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Financial Results for the Three Months ended May 31, 2022

July 6, 2022

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Scheduled dates:

Submission of statutory quarterly financial report July 15, 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 Three Months ended May 31, 2022 (March 1, 2022 to May 31, 2022)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended May 31, 2022	2,203,227	2.3	43,897	12.0	44,396	10.0	19,372	287.3
Three months ended May 31, 2021	2,153,215	3.7	39,183	-	40,365	-	5,001	-

Note: Comprehensive income: Three months ended May 31, 2022: 63,785 million yen (28.8%)
Three months ended May 31, 2021: 49,513 million yen (-%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Three months ended May 31, 2022	22.88	22.86
Three months ended May 31, 2021	5.91	5.90

Note: The Accounting Standard for Revenue Recognition, etc. (ASBJ Statement No. 29, March 31, 2020) has been applied from March 1, 2022. The figures for the three months ended May 31, 2022, are those after the application of the said accounting standard.

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
May 31, 2022	12,060,283	1,922,838	8.1	1,156.96
[excl. Financial Services]	[6,005,345]	[1,514,484]	[14.5]	-
February 28, 2022	11,633,083	1,812,423	8.2	1,130.76
[excl. Financial Services]	[5,726,743]	[1,414,885]	[14.9]	-

- Reference: 1. Total equity: May 31, 2022: 979,970 million yen February 28, 2022: 957,431 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.

Note: The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from March 1, 2022. The figures for May 31, 2022, are those after the application of the said accounting standard.

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
Year ended February 28, 2022	yen -	yen 18.00	yen -	yen 18.00	yen 36.00
Year ending February 28, 2023	-				
Year ending February 28, 2023 (forecast)		18.00	-	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, 2023 (March 1, 2022 to February 28, 2023)

(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	9,000,000	-	210,000	20.5	200,000	19.7	25,000	284.3	29.53
			to	to	to	to	to	to	to
			220,000	26.2	210,000	25.7	30,000	361.2	35.43

Notes: 1. No changes were made to the latest release of earnings forecasts.

2. As Aeon has applied the Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020), the figures in the abovementioned consolidated forecasts are those after the application of the said accounting standard. For reference, without the application of the said standards, the forecast for operating revenue would be 9,200,000 million yen (year-on-year change would be 5.6%).

*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: Yes
 - 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):
 - May 31, 2022: 871,924,572 shares
 - February 28, 2022: 871,924,572 shares
 - 2) Number of shares held in treasury at end of period:
 - May 31, 2022: 24,901,533 shares
 - February 28, 2022: 25,207,930 shares
 - 3) Average number of shares outstanding during the period:
 - Three months ended May 31, 2022: 846,835,314 shares
 - Three months ended May 31, 2021: 845,641,717 shares

The Company's stock held by the Employee Stock Ownership Plan Trust (May 31, 2022: 3,028,000 shares, February 28, 2022: 3,313,300 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.

For the forecasts herein, please refer to “(3) Consolidated Earnings Forecast” on page 10.

Accompanying Materials

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1. Review of Operating Results and Financial Statements

(1) Analysis of Operating Results

1) Summary of Operating Results

For the first three months of the fiscal year ending February 28, 2023 (March 1, 2022 - May 31, 2022), Aeon Co., Ltd. (hereinafter “Aeon”) posted consolidated operating revenue of 2,203,227 million yen (up 2.3%), which exceeded the amount in the same period of the previous fiscal year and marked a new record high. Consolidated operating profit was 43,897 million yen (up 4,714 million yen), ordinary profit was 44,396 million yen (up 4,030 million yen), and profit attributable to owners of parent was 19,372 million yen (up 14,370 million yen). Each profit line marked a new record high.

By business segment, the General Merchandise Store (GMS) Business, which made earnings structural reforms, posted its first profit in the first quarter since the fiscal year ended February 2014. In addition, with the settling down of the impact of the COVID-19 pandemic and the accompanying move towards the normalization of social activities, the Shopping Center Development Business, the Services and Specialty Store Business, and the Financial Services Business each saw an increase in profit, as did the Health and Wellness Business which is working to add prescription drug dispensing functions at stores. The Supermarket Business and the Discount Store Business were both impacted by recoil declines following the special demand for eating at home during the pandemic, but were able to limit the impacts with the management integrations in each region that had been executed in previous fiscal years as well as efforts to improve productivity through the digital shift. The Financial Services Business saw a decline in profit, but profit was higher than expected due to the growth in card transaction volume in Japan and overseas, as well as efforts to reduce doubtful account-related costs, among other factors.

Common Group Strategy

- Raw materials and crude oil prices soared globally, leading to continued price increases on many daily necessities and resulting in added strain on household budgets. In response, in September 2021, in order to fully support customers’ lifestyles, 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 certain other products with altered specifications). In December, Aeon added Topvalu everyday goods to the scope of this price freeze, bringing the total number of products covered by the price freeze to approximately 5,000 items. In March 2022, as prices of daily necessities continued to rise even further, Aeon announced that it would extend the price freeze until the end of June through corporate efforts including using an original approach to logistics streamlining and expanding sales volumes. With this announcement, sales even in the food main category increased approximately 30% as customers showed strong support for Aeon. In this way, this price freeze initiative resulted in an increase in customers who made the decision to try Topvalu food products. In addition, Aeon worked to develop new categories that it had not handled before, as well as develop products with concepts that other companies do not have. Topvalu premium beer, which was launched in March, was well received by customers for being a high-quality beer at an affordable price, with sales topping four million bottles in the three months following its launch. Viewing its mission as being to continue to provide even higher-quality, affordably-priced products that match customers’ lifestyles, in June Aeon announced that from July onward it would strive to maintain the prices of the majority of products, and continue to work so as to be able to deliver new and valuable products.
- In 2019, Aeon concluded an exclusive partnership agreement in Japan with Ocado Solutions, a subsidiary of Ocado Group plc, an online supermarket company in the U.K. Through subsidiary Aeon Next Co., Ltd. (hereinafter “Aeon Next”), Aeon is in the process of constructing in Chiba City the first customer fulfillment center in Japan to employ cutting-edge AI and robotics, and plans to start a next-generation online supermarket business based on this center in 2023. In December 2021, Aeon announced that it would develop an additional customer fulfillment center connected to a store that Aeon Mall Co., Ltd. is planning to open at a commercial complex in Hachioji City, Tokyo. This

