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## Financial Results for the Nine Months ended November 30, 2022

January 13, 2023

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Scheduled dates:

Submission of statutory quarterly financial report January 16, 2023  
 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, 2022 (March 1, 2022 to November 30, 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	%
Nine months ended November 30, 2022	6,721,786	4.2	112,679	26.3	107,556	28.2	(3,682)	-
Nine months ended November 30, 2021	6,450,567	0.9	89,245	31.0	83,889	42.2	(8,956)	-

Note: Comprehensive income: Nine months ended November 30, 2022: 130,957 million yen (123.0%)  
 Nine months ended November 30, 2021: 58,722 million yen (-%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Nine months ended November 30, 2022	(4.33)	-
Nine months ended November 30, 2021	(10.59)	-

Notes: 1. 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 nine months ended November 30, 2022, are those after the application of the said accounting standard.

2. Even though the Company has dilutive shares, Earnings per share - fully diluted for the nine months ended November 30, 2022 is not stated because a net loss per share was recorded for the period.

## (2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
November 30, 2022	12,465,935	1,964,317	7.9	1,154.21
[excl. Financial Services]	[6,269,342]	[1,542,407]	[14.0]	-
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: November 30, 2022: 986,318 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 November 30, 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
	yen	yen	yen	yen	yen
Year ended February 28, 2022	-	18.00	-	18.00	36.00
Year ending February 28, 2023	-	18.00	-		
Year ending February 28, 2023 (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, 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):

November 30, 2022:	871,924,572 shares
February 28, 2022:	871,924,572 shares
  - 2) Number of shares held in treasury at end of period:

November 30, 2022:	17,388,362 shares
February 28, 2022:	25,207,930 shares
  - 3) Average number of shares outstanding during the period:

Nine months ended November 30, 2022:	850,627,941 shares
Nine months ended November 30, 2021:	845,925,857 shares

The Company's stock held by the Employee Stock Ownership Plan Trust (November 30, 2022: 2,432,700 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.

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## **1. Review of Operating Results and Financial Statements**

### **(1) Analysis of Operating Results**

#### **Summary of Operating Results**

For the first nine months of the fiscal year ending February 28, 2023 (March 1, 2022 - November 30, 2022), Aeon Co., Ltd. (hereinafter “Aeon”) posted consolidated operating revenue of 6,721,786 million yen (up 4.2% year on year) and consolidated operating profit of 112,679 million yen (up 23,433 million yen), both of which marked new record highs. Ordinary profit was 107,556 million yen (up 23,666 million yen), while loss attributable to owners of parent was 3,682 million yen (an improvement of 5,273 million yen).

During the first nine months of the fiscal year, although signs of a recovery in domestic socioeconomic activities began to be observed as a result of the easing of activity restrictions associated with the COVID-19 pandemic and the impact of the government’s measures to support tourism, the murky situation in which consumers are increasingly cautious about spending continued, including soaring global energy and raw materials prices, as well as the rapid depreciation of the yen. Amid this environment, higher profits were posted in the Shopping Center Development Business, which worked to enhance its ability to attract customers by creating unique malls based on the perspective of localization; in the Health & Wellness Business, which is seeing an increase in the number of stores dispensing prescription drugs as well as proactively opening new stores and promoting M&A; and in the International Business, which seized on the increase in opportunities for people to go out, especially in the ASEAN region. The Services and Specialty Store Business turned profitable as a result of a recovery in demand for amusement services and efforts to control expenses. The General Merchandise Store (GMS) Business further promoted earnings structural reforms amid the uncertain prospects for consumption activity, and achieved a significant improvement in profitability compared to the year-earlier period. The Supermarket (SM) Business and the Discount Store (DS) Business both worked on revitalizing stores and advancing the digital shift, thereby limiting the impacts of the reactionary decline in special demand for eating at home during the pandemic. The Financial Services Business, which is working on the growth of card transaction volume in Japan and overseas and the development of digital financial inclusion, posted a decline in earnings, but booked the largest operating profit among all of the business segments.

#### **1) Common Group Strategy**

As factors such as soaring global energy and raw materials prices lead to continued price increases on many daily necessities and result in added strain on household budgets, in order to continue to provide even higher-quality, affordably-priced products that match customers’ lifestyles, Aeon kept the prices of its Topvalu brand food products (excluding fresh foods, rice, ready-to-eat foods, alcohol, gift products, special event products, and certain other products with altered specifications) and everyday goods unchanged, covering a total of approximately 5,000 products. In July, Aeon unavoidably revised prices for certain products, but Aeon has continued to make efforts to maintain prices through corporate efforts by placing top priority on protecting customers’ lifestyles, and customers have showed strong support for Aeon. At the same time, Aeon is succeeding in directing the rising level of interest in price appeal-type Topvalu Best Price products toward high-value-added Topvalu and Topvalu Gurinai products that Aeon is focusing efforts on developing, leading to the acquisition of new customers and customers who make repeat purchases. Amid this, 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 10 million cans in the eight months following its launch. In addition, Aeon has bolstered its development and roll-out of products that respond to customers’ diverse needs. Such products include Topvalu Canola Oil Half which allows users to cook using half as much oil as before, and Topvalu Cage-Free Eggs, which are laid by chickens raised in a non-stress environment allowing them to freely move around the chicken coop.

