the region.

(b) Management integration method

In the management integration agreement, Fuji, Maxvalu Nishinihon, and the Company have agreed on the form of the management integration as follows.

- Fuji and Maxvalu Nishinihon will carry out a share exchange on March 1, 2022, with Fuji as the wholly-owning parent company and Maxvalu Nishinihon as the wholly-owned subsidiary.
- Fuji will conduct a spin-off on March 1, 2022, with Fuji as the spin-off company provided that the share exchange has been effected. With this company spin-off, all businesses, excluding the functions necessary for converting Fuji into a holding company, will be transferred to the successor company Fuji Split Preparation Company, (hereinafter referred to as the “split preparation company”), which was established on November 15, 2021 as a wholly-owned subsidiary of Fuji, and Fuji will become a joint holding company.

Through implementation of the steps above, the split preparation company and Maxvalu Nishinihon will become subsidiaries of the holding company Fuji, and the three companies will then become consolidated subsidiaries of the Company.

After the absorption-type company split, the split preparation company will change its trading name to Fuji Retailing Co., Ltd. provided that the absorption-type company split is in effect.

(c) Schedule for the management integration

Conclusion of basic agreement	September 1, 2021
Record date for extraordinary general meeting of shareholders of Fuji	November 30 2021
Conclusion of the management integration agreement, the share exchange agreement, and the absorption-type company split agreement	December 6, 2021
Record date for extraordinary general meeting of shareholders of Maxvalu Nishinihon	December 10, 2021
Extraordinary general meeting of shareholders of Fuji (scheduled)	January 26, 2022
Extraordinary general meeting of shareholders of Maxvalu Nishinihon (scheduled)	January 31, 2022
Last trading date for Maxvalu Nishinihon (scheduled)	February 24, 2022
Maxvalu Nishinihon delisting date (scheduled)	February 25, 2022
Effective date of the share exchange and the absorption-type company split (scheduled)	March 1, 2022

(2) Share exchange agreement0

(a) Effective date of share exchange

March 1, 2022 (scheduled)

(b) Share exchange method

A share exchange in which Fuji is the wholly-owning parent company, and Maxvalu Nishinihon is the wholly owned subsidiary.

The Share Exchange will be conducted after the share exchange agreement is approved at extraordinary general meetings of shareholders of both Fuji and Maxvalu Nishinihon, which are scheduled to be held in January 2022.

(c) Details of the allotment related to the Share Exchange

	Fuji (Wholly owning parent company in share exchange)	Maxvalu Nishinihon (Wholly owned subsidiary in share exchange)
Allotment ratio for share exchange	1	1

(d) Overview of Fuji (as of February 28, 2021)

Name	Fuji Co., Ltd.
Business description	Chain store business (retail sales of groceries, apparel, daily general merchandise, etc.)
Capital	19,407 million yen
Total assets (consolidated basis)	181,067 million yen
Operating revenue (consolidated basis)	315,383 million yen

(3) Absorption-type company split agreement

(a) Effective date of the absorption-type company split

March 1, 2022 (scheduled)

(b) Method of absorption-type company split

An absorption-type company split in which Fuji is the splitting company, and the split preparation company, which is a wholly owned subsidiary of Fuji, is the successor company.

The absorption-type company split will be conducted after the absorption-type company split agreement is approved at an extraordinary general meeting of shareholders of Fuji, which is scheduled to be held on January 26, 2022.

(c) Outline of the split preparation company (as of its date of establishment, November 15, 2021)

Name	Fuji Split Preparation Company
Business description	Chain store business (retail sales of groceries, apparel, daily general merchandise, etc.)
Capital	10 million yen

(d) Impact of management integration on consolidated financial statements

The share exchange is expected to fall under "reverse acquisition" in the "Accounting Standard for Business Combinations." Goodwill or negative goodwill is expected to arise as a result of the share exchange, but its impact on the consolidated financial statements is yet to be determined.

2. Additional Acquisition of Can Do Co., Ltd. Shares

In a series of transactions following the tender offer bid in line with the Financial Instruments and Exchange Act (hereinafter, the "first tender offer bid") for the shares of Can Do Co., Ltd. (hereinafter, "Can Do") which was completed on November 24, 2021, Aeon converted Can Do and Kei Corporation into consolidated subsidiaries through the additional purchase of Can Do shares via a tender offer bid in line with the Financial Instruments and Exchange Act (hereinafter, the "second tender offer bid") and the acquisition of all of the outstanding shares of Kei Corporation, a key shareholder of Can Do (owns 2,205,600 shares of Can Do; ownership ratio = 13.82%). An overview of the transaction is provided below.

(1) Purpose of the transactions

The flat-rate discount store business to which Can Do belongs is strongly supported by customers as an essential business format amid the COVID-19 pandemic, and an increasing number of such stores are opening in shopping centers, supermarkets, drugstores, home centers, and other retailers. Similarly, such stores have become an essential retail format in Aeon Group's commercial facilities as a place for customers to enjoy shopping. These flat-rate discount stores mainly handle non-food items, and almost all products are sold for 100 yen. In recent years in particular, these stores have rolled out buzzworthy products along with products of high quality, combining to ensure that these stores are strongly supported by customers, resulting in the significant growth of this retail format.