customer fulfillment center is planning to develop a next-generation supermarket connected to a brick-and-mortar store, with the commercial facility scheduled to open in 2025, and the customer fulfillment center scheduled to open in 2026. Also, in March 2022, Aeon Next concluded an agreement whereby SBS Holdings, Inc. (hereinafter “SBS Group”) will invest in Aeon Next’s subsidiary that will handle the logistics for the next-generation online supermarket. Going forward, Aeon Next will receive the extensive expertise in last-mile logistics operations that the SBS Group possesses to establish the most supported online supermarket in Japan, and will work to maximize customer satisfaction over the last mile.

- In March 2022, ahead of the March 2024 merger of Fuji Co., Ltd. (hereinafter, “Fuji”) and Maxvalu Nishinohon Co., Ltd. (hereinafter “Maxvalu Nishinohon”), Fuji became a joint holding company and implemented a management integration whereby Maxvalu Nishinohon, and Fuji Retailing Co., Ltd. (which inherited the business divisions of Fuji), came under the joint holding company’s umbrella, and became a consolidated subsidiary of Aeon. Going forward, the Group will work as one to further enhance its dominance in the Chugoku and Shikoku area, respond to the changes in the regional environment and the intensification of competition which have been spurred by the COVID-19 pandemic, as well as accelerate efforts to help enrich the lives of customers and provide solutions to societal issues in local communities. 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 reduce costs and create new business models by optimizing product offerings, logistics, and processing centers along with utilizing digital technologies.
- Since making its initial entry into South Korea in 1990, Ministop Co., Ltd. (hereinafter, “Ministop”) has engaged in the convenience store business through Ministop Korea, Co., Ltd. (hereinafter, “Ministop Korea”). After making a comprehensive decision on the future outlook, and to optimize Group resources and concentrate and improve the efficiency of management resources, Ministop determined that the best course of action was to sell the company to a third party capable of supporting Ministop Korea’s continued growth, and in March 2022 completed the sale of all of the shares of Ministop Korea. In conjunction with this sale of shares, Aeon posted a gain on sales of shares of subsidiaries and associates of 23,616 million for the three months ended May 31, 2022. Going forward, Ministop will concentrate its management resources in Japan and Vietnam, and bolster the management base.
- In April, Aeon’s WAON e-money service marked its 15th anniversary. Since it began being issued, customers have enjoyed WAON’s quick payments, its convenience in not having to use small change, and the benefits provided by earning WAON points. The cumulative total number of WAON cards issued has now exceeded 90 million and annual spending via the service now exceeds 2 trillion yen, with WAON cards now able to be used at more than 940,000 partnering stores across Japan. Since being initially issued, the “regional WAON” card, which helps to revitalize regional economies, has been issued with 162 types. A portion of proceeds are donated to local municipalities and other organizations, and a total of 2,324.83 million yen has been donated. In 2021, the Group launched a comprehensive app called “iAEON” which features the WAON payment function, and also started the mobile “regional WAON” service on the “WAON” app. These moves were part of the efforts to have Aeon’s WAON e-money provide services that match customers’ lifestyles and objectives, while playing the role of connecting customers to various partners through daily shopping. Going forward, Aeon will aim for WAON to be a safe and convenient type of e-money that is convenient for customers and allows them to enjoy bargain shopping, as well as strive to expand the service to connect customers, regions, and partnering companies.
- In response to the invasion of Ukraine, Aeon clarified its stance of opposing all war and conflict based on its fundamental principle of pursuing peace. Aeon launched a donation program in March in order provide support to the children of Ukraine, who have been plunged into a sudden conflict and forced to

live in unfamiliar surroundings in evacuation shelters. The funds donated by Aeon customers reached a total of 466,656,366 yen. This donation from customers was combined with a matching contribution from Aeon and the Aeon 1% Club Foundation of 466,656,366 yen to make a total of 933,312,732 yen, which was donated in May to the Japan Committee for UNICEF. Also, since 1991 Aeon has been implementing a program to have customers bring their own shopping bags. Currently, all Group companies have ended the practice of providing free shopping bags to customers. In the fiscal year ended February 2022, customers declined to receive a total of approximately 3.2 billion plastic shopping bags, equivalent to reducing carbon dioxide emissions by roughly 99,000 tons. The proceeds from shopping bags sold were donated to municipalities and organizations throughout Japan, and were used for a variety of environmental conservation activities in local communities. In June, Aeon announced that it had donated the proceeds of approximately 137,130,000 yen from the sale of plastic shopping bags in the fiscal year ended February 2022.

2) Business Segment Information

Results by segment are as follows.

From the fiscal period under review, Aeon has 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 profit of 107 million yen (improvement of 7,310 million yen year on year) on operating revenue of 789,022 million yen (down 2.0% year on year) for the first three months of the fiscal year.

Aeon Retail Co., Ltd. (hereinafter “Aeon Retail”) has been advancing initiatives to switch to a growth track while making structural reforms in order to generate profits in any situation. During the first quarter ended May 31, 2022, Aeon Retail combined business strategies targeting a recovery in sales and the number of store visitors with e-commerce and other digital initiatives in order to maximize the effect. In clothing, both sales and gross profit increased due to the further reduction in the cost-of-sales ratio and the additional improvement in the stock turnover rate resulting from inventory reductions made over the prior two years amid the COVID-19 pandemic, as well as efforts to bolster the sales of outing and travel-related products capturing the environmental changes, including the quick roll-out of seasonal items and the recovery in demand for going out. In food, Aeon Retail bolstered sales of growth categories such as delicatessen and frozen foods, and strengthened sales of Topvalu products for which a price freeze was implemented under increasingly cautious customer spending. Also, in addition to the delicatessen category, Aeon Retail newly 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) to the bread and desserts sections of more than 300 stores, as a part of efforts to reduce price changes and waste loss.