In 2019, as a part of the digital shift, 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. Aeon is making smooth progress on constructing a customer fulfillment center in Chiba City, a cutting-edge large automated warehouse employing the latest AI and robots, and plans to launch an online supermarket in 2023 through subsidiary Aeon Next Co., Ltd. (hereinafter “Aeon Next”). Aeon Mall Co., Ltd. is planning

to open a second customer fulfillment center in 2026, which will be attached to a commercial complex in Hachioji City, Tokyo that is scheduled to open in 2025. The online supermarket, which plans to offer up to a maximum of 50,000 products, is expected to see an increase in purchase amount per transaction based on the lineup of both large-volume products, and a specialized product lineup unique to warehouse shipment deliveries utilizing the strengths of home delivery as well as convenience by allowing customers to designate a delivery time in one-hour windows.

In April, Aeon's WAON e-money service ("WAON") marked its 15th anniversary, and annual spending via the service has grown and surpassed two trillion yen. Cumulative donations through the "regional WAON" card, in which a portion of the amount spent contributes to local communities, amounted to 2,324.83 million yen (as of April 2022). In April, Aeon Financial Service Co., Ltd. (hereinafter "Aeon Financial Service") and its subsidiary Aeon Credit Service (M) Berhad attained the first digital bank license in Malaysia. They will expand the customer base ahead of the launch of the digital bank business in 2023, and will offer a diverse range of financial services aligned with customers' individual needs, including deposits, insurance, and small loans. The companies will first build a business model in Malaysia where financial inclusion for low- and medium-income people is a social issue, and in the future will aim to transform the business and expand the business scope with an eye towards expansion in the ASEAN region. In addition, from October, Aeon launched a service that newly features the AEON Pay function (Aeon's QR code-based payment service) on AEON Wallet, the official AEON Card app operated by Aeon Financial Service and its subsidiary Aeon Credit Service Co., Ltd. Going forward, Aeon will continue to expand cashless services in order to allow customers to enjoy more convenient shopping experiences.

In September, Aeon Kyushu Co., Ltd. (hereinafter, "Aeon Kyushu") and Welcia Holdings Co., Ltd. (hereinafter "Welcia") established Aeon Welcia Kyushu Co., Ltd., with the aim of mutually sharing Aeon Kyushu's expertise in supermarket management (including fresh foods and ready-to-eat items) and Welcia's expertise in drugstore management (including operating dispensing pharmacies), and to develop and operate the new business format of "food and drugs" by progressively merging the business of each company. Based on the new company's management strategy, Aeon Welcia Kyushu is quickly building a new business model to realize "Well-being" by supporting the mental and physical health of people in the region.

Based on Aeon's basic principle of "pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core", Aeon launched its "AEON Fundraising to Rescue Children in Ukraine", a donation program to provide support to the children of Ukraine, and clarified its stance of opposing all war and conflict. In May, Aeon donated a total of 933,312,732 yen to the Japan Committee for UNICEF. This amount represented the amount donated by customers as well as a matching donation contributed by Aeon and the Aeon 1% Club Foundation. In addition, Aeon launched the AEON Shuri Castle Restoration Support Project in order to continuously support the restoration of cultural assets to be passed down to the next generation, and since 2019 has been conducting support fundraising activities each year for one month in November. Up until now, Aeon has donated a total of 136,657,043 yen comprising donations from customers as well as support funds through Aeon's e-money "Shuri Castle WAON" to the Okinawa Churashima Foundation. Based on this project, the Aeon 1% Club Foundation has pledged 500 million yen in support to Okinawa Prefecture over a five-year period, and in October, just less than three years since the launch of the project, the Aeon 1% Club Foundation donated 100 million yen.

As new social contribution activity initiatives, from March Aeon started the "Aeon Heartful Volunteer" program which promotes employee activities that are even more deeply rooted in local communities than before. Aeon is making progress in its initiatives to solve local issues. Since June, which is Environment Month, Aeon has divided the entire country of Japan into 10 areas, and has been carrying out the "Ocean

Garbage Clean Up Volunteer” program aimed at solving the global environmental issue of ocean pollution, and in November volunteers planted green belts in order to protect the ocean from red soil runoff, which is a serious problem in Okinawa. The Aeon Environmental Foundation contributes to the realization of a sustainable society, effectively utilizing its human and material resources to solve global-scale issues such as climate change, ecosystem challenges, and issues in local communities that impact local lifestyles and culture. In October, the Aeon Environmental Foundation concluded a comprehensive partnership agreement with Japanese Geoparks Network, with the objective of contributing to the co-existence of people and natural capital (geological heritage) and to the development of areas where geoparks are located.

## **2) Results by Business Segment**

Results by segment are as follows.

From the first three months 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 14,807 million yen (an improvement of 14,035 million yen year on year) on operating revenue of 2,391,612 million yen (down 1.6% year on year) for the first nine months of the fiscal year.