Converting Can Do into a consolidated subsidiary through these transactions is expected to result in synergies. For example, Aeon will be able to offer Can Do opportunities to open a variety of retail formats, and the increase in store openings is expected to enhance Can Do's business performance as well as reduce Can Do's costs. Aeon will also be able to satisfy the demands of customers who want to be able to do all of their shopping, for both food and non-food products, in one stop, so Aeon believes that this will further raise the level of convenience for customers and result in entire retail facilities becoming more attractive to customers and thereby bring in more shoppers. In addition, the online stores of both companies will be able to collaborate together, and Aeon believes that future growth potential is extremely large.

Therefore, on October 14, 2021, Aeon made the decision to acquire Can Do's shares through first tender offer bid and a subsequent planned series of transactions, with the purpose of converting Can Do into a consolidated subsidiary of Aeon. In the first transaction in this series of transactions, Aeon acquired 37.18% of Can Do's shares via the first tender offer bid, which concluded on November 24, 2021. With this, Can Do became an equity-method affiliate of Aeon as of November 30, 2021.

Furthermore, in the second transaction of this series of transactions, following the end of the third quarter of the fiscal year, Aeon acquired additional Can Do shares through the second tender offer bid, which was concluded on December 27, 2021, and acquired all of the outstanding shares of Kei Corporation (one of Can Do's main shareholders) on January 5, 2022. With these additional transactions, both Can Do and Kei Corporation became consolidated subsidiaries of Aeon.

(2) Additional acquisition of Can Do shares through second tender offer bid

Because Aeon would indirectly acquire Kei Corporation's Can Do shares as in outlined in (3) below, Aeon carried out the second tender offer bid as follows, in order to provide Can Do shareholders other than Kei Corporation an opportunity to sell their Can Do shares at the same per share valuation as Kei Corporation's Can Do shares.

Outline of second tender offer bid

Type of share involved in tender offer	Common shares
Tender offer period	From Tuesday, November 30, 2021 through Monday, December 27, 2021 (20 business days)
Tender offer price	2,300 yen per common share
Number of shares purchased	25,744 shares
Ownership ratio after tender offer	37.35%
Purchase price	59 million yen
Financing method	Own capital utilized

(3) Acquisition of Kei Corporation through a share transfer agreement
In accordance with a share transfer agreement concluded on October 14, 2021, on January 5, 2022, Aeon acquired all of the shares of Kei Corporation from Kazuya Kido, who is Can Do's Representative Director and President as well as Can Do's top shareholder as of October 14, 2021, and his mother, Keiko Kido. Kei Corporation is an asset management company that was the third largest shareholder of Can Do as of October 14, 2021, and all shares issued by Kei Corporation were owned by Kazuya Kido and Keiko Kido.

Total number of shares acquired	121 shares
Total acquisition cost	5,072 million yen
Ownership ratio after acquisition	100%
Financing method	Own capital utilized

(4) Overview of business combination

(a) Name and business description of acquired company

・ CAN DO Co., Ltd. (as of November 30, 2020)

Name	CAN DO Co., Ltd.
Business description	Retailing of everyday goods and processed food products at directly-managed stores, wholesale trade targeted at franchisees
Capital	3,028 million yen
Total assets (consolidated basis)	28,379 million yen
Net sales (consolidated basis)	73,034 million yen

・ Kei Corporation (as of September 8, 2021)

Name	Kei Corporation
Business description	Holding and managing securities
Capital	6 million yen

(b) Date of business combination

January 5, 2022

(c) Legal form of business combination

Acquisition of shares

(d) Name of the acquired company after business combination

Name to remain unchanged.

(e) Ratio of voting rights acquired

	CAN DO Co., Ltd.	Kei Corporation
Ratio of voting rights acquired through the first tender offer	37.18%	-
Ratio of voting rights acquired through the second tender offer	0.16%	-
Ratio of voting rights acquired through the stock transfer agreement on the date of business combination	13.82% (Of which, indirect holdings: 13.82%)	100%
Ratio of voting rights after the acquisition	51.16% (Of which, indirect holdings: 13.82%)	100%

(f) Main grounds for determining acquiring company

Aeon acquired the shares of the two companies with cash as consideration.

(5) Acquisition cost of acquired companies and breakdown of consideration by type

	CAN DO Co., Ltd.	Kei Corporation
Consideration for acquisition: Cash and deposits	16,086 million yen	5,072 million yen
Acquisition cost:	16,086 million yen	5,072 million yen

Note: The Can Do acquisition cost is the amount obtained by multiplying the number of Can Do shares purchased in the first tender offer bid and second tender offer bid by the purchase price per share. The Kei Corporation acquisition cost is the amount obtained by multiplying the number of Kei Corporation's Can Do shares by the purchase price per Can Do share in the second tender offer bid.

(6) Nature and amount of major acquisition expenses

These are yet to be determined.

(7) Amount, cause, amortization method, and amortization period of goodwill

Since this business combination falls under "acquisition" in the "Accounting Standards for Business Combinations," the purchase method will be applied, and although goodwill is expected to occur, the amount etc. are yet to be determined.

(8) Amounts of assets and liabilities accepted on the date of the business combination and breakdown of major items

These are yet to be determined.