Elsewhere, Aeon Retail worked to reform the cost structure and improve productivity by promoting the deployment of Regi Go and semi-self-checkout registers, and by optimizing back office operations. Additionally, in response to the rising cost of electricity, Aeon Retail revised its power-saving measures in order to drastically reduce operating expenses.

As a result of these efforts, Aeon Retail’s operating profit improved by 8,200 million yen compared to the same period of the previous fiscal year, and it marked the first time Aeon that Retail has posted positive operating profit in the first quarter since the first quarter of the fiscal year ended February 2014.

Aeon Kyushu Co., Ltd. (hereinafter, “Aeon Kyushu”) advanced the initiatives of strengthening the food category, specialization in the non-food category, promoting digital transformation, and contributing to the environment and local communities. each of which are outlined in the company’s medium-term management plan. With respect to strengthening the food category, in addition to “1,000 real price items”, “50th anniversary monthly recommended prices,” and bolstering the development of Topvalu products to support customers’ daily lives through prices, the company worked with Kyushu producers and suppliers to promote local production for local consumption, and same-store sales in the food section

increased 1.0% compared with the same period of the previous year. In terms of promoting digital transformation, Aeon Kyushu revamped its online store “Aeon Kyushu Online,” and opened an online household goods store in March. Also, in March, the company launched a store pickup service which allows customers to pick up the roughly 30,000 products available on its online home improvement store at any of the company’s HomeWide stores.

Aeon Hokkaido Corporation (hereinafter “Aeon Hokkaido”) has positioned the fiscal year ending February 2023, which is the second year of the company’s five year medium-term management plan, as a year for business experimentation and verification, with the aim of realizing its management vision of being a company that supports Hokkaido’s health and wellness, and the company is advancing initiatives including enhancing the value-added of products and stores, collaborating with regional areas, and reforming the earnings structure. In terms of product initiatives, Aeon Hokkaido developed approximately 260 original products utilizing the Aeon Ishikari Processing Center which came online in September 2021, and improved the product lineup at stores by expanding the supply of pre-packaged items, which led to a 9.0% year on year increase in same store net sales in the delicatessen category. Additionally, Aeon Hokkaido responded quickly to the increase in outing and social event-related demand, as well as saw strong sales in children’s and women’s clothing for which the company enhanced the product lineup to meet ethical and health needs, as well as enjoyed solid sales of travel- and cosmetics-related products. Elsewhere, in the online supermarket, net sales increased 11.6% year on year due to the increase in orders following the opening of new operation bases, as well as a shortening of delivery times.

Supermarket Business / Discount Store Business

The Supermarket Business posted operating profit of 3,328 million yen (down 36.9% year on year) on operating revenue of 643,445 million yen (up 2.8% year on year). The Discount Store Business posted operating profit of 87 million yen (down 81.0% year on year) on operating revenue of 95,448 million yen (down 2.2% year on year).

United Super Markets Holdings Group (hereinafter “U.S.M. Holdings”) worked on cost reforms, format reforms, and workstyle reforms, centered on digitalization reforms outlined in its medium-term management plan, and advanced efforts to offer new value. In terms of digital reforms, U.S.M. Holdings worked with a partner possessing proprietary technology to launch the open innovation platform “AKIBA Runway” in order to further accelerate trials and execution. Also, Maruetsu, Inc. and Kasumi Co., Ltd., which are consolidated subsidiaries of U.S.M. Holdings, attained certification as “Certified DX businesses” as stipulated by the Ministry of Economy, Trade and Industry, and focused efforts on providing stress-free and convenient shopping experiences that match customers’ new lifestyles and their use of smart technologies. In terms of product initiatives, with the goal of building its own supply chain that is not impacted by climate change or natural disasters, together with a partner possessing expertise related to plant factories, the company built a production-retail model that spans the entire process from cultivating vegetables through to sales. The company plans to bring the factory online during the fiscal year ending February 2023 and expand the number of stores offering its products. The company plans to use vegetables in products such as salads and meal kits, and to expand the offerings as original products.

Maxvalu Tokai Co., Ltd. (hereinafter “Maxvalu Tokai”) worked to raise the competitiveness of existing stores by refurbishing and revitalizing seven stores during the three months ended May 31, 2022, and worked to bolster fresh foods and delicatessen products, change sales area layouts, and enhance product lineups to meet customers’ needs. Also, in order to improve productivity, Maxvalu Tokai introduced cashless self-checkout registers at 27 stores and worked to ensure the appropriate allocation of manpower by reducing cash register-related tasks. Additionally, the company introduced automated food-dishing robots in the Nagaizumi Plant (Shizuoka Prefecture) as a measure to improve work productivity. With respect to products, Maxvalu Tokai, under the Topvalu brand, advanced product development of “Jimono” products, local products that are cherished by local residents, as a way to support producers, as well as utilized the online store to sell these products. As additional measures to expand its sales channels, Maxvalu Tokai increased the number of stores in Nagoya City that provide food delivery

services via Uber Eats, as well as newly opened an unmanned “MaxMart” store inside the building of a company in Shizuoka Prefecture.

Aeon Big Co., Ltd. (hereinafter “Aeon Big”) worked to improve profit by bolstering product capabilities and reduce costs by consolidating head office operations, along with other initiatives, after the merger with Maxvalu Nagano Co., Ltd. During the three months ended May 31, 2022, Aeon Big saw an increase in profit as a result of advancing common product policies and price policies, as well as due to efforts to reduce indirect costs with the integration of head office operations and initiatives to bolster stores’ sales capabilities.

Health and Wellness Business

The Health and Wellness Business recorded operating profit of 7,479 million yen (up 6.4% year on year) on operating revenue of 269,041 million yen (up 7.6%).