Aeon Retail Co., Ltd. (hereinafter “Aeon Retail”) promoted sales and product strategies to maximize gross profit, and the entire Group has been working as one with a focus on increasing gross profit. During the nine months ended November 30, 2022, Aeon Retail combined business strategies such as “Aeon Black Friday” targeting a recovery in sales and the number of store visitors, with e-commerce initiatives like “BUZZTTO SALE,” as it continued initiatives to maximize profit. In clothing, in addition to making further progress on reductions in the cost-of-sales ratio and an improvement in the stock turnover rate resulting from inventory reductions, Aeon Retail expanded product lineups for Aeon’s own ladies’ casualwear brand Esseme and its senior casual clothing brand Kirabi, while also bolstering product lineups in anticipation of an increase in opportunities for people to go out due to the easing of activity restrictions, thus resulting in strong sales of miscellaneous goods such as travel-related goods and ladies’ bags, as well as sports shoes. In food, Aeon Retail made significant revisions to the product mix in growth categories such as delicatessen and frozen foods, as well as expanded sales floors, and from October, combined with the increasingly cautious customer spending amid the environment of price increases on national brands one after another, this resulted in a 6.7% year-on-year increase in sales of Topvalu products. In the health and beauty care category, same-store sales increased 3.6% year on year, driven by pharmaceutical dispensing, which worked to sell medical-use antigen test kits, and selectively distributed cosmetics which enjoyed strong sales on “Aeon Black Friday”. In the digital business, online supermarket sales continued to increase by double digits year on year. In terms of selling, general and administrative expenses, Aeon Retail thoroughly reviewed its energy-saving measures in response to the increase in the cost of electricity, as well as worked to improve labor-hour efficiency utilizing AI and RPA, including by introducing Regi Go (full-self-checkout system) and semi-self-checkout registers, in addition to reviewing external costs such as for rental appliances. As a result, selling, general and administrative expenses declined 2.9% year on year in the three months ended November 30, 2022, in which there was no impact from the integration of the Tohoku Business Division into Aeon Tohoku Co., Ltd.

Aeon Hokkaido Corporation (hereinafter “Aeon Hokkaido”) posted a 13.1% year-on-year increase in sales of Topvalu food and daily necessities for which prices continued to be kept unchanged in the nine months ended November 30, 2022. With respect to increasing the added value of products and stores which was outlined in the company’s medium-term management plan, Aeon Hokkaido opened one new supermarket and one new discount store, and also carried out major revitalization projects at two GMS, four supermarkets, and two discount stores. In food, Aeon Hokkaido increased revenue by developing approximately 680 original products, while in clothing and household and recreational products, in addition to bolstering the rollout of products in response to the increase in demand related to people going out or going to events, the company proposed products such as energy-efficient and environmentally friendly heaters in response to soaring fuel costs. In the online sales business, net sales in the online supermarket business increased 18.7% year on year in the nine months ended November 30, 2022, due to the increase in the number of orders the online supermarket is able to receive and the shortening of delivery times following the opening of two new delivery bases. Furthermore, in order to reduce

congestion at checkout registers and otherwise increase the level of convenience for customers, as well as to reduce personnel costs, Aeon Hokkaido installed new or additional self-checkout registers at 24 stores during the nine months ended November 30, 2022, bringing the cumulative total number of stores with self-checkout registers installed to 102 stores.

Aeon Kyushu Co., Ltd. (hereinafter, “Aeon Kyushu”) advanced the initiatives of strengthening the food category, specializing 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, as it celebrates its 50<sup>th</sup> anniversary. In foods, Aeon Kyushu made efforts to keep prices unchanged, and enjoyed strong sales due to efforts including expanding the lineup of ready-to-eat meals and frozen foods in response to the need for simple, individual-sized offerings. In the non-food category, the company implemented some new initiatives such as in September when the company introduced its own miscellaneous goods store “Smilefull days”, and in November when it rolled out “GREEN PICNIC”, a new business format developed based on the vision of “Creating healthy bodies and minds with the power of plants”. In terms of promoting DX, due to efforts to increase the level of convenience, including newly launching same-day delivery at four online supermarkets and expanding the number of stores that offer lockers for people to pick up products they purchased, usage numbers increased 5.2% year on year in the nine months ended November 30, 2022. The e-commerce website “Aeon Kyushu Online” focused on uncovering local products and expanding the lineup of fresh foods, and net sales grew 19.9% year on year in the nine months ended November 30, 2022. The total number of downloads of the Aeon Kyushu official app exceeded 910,000 downloads, while spending per customer of the customers using coupons increased to approximately 1.7 times the overall average.

### **Supermarket Business / Discount Store Business**

The Supermarket Business posted operating profit of 7,441 million yen (down 9,000 million yen year on year) on operating revenue of 1,959,891 million yen (up 3.8% year on year). The Discount Store Business posted operating profit of 1,256 million yen (down 50 million yen year on year) on operating revenue of 285,731 million yen (down 1.9% year on year).

United Super Markets Holdings Inc. (hereinafter “U.S.M. Holdings”) worked on revitalizing stores and increasing convenience for customers, as well as increasing the deployment of full self-checkout registers and expanding the introduction of Scan & Go Ignica. In order to deliver new value to customers and business partners, U.S.M. Holdings launched “AKIBA Runway”, an open innovation platform for cooperation and co-creation with startups and other companies that possess proprietary technologies, and concluded an exclusive distribution agreement with Beyond Meat, Inc., a U.S. company that produces plant-derived meat substitutes. Also, the full-fledged operation of a plant factory that has achieved fully-indoor plant cultivation was started, as the company worked to build a new, consistent business model spanning from production to sales. Maruetsu, Inc., a subsidiary of the company, revitalized existing stores through measures including expanding the sales areas for fresh foods and frozen foods, as well as reorganizing the product lineup. In terms of digital reforms, U.S.M. Holdings increased the number of stores with online delivery to 37 total stores, grew the number of stores with full self-checkout registers to a total of 204 stores, and started a service at 64 stores that uses Uber Eats to provide home delivery of store items. Kasumi Co., Ltd. (hereinafter “Kasumi”) worked to enhance the dominance of its stores in the western part of Ibaraki Prefecture and the Sotobo area of Chiba Prefecture, and expanded its sales channel enabling it to respond to customers’ diverse lifestyles, including having 70 stores offering online delivery, having 53 vehicles operating as part of the mobile supermarket service, and 70 “office smart shop” unmanned stores. Kasumi also opened a production facility for frozen foods in September that will maintain foods’ original freshness, aiming to reduce food loss and enable a stable supply of products by extending the period that foods stay fresh. Maxvalu Kanto Co., Ltd. carried out major revitalizations of two stores and opened its first shopping experience-type supermarket where customers can enjoy spending time doing things other than shopping. The company also launched “Order & Eat” through its own delivery service, thereby further enhancing the level of convenience for customers.

Fuji Co., Ltd. (hereinafter “Fuji”) outlined its management vision as “Realizing overwhelming security and excitement for both customers and employees”, and continually focused on responding to the latest needs from the viewpoint of customers, and worked to reduce both waste loss and costs, among other efforts. Fuji Retailing Co., Ltd. (hereinafter, “Fuji Retailing”) carried out a variety of projects to commemorate the 55th anniversary of Fuji’s founding, and advanced its plan of opening stores with Ehime Prefecture and Hiroshima Prefecture as the priority areas. In terms of food products, Fuji Retailing responded to new demand, such as by enhancing product lineups of prepared foods and partially-prepared foods, anticipating a rise in awareness about conserving electricity and reducing cooking time in



households against a backdrop of rising energy prices. The mobile supermarket, which is working to further expand its business, is now providing service from a total of 38 bases, with 69 vehicles providing service on 207 routes. With these efforts, during the nine months ended November 30, 2022, net sales of foods increased 2.8% year on year, while net sales in the mobile supermarket business increased significantly by 36.1% year on year. Also, Maxvalu Nishinohon Co., Ltd. (hereinafter “Maxvalu Nishinohon”) revised its supply chain, with a focus on being community-based and bolstering fresh foods, and in addition to opening new stores and revitalizing existing stores centered on the western part of Hyogo Prefecture, Okayama City, Hiroshima City, Yamaguchi Prefecture, Kagawa Prefecture and the San’in area. Also, Maxvalu Nishinohon worked on initiatives aimed at solidifying non-store businesses, including the mobile supermarket business that has 29 dedicated vehicles based out of 19 stores in nine prefectures, as well as the e-commerce business. In terms of products, Maxvalu Nishinohon worked on rollouts with distinct features, such as local and seasonal products sold in large volumes, products carefully selected by buyers, and original products made using local fresh ingredients. Maxvalu Nishinohon also made progress on reducing store operating costs, including lightening store workloads by increasing supply from the Okayama Processing Center which started operation in September.

Maxvalu Tokai Co., Ltd. (hereinafter “Maxvalu Tokai”) worked to embody its brand message of “Making dreams reality and bringing people together through delicious foods”, and newly opened four stores and revitalized 16 stores during the nine months ended November 30, 2022. In terms of products, Maxvalu Tokai expanded its lineup of “Jimono” products, local products that are cherished by local residents, as a way to support producers, and also worked with local governments and students in various areas to develop products that take balanced meals into consideration, thereby endeavoring to suggest healthy dietary habits through coordination with local communities. In addition, the company worked to make sure that its products were packaged in small sizes and therefore suitable for finishing eating in one sitting or completely using in one use, and also worked to bolster its lineup of delicatessen offerings and expand its frozen foods sections. Moreover, Maxvalu Tokai is working to further improve work tasks by introducing cashless self-checkout registers at a total of 151 stores, by working to ensure the appropriate allocation of manpower by reducing cash register-related tasks, and by developing new task processes for its automated serving robots for prepared foods that are in operation at the Nagaizumi Center (Sunto District, Shizuoka Prefecture). In terms of creating new customer contact points, the company opened the Maxvalu Tokai Yahoo Store on Yahoo! Shopping, and continuously worked to provide purchasing opportunities by expanding the mobile supermarket’s sales channels.