At Welcia Holdings Co., Ltd. (hereinafter “Welcia Holdings”) and its consolidated subsidiaries, although there was a reactionary decline in the stay-at-home demand from the previous fiscal year in the product sales category, sales of seasonal products in the OTC products category, including hay-fever related products, were strong. In the Cosmetics section, sales are in the process of recovering to pre-COVID-19 levels as a result of the increase in opportunities for people to go out, which has led to increased sales of make-up-related items. In the prescription drugs category, the number of prescriptions increased owing to the normalization of outpatient visits due to the improved flow of people as well as the increase in the number of stores dispensing prescription drugs (1,864 stores as of May 31, 2022) and other factors, despite the revisions to dispensing fees and NHI drug prices. As a result, there was a 7.4% year on year growth same-store sales in the prescription drugs section in the three months ended May 31, 2022.

With respect to SG&A expenses, despite the increase in utilities costs due to the soaring price of electricity, Welcia Holdings optimized expenses, centered on personnel expenses, through efforts including increasing the operating efficiency of stores by promoting measures that include management to optimize store labor-hours and automated ordering, among other initiatives. Also, the Welcia Kumamoto Asoda Store, which opened in April as the company’s first store in Kumamoto Prefecture, became a collaborative drugstore offering Aeon Kyushu’s food products including fresh produce, ready-to-eat food items, bento (packaged meals), baked goods, and frozen foods. This marks the fourth such collaborative store, following the earlier opening of three similar stores in Fukui Prefecture. Welcia Holdings is collaborating with Kasumi Co., Ltd.’s new supermarket format “BLANDE” based on the themes of food, health, and beauty, and is working to create synergies with Aeon Group in a variety of ways. The Welcia Group opened 41 new stores overall and has a total of 2,505 stores as of May 31, 2022.

Financial Services Business

The Financial Services Business posted an operating profit of 15,650 million yen (down 29.0% year on year) on operating revenue of 108,435 million yen (down 12.0%) for the first three months of the fiscal year.

Both in Japan and overseas, Aeon Financial Service Co., Ltd. (hereinafter, “AFS”) promoted investments targeting medium- to long-term growth and upgrades to its base, including building “AEON Living Zones” leveraging the common Group-wide points system, enhancing mobile services, and creating new businesses, as well as worked to advance digital financial inclusion.

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 an online application, 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 addressing customers’ consulting needs at branches and continuing to promote exclusive Aeon Group shopping benefits for borrowers.

With regard to the Aeon Card, the number of active cardholders in Japan was 30,220, 000 cardholders (an increase of 130, 000 compared to the start of the fiscal year), as a result of the implementation of a

sign-up campaign catering to new lifestyle needs, as well as strengthening the promotion of increased convenience due to the change in the point system. In addition, to encourage the use of the QR code-based payment function “AEON Pay” that was added to “iAEON”, Aeon Bank worked to increase the level of convenience for customers by increasing the number of affiliated stores where the service can be used, and by expanding the scope of external stores, including complex leisure facilities and clothing stores. With regard to credit card shopping, due the implementation of large-scale sales promotion measures with the Group, such as a bonus point campaign as well as a campaign with external partnering stores to promote usage in conjunction with the recovery in the flow of people, as well as usage for gasoline, ETC, and other automobile- and public transportation-related use, and a gradual recovery at eating and drinking establishments and travel agencies, card shopping transaction volume was strong.

In Hong Kong, renewed efforts are being made to target young adults and address customers’ diverse payment needs. These efforts have included issuing the “AEON CARD WAKUWAKU” which employs a cashback scheme, proactively acquiring cardholders, as well as enabling the linkage of the smartphone payment system “WeChatPay” with Aeon Card in April.

In Thailand, credit card shopping transaction volume increased 59.0% year on year, due to the implementation of sales promotions with partners including e-commerce sites and food delivery providers, in addition to a campaign commemorating the 30th anniversary of the company’s founding. In addition, in June the company began online insurance sales, allowing customers to use a mobile app to select insurance and complete the enrollment process by making a payment using their Aeon Card. Furthermore, the company advanced its mobile-centered digitalization efforts, including completely ending the issuance of plastic cards to loan customers and shifting to virtual cards on the mobile app.

In Malaysia, the credit card shopping transaction volume increased 131.3% year on year due to initiatives including the implementation of a joint sales promotion campaign with Aeon Co. (M) Bhd. and the execution of a card usage campaign targeting growth in online payment transaction volume. For motorbike loans, transaction volume of installment sales in the Malay region increased 20.1% year on year due to the implementation of initiatives such as tie-up campaigns with manufacturers, in addition to reviewing and easing some screening standards.

Shopping Center Development Business

The Shopping Center Development Business earned operating profit of 13,099 million (up 21.1% year on year) on operating revenue of 107,600 million yen (up 21.5% year on year).

Aeon Mall Co., Ltd., (hereinafter “Aeon Mall”) is working to maximize the appeal of brick-and-mortar stores through the creation of CX (customer experience) and is endeavoring to enhance the ability of malls to draw in customers. Aeon Mall Hanyu (Saitama Prefecture), which was opened following renovations in March 2022, now features three interior and exterior parks, as well as an outdoor terrace for food trucks and other vendors to set up stores. In this space, visitors can enjoy a variety of meals outdoors. Aeon Mall also launched a proof-of-concept test related to marketing data, utilizing digital technology and data to create sales areas and improve services to customers. The company built a pop-up FemTech specialty store at Aeon Lake Town Kaze (Saitama Prefecture). Here, non-identifying data on customer behavior and attributes are accumulated and reflected in the creation of sales areas that correspond to the business characteristics of the shop in question, as well as to diversifying consumption channels. This proof-of-concept test combines customer behavior, market data, and various other data stored by Aeon Mall to create effective marketing data, which will be utilized for solutions tailored to the life stages of each individual customer. In addition to these initiatives, there was a gradual decline in the number of COVID-19 infections, and specialty store sales at existing malls (85 malls) grew significantly by 12.9% year on year in the three months ended May 2022, and were 12.0% less than in the same period of the fiscal year ended February 2020 (83 malls). In terms of new malls in Japan, Aeon Mall opened THE OUTLETS KITAKYUSHU in April. As the second regional revitalization-type commercial facility, the facility not only offers an outlet shopping experience, but also provides edutainment that combines fun with learning to meet domestic and international tourism demand in cooperation with the local community and surrounding tourism facilities. Aeon Mall also plans to work with local residents and

customers to address social issues, such as the utilization of renewable energy and the reduction of food loss.