### **Health and Wellness Business**

The Health and Wellness Business recorded operating profit of 30,887 million yen (up 1,926 million yen year on year) on operating revenue of 850,047 million yen (up 11.8%).

At Welcia Holdings Co., Ltd. (hereinafter “Welcia Holdings”) and its consolidated subsidiaries, in the nine months ended November 30, 2022, the initiative to provide free PCR testing at stores with dispensing pharmacies was continued, and in the product sales category, sales of products related to the pharmaceutical products section were strong amid the COVID-19 pandemic, and in the cosmetics section, sales grew as a result of the increase in opportunities for people to go out. In the prescription drugs category, despite the impact of drug price revisions, the number of prescriptions increased year on year due to the increase in the number of stores dispensing prescription drugs (1,982 stores as of November 30, 2022), as well as the fact that there was no major impact from people refraining from visiting doctors despite being in the middle of the COVID-19 pandemic. With respect to selling, general and administrative expenses, despite the significant increase in utilities costs due to soaring fuel prices, Welcia Holdings made efforts to control expenses, centered on personnel expenses, by conserving electricity through utilizing light dimming functions, along with continuous efforts aimed at optimizing store-labor hours, as well as by increasing the operating efficiency of stores including through automated ordering and other initiatives. Moreover, in June, the efficiency of the business was enhanced by absorbing subsidiary Kanamitsu Yakuhin Co., Ltd. through a merger, with subsidiary Welcia Yakkyoku Co., Ltd. as the surviving company. Also in June, Welcia Holdings made Kokumin Co., Ltd., which is based in Osaka Prefecture and operates stores in Hokkaido, Kanto, Kansai, and Kyushu (162 stores), as well as French Co., Ltd. (3 stores), became subsidiaries through the acquisition of shares. Through the aforementioned initiatives, the Welcia Group has a total of 2,716 stores as of November 30, 2022.

### **Financial Services Business**

The Financial Services Business posted an operating profit of 42,699 million yen (down 3,820 million yen year on year) on operating revenue of 334,319 million yen (down 4.5%) for the first nine 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 enhancing convenience utilizing the common Group-wide points system, bolstering mobile services, and creating new businesses, as well as worked to advance digital financial inclusion.

Regarding the Aeon Card, the card design was refreshed in November, and the number of active cardholders in Japan was 30,520,000 cardholders (an increase of 430,000 compared to the start of the fiscal year), as a result of the implementation of a new member sign-up campaign both online and in stores, as well as the continued strengthening of the promotion of the Aeon Card based on increased convenience. Also, the QR code-based payment function “AEON Pay” was added to the Aeon Card official app “Aeon Wallet”, and the scope of participating external stores such as leisure facility complexes, eating and drinking establishments, and large home appliance and electronics stores was expanded, leading to improved customer convenience. With regard to credit card shopping, card shopping transaction volume was strong, based on the recovery in usage for gasoline, ETC, and other automobile- and public transportation-related use, as well as usage in eating and drinking establishments and travel agencies, due to 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.

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. Aeon Bank also continued to address customers’ consulting needs at branches and promote exclusive Aeon Group shopping benefits for borrowers, including revising and expanding these benefits from March 2023.

In Hong Kong, proactive measures to acquire cardholders were advanced, including issuing the “AEON CARD WAKUWAKU” which employs a cashback scheme newly targeting young adults, and implementing a sales promotion that offers a bonus return rate for use in Japan in conjunction with the recovery in demand for travel to Japan.

In Thailand, credit card shopping transaction volume grew due to the implementation of sales promotions with partnering major e-commerce sites and food delivery providers, in addition to carrying out a sales promotion with Thai Airways International and other entities in conjunction with the recovery in travel demand. Also, progress was made in digitalization with a mobile focus, which included online insurance sales enabling customers to use a mobile app to select insurance and complete the enrollment process by making a payment using their Aeon Card, and completely ending the issuance of plastic cards to loan customers and shifting to virtual cards on the mobile app.

In Malaysia, a joint sales promotion campaign with Aeon Co. (M) Bhd. (hereinafter “Aeon Malaysia”) as well as a card usage campaign targeting growth in online payment transaction volume were both carried out. In installment sales applications, efforts were made to reform work processes through digitalization, including introducing instant credit in advance and enhanced convenience with the update of Aeon Wallet.

### **Shopping Center Development Business**

The Shopping Center Development Business earned operating profit of 33,377 million yen (up 4,985 million yen year on year) on operating revenue of 328,100 million yen (up 21.3% 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. During the nine months ended November 30, 2022, Aeon Mall opened two new malls. In April, the company opened THE OUTLETS KITAKYUSHU (Kitakyushu City, Fukuoka Prefecture), while in October, Aeon Mall Toki (Toki City, Gifu Prefecture), and renovated 12 existing malls. As Aeon Mall’s second regional revitalization-type commercial facility, THE OUTLETS KITAKYUSHU 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 will also continue to work with local residents and customers to address social issues, such as the utilization of renewable energy and the reduction of food loss. Aeon Mall Toki features lush green grounds that include an outside go-kart circuit

track, a hot springs facility, and other attractions meeting the needs of three-generation families to enjoy a full day. The mall also features an open terrace located adjacent to the restaurant zone on the first floor, providing a lush green landscape and an airy environment in which to enjoy a meal. Mega-solar panels are installed on the rooftop, making for one of the largest such installations in Japan for a commercial facility. This is just another way in which the mall was designed to be friendly to both people and the environment. Through these kinds of initiatives at new malls, as well as through other initiatives such as efforts to draw in customers as increasing numbers of people went out, specialty store sales at existing malls (85 malls) in Japan grew by 10.0% year on year in the nine months ended November 30, 2022, and were 11.5% less than in the same period of the fiscal year ended February 2020 (83 malls) prior to the COVID-19 pandemic.

In Vietnam, 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 Hóc Môn District and the Dong Nai Province neighboring Ho Chi Minh City in April and May 2022, respectively, and signed a similar memorandum of understanding in June with Da Nang City, located in central Vietnam. In May, the company decided to open its first Aeon Mall, Aeon Mall Huế, in the central part of Vietnam in Huế City, and is making progress on preparations to begin construction work. Going forward, in addition to both the south and the north, Aeon Mall will speed up dominant store openings in peripheral cities in the central part of the country.

In China, Aeon Mall is advancing dominant store openings in the four areas of Beijing/Tianjin/Shandong, Jiangsu/Zhejiang, Hubei, and Guangdong, and going forward the company has positioned Hunan Province, an area with high growth potential located in the inland part of China, as a new area for dominant store openings. With respect to existing malls, Aeon Mall plans to continue to evolve in terms of both hardware and software by promoting initiatives that address customers' rapidly changing lifestyles, such as renovating existing malls and implementing localization programs.

### **Services and Specialty Store Business**

The Services and Specialty Store Business posted an operating profit of 6,032 million yen (an improvement of 10,381 million yen year on year) on operating revenue of 566,819 million yen (up 10.8% year on year).

Aeon Delight Co., Ltd. (hereinafter "Aeon Delight") posted year-on-year increases in net sales in all seven businesses during the nine months ended November 30, 2022, due to factors including an expansion of market share among customers and an increase in newly contracted properties. However, due to the decline in profit in businesses including the cleaning services business (resulting from a decline in demand for alcohol-disinfecting cleaning) and the materials-related business (in which there was an increase in purchasing costs), operating profit declined 8.7% versus the same period of the previous fiscal year. As rising energy costs become a challenge for customers, Aeon Delight contributed to energy savings at facilities through the use of LED lighting, the updating of air conditioning equipment, and sales of CFC-free cases, as well as developed tools to visualize power usage and introduced them at 38 facilities. Also, to respond to the increasingly severe labor shortage, Aeon Delight is utilizing IoT and other technologies to develop and roll out "area management" that efficiently manages multiple facilities, and has made investments in equipment in order to automate inspection work, along with consolidating some operations at customer support centers. As a result, as of the end of November 2022, labor-savings or the launch of unmanned operations had been achieved at 91 facilities nationwide (269 facilities in total), allowing staffers to be reassigned to work in different areas, such as at newly contracted properties, the sales division, or the construction division, in order to grow new revenue-earning opportunities.

Aeon Fantasy Co., Ltd. (hereinafter "Aeon Fantasy") reached a total of 1,000 stores in eight countries around the world on October 1. In November, when Aeon Fantasy held an event to commemorate reaching 1,000 stores on a global basis, the number of new "Molly Friends DX" members increased significantly by more than three times that of an average month, leading to the revitalization of the medals category and the time-charge category, in which the recovery had been delayed amid the COVID-19 pandemic. During the nine months ended November 30, 2022, although the China business was impacted by the government keeping the "Dynamic Zero-COVID Policy" in place, resulting in a larger operating loss than in the year-earlier period and in earnings falling well short of the initial forecast, the domestic business and the ASEAN business performed well. In the domestic business, in the prizes category and capsule toy category in which the company is focusing its efforts, as well as the card category in which the company has a high market share in the industry, revenue was solid, while the company's ASEAN

business saw strong performance in Malaysia, the Philippines, and Vietnam, as quarterly profits have been a record high for four consecutive quarters going back to the three months ended February 28, 2022.

Can Do Co., Ltd. (hereinafter “Can Do”) became a subsidiary of Aeon on January 5, 2022. In order to maximize synergies with the Aeon Group through collaboration, Can Do set out to expand sales channels, differentiate its products and brands, and enhance corporate value, and the company bolstered its initiatives to enhance customer satisfaction. In terms of expanding sales channels, Can Do accelerated the opening of new stores, centered on directly-managed stores and consignment-managed stores. As a result, the number of stores increased by 72 stores during the nine months ended November 30, 2022, to 1,252 stores. In terms of differentiating its products and services, the company developed products for new lifestyle formats, eco-friendly products, and expanded its different price range products, as well as promoted marketing and information dissemination utilizing SNS and other tools to expand the scope of business. While making improvements to the lifestyle-type general goods shop format that it opened in Aeon Mall Fukuoka in November, Can Do will roll out more stores going forward to achieve an increase in the number of customers and spending per customer. In terms of enhancing corporate value, the company is currently advancing the opening of stores in Aeon Group, product tie-ups, and the introduction of WAON in sequence, and will promote measures to reduce store opening costs and equipment management costs through joint purchasing of appliances and equipment with the Aeon Group.