In China, local outbreaks of COVID-19 infections from January caused temporary closures of some malls in Tianjin, Suzhou, Wuhan, and other locations. Furthermore, in mid-March more outbreaks of COVID-19 infections spread throughout China due to the emergence of the Omicron variant. Local government virus containment measures based on a Zero-COVID policy led to severe and ongoing restrictions on activities, with trends toward self-restraint in non-essential travel outside the home becoming stronger, leading to a decline in personal consumption. As a result, specialty store sales at existing malls (21 malls) during the consolidated first quarter declined 15.0% compared to the same quarter of the previous fiscal year. Aeon Mall's operating income in China increased, mainly due to the effect of booking costs incurred during the period of temporary closures as extraordinary losses.

In Vietnam, the government shifted to a policy of living with COVID and prioritizing economic growth. The company's malls continued to operate normally, with the exception of certain specialty stores in food, beverage, amusement, and other areas. As a result, specialty store sales at existing malls (6 malls) during the three months ended May 2022 were 13.8% higher than in the same period of the previous fiscal year. In Vietnam, the company's most important area for new mall openings, Aeon Mall is pursuing area-dominant mall openings in the south of the country, centered on Ho Chi Minh City, and in the north of the country, centered on Hanoi. The company signed new comprehensive memoranda of understanding to implement investment decisions for shopping mall development with Ho Chi Minh City's Huyện Hóc Môn Province and the Dong Nai Province neighboring Ho Chi Minh City in April and May 2022, respectively. The company is also planning to accelerate its area-dominant store openings in the central part of the country. In May, the Company decided to open its first Aeon Mall in the central part of Vietnam in Huế City, located in Thừa Thiên Huế Province, while in June the company signed a comprehensive memorandum of understanding to implement the investment decision for shopping mall development with Da Nang City.

Services and Specialty Store Business

The Services and Specialty Store Business posted an operating profit of 2,898 million yen (an improvement of 4,089 million yen year on year) on operating revenue of 186,440 million yen (up 9.4% year on year).

Aeon Delight Co., Ltd. (hereinafter "Aeon Delight") advanced initiatives in accordance with the three basic policies included in the medium-term management plan, which are customer-oriented management, promotion of digital transformation, and group management, as a facilities management company that ensures the safety and reliability of facilities. In terms of customer-oriented management, with the structural reforms implemented in April aiming to strengthen customer contact points the company reorganized the area branch system under the control of eight domestic branches to match customers' needs, facility characteristics, and regional characteristics, as well as redefined duties at each level from operations to management. With this initiative, the company built a system in which all branches can work with customers in each region. Also, in April the company established a new dedicated sales division which started developing a consulting business through solutions-based sales in two specialized areas, the healthcare-related market and the decarbonization support market. The company will leverage the solutions it has developed up until this point to raise the level of hygiene in facilities as well as the services it has developed to contribute to reducing the environmental impact of facilities to help customers solve their issues, and will work to further expand the contracted facility management business.

In the domestic business, Aeon Fantasy Co., Ltd. (hereinafter "Aeon Fantasy") advanced measures to increase sales, centered on the prize category which has been performing well. The company sold prizes including Aeon Fantasy's limited edition items based on collaborations with popular video creators and other buzzworthy items, as well as bolstered its prizes for children. As a result, same-store sales in the prize category increased 14.5% year on year and were a driver of overall net sales. In the capsule toy category which is also performing well, in the three months ended May 2022, the company newly opened

14 TOYS SPOT PALO stores, which are capsule toy specialty stores which the company accelerating the opening of as a strategic measure. This brings the total number of TOYS SPOT PALO stores to 98 stores, and net sales in the three-month period grew significantly by 80.7% year on year (increased 434.4% compared to the same period of the fiscal year ended February 2020). With respect to digitalization, the company worked to increase the level of convenience for customers, including by introducing “Digital chime” which allows visitors to use a 2-D code to call on store staff without contact. Aeon Fantasy’s China business was impacted by the increasingly strict restrictions on activities under the government’s Zero-COVID policy, and approximately half of its stores closed in mid-April, but as of the end of May, operations had resumed at roughly 80% of the stores. In the company’s ASEAN business, the company continued to reopen stores as restrictions were eased in each country. As a result, net sales started to recover rapidly, and operating profit marked a new record high.

International Business

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

The International Business posted operating profit of 2,865 million yen (up 33.2% year on year) on operating revenue of 121,478 million yen (up 10.3% year on year).

At Aeon Co. (M) Bhd. (hereinafter “Aeon Malaysia”), while sales of food were impacted by the recovery in demand for dining out, the increase in opportunities for outings resulted in a recovery trend in clothing and specialty store sales. Meanwhile, in the online supermarket launched in August 2021 as a part of bolstering the online business utilizing BOXED’s e-commerce platform, which offers functional screen design and personalized functions, along with other features, the cumulative number of people registered reached the 100,000 mark at the end of March, and net sales increased significantly by 300% year on year. As a result of these efforts, the company posted an increase in both net sales and profit.

At Aeon Vietnam Co., Ltd. (hereinafter “Aeon Vietnam”), net sales increased considerably as the impact of the COVID-19 pandemic contracted. The company also saw a large increase in profit as it reduced personnel expenses in conjunction with the effort to raise operational efficiency, among other initiatives. In terms of new stores, the company opened three supermarkets in the Hanoi area in order to accelerate the expansion of the Supermarket business, which is positioned as the second pillar of the company after the GMS Business.