Cox Co., Ltd. (hereinafter “Cox”) worked to bring about a recovery in earnings by focusing on the priority strategies of improvement in gross profit margin through strengthening brand power and merchandising reforms, increasing e-commerce sales by improving e-commerce operations and bolstering the D-to-C business, and bringing about a recovery in store sales through reforms to sales methods and sales floors. In the nine months ended November 30, 2022, in continuation from the six months ended August 31, 2022, during periods of peak sales of products at regular prices in October and November, the Company placed information in magazines via tie-up features in order to enhance visibility and expand sales. During discount sales periods, the company continually restricted sales at reduced prices and revised the schedule for introducing products, and while doing that the company also re-evaluated products carried over to the next fiscal year. As a result, the balance of product inventory as of November 30, 2022 declined by 161 million yen, and same-store net sales grew 24.5% year on year. Selling, general and administrative expenses declined by 8.9% versus the year-earlier period due to continued efforts to reduce fixed costs, such as personnel costs and equipment expenses, along with a reduction in the number of operating stores during the period.

### **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 8,934 million yen (up 8,213 million yen year on year) on operating revenue of 370,357 million yen (up 22.4% year on year).

Aeon Malaysia held various events at malls on an ongoing basis following the increase in opportunities for outings, thus sustaining the recovery trend in tenant sales, while sales recovered steadily in the GMS Business as well for all product lines, especially in clothing and household and recreational products. Meanwhile, in the online supermarket launched in August 2021 as a part of bolstering the online business, which utilizes Giddy, Inc.’s (U.S.) e-commerce platform BOXED that possesses an advanced automated logistics system and a high-level capability of proposing products to customers based on algorithms utilizing AI, the cumulative number of people registered reached 141,000 at the end of September. As a result of these efforts, the company posted an increase in both sales and profit.

At Aeon Vietnam Co., Ltd. (hereinafter “Aeon Vietnam”), the impact of the COVID-19 pandemic contracted, leading to an increase in opportunities for outings and a recovery in tenant sales. Also, sales grew significantly in the GMS Business and the SM Business, and profits increased significantly as a result of its promotion of DX in order to raise operational efficiency and reduce expenses. Aeon Vietnam is aiming to open its 100<sup>th</sup> AEON Maxvalu store in 2025, and is focusing on opening stores in residential areas.

In China, the “Dynamic Zero-COVID Policy” was maintained, and stringent restrictions on activities were implemented even during the major national holidays (Mid-Autumn Festival, National Day of the People’s Republic of China), but during the nine months ended September 30, 2022, operating revenue was solid and unchanged (on a local currency basis) compared to the same period of the previous year. The company bolstered e-commerce, focusing on the two platforms of the Aeon app and JD Daojia, and the online supermarket’s food sales ratio rose to 13.6%, which was higher than in Japan. At Aeon Stores

(Hong Kong) Co., Ltd., in March the company opened an Aeon Style store inside a large shopping mall which is not a part of the Aeon Group, and in June the company opened the first flagship 300 Yen shop “Threeppy” in Hong Kong for Daiso, which the company is a sales distributor for.

## **(2) Consolidated Financial Condition**

### **Consolidated Assets, Liabilities, and Net Assets**

Consolidated assets as of November 30, 2022, were 12,465,935 million yen, an increase of 832,851 million yen, or 7.2%, from the end of the previous fiscal year (February 28, 2022). The increase is mainly attributable to increases of 285,324 million yen in notes and accounts receivable-trade, 88,975 million yen in operating loan, 146,513 million yen in loans and bills discounted for banking business, 265,226 million yen in property, plant and equipment, and 28,845 million yen in intangible assets.

Consolidated liabilities as of November 30, 2022, were 10,501,617 million yen, an increase of 680,957 million yen, or 6.9%, from February 28, 2022. The increase is mainly attributable to increases of 130,658 million yen in notes and accounts payable-trade, 153,488 million yen in deposits for banking business, 205,339 million yen in short-term loans payable, and 134,007 million yen in long-term loans payable (including the current portion of long-term loans payable) and other factors.

Consolidated net assets as of November 30, 2022, were 1,964,317 million yen, an increase of 151,894 million yen, or 8.4%, 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 on 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**