In China, in the Lunar New Year’s sales season in January, the company carried out sales promotion initiatives both online and offline to increase the number of visitors, and net sales were generally solid, except for in Beijing which was impacted by the Tianjin lockdown due to COVID-19. Following the Lunar New Year, although the number of store visitors in February was impacted by the increase in infections caused by the Omicron variant, the company implemented measures to attract customers, including bolstering the product lineup of standard products and the company’s own merchandising products, as well as 10 Yuan sales events at Tuesday sales and weekends bargains. Also, in terms of online initiatives, the company advanced efforts to improve issues including the online supermarket’s own platform’s inventory maintenance and reducing picking times, while the company also bolstered roll-outs utilizing an external platform. As a result, the online supermarket’s net sales were 66.5% higher than in the same period of the previous fiscal year, and accounted for 13.6% of overall net sales of food.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets as of May 31, 2022 were 12,060,283 million yen, an increase of 427,199 million yen, or 3.7%, from the end of the previous fiscal year (February 28, 2022). The increase is mainly attributable to increases of 162,068 million yen in notes and accounts receivable-trade, 119,703 million yen in loans and bills discounted for banking business, and 146,143 million yen in property, plant and equipment, including the assets of newly-consolidated Fuji Co., Ltd. and the assets of its subsidiaries.

Consolidated liabilities as of May 31, 2022 were 10,137,445 million yen, an increase of 316,784 million yen, or 3.2%, from February 28, 2022. The increase is mainly attributable to increases of 68,009 million

yen in notes and accounts payable-trade, 118,795 million yen in short-term loans payable, and 93,711 million yen in long-term loans payable (including the current portion of long-term loans payable) and other factors.

Consolidated net assets as of May 31, 2022 were 1,922,838 million yen, an increase of 110,414 million yen, or 6.1%, from February 28, 2022.

(3) Consolidated Earnings Forecast

The consolidated earnings forecast for the year ending February 28, 2023 is unchanged from the forecast announced April 8, 2022.

*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

	As of February 28, 2022 Amount	(Millions of yen) As of May 31, 2022 Amount
Assets		
Current assets		
Cash and deposits	1,172,263	1,108,038
Call loans	8,864	4,684
Notes and accounts receivable - trade	1,655,072	1,817,140
Securities	612,647	599,032
Inventories	555,136	581,083
Operating loan	428,821	478,169
Loans and bills discounted for banking business	2,406,821	2,526,525
Other	473,815	472,372
Allowance for doubtful accounts	(127,776)	(126,546)
Current assets	7,185,666	7,460,500
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,539,047	1,612,268
Tools, furniture and fixtures, net	207,982	214,472
Land	984,155	1,020,311
Construction in progress	51,392	78,576
Other, net	348,310	351,403
Property, plant and equipment	3,130,888	3,277,032
Intangible assets		
Goodwill	130,152	140,507
Software	135,301	140,860
Other	60,961	62,396
Intangible assets	326,415	343,764
Investments and other assets		
Investment securities	261,543	240,653
Net defined benefit asset	21,638	22,829
Deferred tax assets	156,417	152,877
Guarantee deposits	405,053	410,849
Other	152,608	158,927
Allowance for doubtful accounts	(7,148)	(7,151)
Investments and other assets	990,112	978,986
Non-current assets	4,447,417	4,599,782
Assets	11,633,083	12,060,283

	As of February 28, 2022 Amount	(Millions of yen) As of May 31, 2022 Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	975,517	1,043,526
Deposits for banking business	4,173,446	4,241,403
Short-term loans payable	373,844	492,639
Current portion of long-term loans payable	311,061	305,733
Current portion of bonds	149,700	160,776
Commercial papers	144,828	79,000
Income taxes payable	40,027	24,225
Provision for bonuses	36,454	50,776
Provision for loss on store closing	4,912	3,940
Provision for point card certificates	12,002	8,021
Other provision	1,098	720
Notes payable - facilities	43,872	55,465
Other	781,199	812,132
Current liabilities	7,047,966	7,278,361
Non-current liabilities		
Bonds payable	915,033	895,894
Long-term loans payable	1,002,337	1,101,377
Deferred tax liabilities	34,320	30,387
Provision for loss on store closing	2,921	2,897
Provision for loss on interest repayment	6,476	6,141
Other provision	6,426	521
Net defined benefit liability	20,537	21,732
Asset retirement obligations	109,354	114,713
Long-term guarantee deposited	258,151	267,103
Reserve for insurance policy liabilities	64,367	62,234
Other	352,766	356,080
Non-current liabilities	2,772,693	2,859,083
Liabilities	9,820,660	10,137,445

	As of February 28, 2022 Amount	(Millions of yen) As of May 31, 2022 Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	296,285	304,550
Retained earnings	415,503	425,115
Treasury shares	(34,030)	(33,347)
Shareholders' equity	897,766	916,326
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,335	30,209
Deferred gains or losses on hedges	(1,187)	413
Foreign currency translation adjustment	17,512	37,321
Remeasurements of defined benefit plans	(3,995)	(4,300)
Total accumulated other comprehensive income	59,665	63,644
Subscription rights to shares	1,290	1,269
Non-controlling interests	853,701	941,598
Net assets	1,812,423	1,922,838
Liabilities and net assets	11,633,083	12,060,283

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

	(Millions of yen)	
	Three Months ended May 31, 2021	Three Months ended May 31, 2022
	Amount	Amount
Operating revenue		
Net sales	1,887,257	1,925,295
Operating revenue from financial services business	110,603	95,685
Other operating revenue	155,354	182,246
Operating revenue	2,153,215	2,203,227
Operating costs		
Cost of sales	1,373,313	1,392,581
Operating cost from financial services business	19,707	12,977
Operating cost	1,393,020	1,405,558
Gross profit	513,943	532,713
Operating gross profit	760,195	797,669
Selling, general and administrative expenses	721,012	753,771
Operating profit (loss)	39,183	43,897
Non-operating income		
Interest income	744	1,048
Dividend income	269	403
Share of profit of entities accounted for using equity method	1,131	1,538
Other	10,282	8,405
Non-operating income	12,428	11,395
Non-operating expenses		
Interest expenses	8,630	8,905
Other	2,614	1,991
Non-operating expenses	11,245	10,896
Ordinary profit (loss)	40,365	44,396
Extraordinary income		
Gain on sales of shares of subsidiaries and associates	0	23,617
gain on step acquisition	-	3,290
Subsidy income	926	707
Other	931	702
Extraordinary income	1,857	28,317
Extraordinary losses		
Impairment loss	313	275
Loss on retirement of non-current assets	556	452
Disaster-related loss	89	843
Infectious disease related cost	2,613	1,381
Other	995	928
Extraordinary losses	4,568	3,881
Profit before income taxes	37,655	68,832
Income taxes		
Current	18,669	23,386
Deferred	(2,935)	2,725
Income taxes	15,734	26,112
Profit	21,921	42,720
Profit attributable to non-controlling interests	16,919	23,348
Profit attributable to owners of parent	5,001	19,372

Consolidated Statement of Comprehensive Income

	Three Months ended May 31, 2021	(Millions of yen) Three Months ended May 31, 2022
	Amount	Amount
Profit	21,921	42,720
Other comprehensive income		
· Valuation difference on available-for-sale securities	3,044	(20,449)
Deferred gains or losses on hedges	(124)	3,666
· Foreign currency translation adjustment	24,275	38,690
Remeasurements of defined benefit plans, net of tax	427	(594)
Share of other comprehensive income of entities accounted for using equity method	(30)	(249)
Other comprehensive income	27,592	21,065
Comprehensive income	49,513	63,785
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	20,728	23,351
Comprehensive income attributable to non- controlling interests	28,785	40,433

(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

(Changes in Accounting Policy)

(Application of Accounting Standard for Revenue Recognition)

The Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) has been applied from the beginning of the first quarter of this fiscal year. Consequently, revenue is recognized when control of promised goods or services has been transferred to the customer at the amount expected to be received in exchange for those goods or services.

The main changes resulting from the application of the Accounting Standard for Revenue Recognition, etc. are as follows.

1. Revenue recognition for agent transactions

The Company previously recognized revenue from agent transactions, such as in cases where the consignment purchase of goods is recorded when the goods are sold, at the gross amount of consideration received from the customer. However, as a result of determining its role (as principal or agent) in providing goods or services to customers, the Company has changed its accounting method to recognize revenue on a net basis by subtracting payments to suppliers from the gross amount. Such revenues are recorded in other operating revenue.

2. Revenue recognition for point system

Under the point system offered by the Company's consolidated subsidiaries, provision for point card certificates was previously recorded in the amount expected to be used in the future to prepare for expenses incurred from the use of points granted. However, it has been changed to a new method in which the Company identifies points granted for sales as a performance obligation, allocates the transaction price based on the stand-alone sales price of the points calculated in consideration of expected future expiration, etc. and defers the recognition of revenue.

The application of the Accounting Standard for Revenue Recognition is in accordance with the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition. The cumulative effects of retrospectively applying the new accounting policy prior to the beginning of the first quarter of this fiscal year have been reflected in retained earnings at the beginning of the first quarter, and the new accounting policy has thereby been applied to the said beginning balance.

As a result, for the three months ended May 31, 2022, net sales decreased 57,233 million yen, other operating revenue increased 12,831 million yen, operating revenue decreased 44,402 million yen, cost of sales decreased 32,222 million yen, operating profit decreased 319 million yen, and ordinary profit and profit before income taxes decreased 1,012 million yen each. The beginning balance of retained earnings for this fiscal year increased 5,541 million yen.

In accordance with the transitional treatment set forth in paragraph 89-2 of the Accounting Standard for Revenue Recognition, the previous fiscal year's financial statements have not been reclassified to conform to the new presentation. Furthermore, in accordance with the transitional treatment stipulated in Paragraph 28-15 of the Accounting Standard for Quarterly Financial Reporting (ASBJ Statement No. 12, March 31, 2020), information on the breakdown of revenue generated from contracts with customers for the three months ended May 31, 2021 is not presented.

(Application of Accounting Standard for Fair Value Measurement)

The Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019) has been applied from the beginning of the first quarter of this fiscal year. In accordance with the transitional treatment set forth in Paragraph 19 of the Accounting Standard for Fair Value Measurement and Paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ

Statement No. 10, July 4, 2019), the Company has opted to prospectively apply the new accounting policies set forth in the Accounting Standard for Fair Value Measurement, etc. Note that the impact of this change on the quarterly consolidated financial statements is immaterial.

(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 6,996 million yen for 3,028,000 shares as of May 31, 2022. The book value of long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross accounting method was 7,800 million yen.

(Segment Information)

I. Three Months ended May 31, 2021 (March 1 – May 31, 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	778,933	622,141	97,375	249,935	110,603	68,792	123,106
(2) Intersegment revenue or transfers	26,171	3,565	265	209	12,676	19,744	47,247
Total	805,104	625,706	97,640	250,144	123,280	88,537	170,354
Segment income (loss)	(7,202)	5,277	461	7,030	22,040	10,817	(1,190)

	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	109,276	2,160,165	1,649	2,161,815	(8,599)	2,153,215
(2) Intersegment revenue or transfers	893	110,773	11,602	122,375	(122,375)	-
Total	110,169	2,270,939	13,251	2,284,191	(130,975)	2,153,215
Segment income (loss)	2,151	39,385	662	40,048	(865)	39,183

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

2. Main components of the minus 8,599 million yen in adjustments for revenue attributable to customers are as follows:

- (a) minus 21,056 million yen in adjustments to transactions reported in the reportable segment information, and
- (b) 12,399 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 865 million yen in adjustments for segment income (loss) are as follows:

- (a) minus 673 million yen in loss of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
- (b) 917 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 1,124 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.

II. Three Months ended May 31, 2022 (March 1 – May 31, 2022)

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	765,203	639,931	95,255	268,852	95,685	87,099	140,127
(2) Intersegment revenue or transfers	23,819	3,514	193	189	12,749	20,501	46,312
Total	789,022	643,445	95,448	269,041	108,435	107,600	186,440
Segment income (loss)	107	3,328	87	7,479	15,650	13,099	2,898

	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	120,593	2,212,747	359	2,213,106	(9,879)	2,203,227
(2) Intersegment revenue or transfers	884	108,165	11,134	119,299	(119,299)	-
Total	121,478	2,320,912	11,494	2,332,406	(129,179)	2,203,227
Segment income (loss)	2,865	45,517	(1,404)	44,112	(215)	43,897

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

2. Main components of the minus 9,879 million yen in adjustments for revenue attributable to customers are as follows:

- (a) minus 24,211 million yen in adjustments to transactions reported in the reportable segment information, and
- (b) 14,305 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 215 million yen in adjustments for segment income (loss) are as follows:

- (a) 955 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
- (b) minus 838 million yen in loss of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and
- (c) minus 357 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, from the first quarter of the fiscal year ending February 28, 2023, the Company has reclassified some of the subsidiaries included in the Other Business segment to include them in the Services and Specialty Store Business segment; and has also

reclassified some subsidiaries in the GMS Business to Group companies engaged in Aeon Group merchandise supply, etc. and include their revenues in adjustments. For reference, segment information for the three months ended May 31, 2021, was prepared based on the current segmentation.

As stated in “Changes in Accounting Policy,” the Company has applied the Accounting Standard for Revenue Recognition effective from the beginning of the first quarter of this fiscal year and changed accounting treatments for revenue recognition. Consequently, methods for calculating operating revenue and income (loss) for business segments have also been changed.

Due to this change, compared with what they would have been under the previous accounting method, for the three months ended May 31, 2022, operating revenue decreased 26,776 million yen and segment income increased 587 million yen in the GMS Business; operating revenue decreased 5,719 million yen and segment income increased 4 million yen in the Supermarket Business; operating revenue decreased 660 million yen in the Discount Store Business; operating revenue decreased 5,009 million yen and segment income increased 20 million yen in the Health and Wellness Business; operating revenue decreased 8,307 million yen and segment income decreased 1 million yen in the Financial Services Business; operating revenue increased 13,239 million yen and segment income increased 44 million yen in the Shopping Center Development Business; operating revenue decreased 9,666 million yen and segment income decreased 34 million yen in the Services and Specialty Store Business; operating revenue decreased 923 million yen and segment income decreased 941 million yen in Other Business.

(Material Subsequent Events)

Acquisition of companies through purchase of shares by a consolidated subsidiary (Kokumin Co., Ltd. and French Co., Ltd.)

The Board of Directors of Welcia Holdings Co., Ltd. (hereinafter “Welcia Holdings”), a consolidated subsidiary of Aeon, resolved on January 18, 2022, to acquire the shares of Kokumin Co., Ltd. (hereinafter “Kokumin”) and French Co., Ltd. (hereinafter “French”) to form capital and business alliances with each company (becoming wholly-owned subsidiaries). Based on the resolution, Welcia Holdings acquired the shares on June 1, 2022 and made them its consolidated subsidiaries. An overview is provided below.

(1) Purpose of the capital and business alliances

Aeon’s consolidated subsidiary Welcia Holdings and its consolidated subsidiaries (hereinafter “Welcia Group”) are aiming, in line with their group philosophy: “To promote higher quality of life and healthy lifestyles for our customers,” to become a “lifestyle platform” and a group of “specialized general stores” that proposes high-value-added health-related products and services. Welcia Group is working to develop its business models focused on drugstores able to dispense prescription drugs, counseling services, late-night operations, and nursing care. The group is building a network of stores from the Kyushu region to the Tohoku region, with particular focus on the Kanto region. The aim is to create stores that support the health, beauty, and well-being of local customers, by providing counseling and attentive customer service drawing on the expertise of employees including pharmacists, registered sales representatives, beauty advisors, nutritionists, and prescription clerks, and by offering product lineups that are aligned with local needs and enhanced services that ensure higher levels of customer convenience.

Meanwhile Kokumin and French are working to realize their vision of closely supporting the healthy lifestyles of customers as specialists in the field in line with their corporate philosophy of working to meet the beauty and health needs of the public. Kokumin and French have established a network of stores in prime locations in large commercial facilities and airports, inside and near railway stations, and in downtown and residential areas of major cities in Hokkaido, Kanto, Kansai, Kyushu, and elsewhere. Kokumin and French’s prescription businesses also have networks of stores in a diverse range of locations with focus on areas in front of university hospitals and large general hospitals, as well as in “clinic malls,” railway terminals, etc.

Welcia Group is working to enhance its urban stores and expand its network nationwide. Through the sharing of the management resources of all parties involved including knowhow and personnel, Welcia Group believes they will be able to further expand their business and strengthen their corporate structure.

(2) Outline of acquired companies, date of business combination, legal form of business combination, names of the acquired companies after business combination, ratio of voting rights acquired, and main grounds for determining acquiring company**(a) Outline of acquired companies**

Name	Kokumin Co., Ltd.
Business description	Management of pharmacies and drugstores
Capital	91 million yen

Name	French Co., Ltd.
Business description	Management of pharmacies
Capital	18 million yen

(b) Date of business combination

June 1, 2022

(c) Legal form of business combination

Acquisition of shares with cash as consideration

(d) Names of the acquired companies after business combination

Names to remain unchanged.

(e) Ratio of voting rights acquired

Kokumin: 93.86% (after the acquisition of the shares in French, this will be 100.00%)

French: 100.00%

- (f) Main grounds for determining acquiring company
Welcia Holdings Co., Ltd. acquired the shares of the two companies with cash as consideration.

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

- (a) Kokumin

Consideration	Cash	20,398 million yen
Acquisition cost		20,398 million yen

- (b) French

Consideration	Cash	1,333 million yen
Acquisition cost		1,333 million yen

- (4) Nature and amount of major acquisition expenses

Advisory fees, etc.: 418 million yen

- (5) Amount, cause, amortization method, and amortization period of goodwill

These are yet to be determined.

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

These are yet to be determined.