	(Millions of yen)	
	As of February 28, 2022 Amount	As of November 30, 2022 Amount
<b>Assets</b>		
Current assets		
Cash and deposits	1,172,263	1,066,774
Call loans	8,864	4,241
Notes and accounts receivable - trade	1,655,072	1,940,397
Securities	612,647	606,849
Inventories	555,136	634,418
Operating loan	428,821	517,796
Loans and bills discounted for banking business	2,406,821	2,553,334
Other	473,815	509,233
Allowance for doubtful accounts	(127,776)	(131,190)
Current assets	7,185,666	7,701,855
Non-current assets		
Property, plant, and equipment		
Buildings and structures, net	1,539,047	1,657,281
Tools, furniture and fixtures, net	207,982	223,331
Land	984,155	1,053,713
Construction in progress	51,392	97,124
Other, net	348,310	364,664
Property, plant, and equipment	3,130,888	3,396,115
Intangible assets		
Goodwill	130,152	149,406
Software	135,301	141,414
Other	60,961	64,440
Intangible assets	326,415	355,261
Investments and other assets		
Investment securities	261,543	256,122
Net defined benefit asset	21,638	25,195
Deferred tax assets	156,417	154,849
Guarantee deposits	405,053	414,537
Other	152,608	169,273
Allowance for doubtful accounts	(7,148)	(7,275)
Investments and other assets	990,112	1,012,703
Non-current assets	4,447,417	4,764,080
<b>Assets</b>	<b>11,633,083</b>	<b>12,465,935</b>

	As of February 28, 2022 Amount	(Millions of yen) As of November 30, 2022 Amount
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	975,517	1,106,175
Deposits for banking business	4,173,446	4,326,935
Short-term loans payable	373,844	579,184
Current portion of long-term loans payable	311,061	299,666
Current portion of bonds	149,700	155,760
Commercial papers	144,828	92,000
Income taxes payable	40,027	24,519
Provision for bonuses	36,454	55,678
Provision for loss on store closing	4,912	2,005
Provision for point card certificates	12,002	6,802
Other provision	1,098	1,011
Notes payable - facilities	43,872	69,111
Other	781,199	872,318
Current liabilities	<u>7,047,966</u>	<u>7,591,168</u>
Non-current liabilities		
Bonds payable	915,033	881,561
Long-term loans payable	1,002,337	1,147,740
Deferred tax liabilities	34,320	41,720
Provision for loss on store closing	2,921	6,001
Provision for loss on interest repayment	6,476	4,383
Other provision	6,426	879
Net defined benefit liability	20,537	22,025
Asset retirement obligations	109,354	116,790
Long-term guarantee deposited	258,151	275,041
Reserve for insurance policy liabilities	64,367	56,901
Other	352,766	357,404
Non-current liabilities	<u>2,772,693</u>	<u>2,910,449</u>
<b>Liabilities</b>	<u>9,820,660</u>	<u>10,501,617</u>

	(Millions of yen)	
	As of February 28, 2022	As of November 30, 2022
	Amount	Amount
<b>Net assets</b>		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	296,285	295,847
Retained earnings	415,503	386,694
Treasury shares	(34,030)	(23,632)
Shareholders' equity	897,766	878,917
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,335	40,219
Deferred gains or losses on hedges	(1,187)	(176)
Foreign currency translation adjustment	17,512	71,810
Remeasurements of defined benefit plans	(3,995)	(4,452)
Total accumulated other comprehensive income	59,665	107,401
Subscription rights to shares	1,290	1,259
Non-controlling interests	853,701	976,739
Net assets	1,812,423	1,964,317
Liabilities and net assets	11,633,083	12,465,935



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

	(Millions of yen)	
	Nine months ended November 30, 2021	Nine months ended November 30, 2022
	Amount	Amount
Operating revenue		
Net sales	5,666,589	5,872,089
Operating revenue from financial services business	313,235	294,980
Other operating revenue	470,742	554,716
Operating revenue	<u>6,450,567</u>	<u>6,721,786</u>
Operating costs		
Cost of sales	4,115,796	4,234,820
Operating cost from financial services business	50,576	39,354
Operating cost	<u>4,166,373</u>	<u>4,274,174</u>
Gross profit	<u>1,550,793</u>	<u>1,637,269</u>
Operating gross profit	<u>2,284,194</u>	<u>2,447,612</u>
Selling, general and administrative expenses	<u>2,194,948</u>	<u>2,334,932</u>
Operating profit	<u>89,245</u>	<u>112,679</u>
Non-operating income		
Interest income	2,507	3,347
Dividend income	1,602	2,063
Share of profit of entities accounted for using equity method	3,583	4,444
Other	21,071	17,301
Non-operating income	<u>28,765</u>	<u>27,156</u>
Non-operating expenses		
Interest expenses	25,828	26,737
Other	8,291	5,542
Non-operating expenses	<u>34,120</u>	<u>32,279</u>
Ordinary profit	<u>83,889</u>	<u>107,556</u>
Extraordinary income		
Gain on sales of non-current assets	1,710	2,772
Gain on sales of shares of subsidiaries and associates	0	23,617
Gain on step acquisition	-	3,290
Insurance income	1,853	2,848
Subsidy income	7,140	1,572
Other	2,243	813
Extraordinary income	<u>12,947</u>	<u>34,913</u>
Extraordinary losses		
Impairment loss	4,137	7,777
Loss on retirement of non-current assets	1,590	3,667
Disaster-related loss	1,798	6,483
Infectious disease related cost	5,944	3,234
Other	4,283	13,111
Extraordinary losses	<u>17,754</u>	<u>34,273</u>
Profit before income taxes	<u>79,082</u>	<u>108,196</u>
Income taxes		
Current	48,459	54,689
Deferred	1,890	8,002
Income taxes	<u>50,349</u>	<u>62,692</u>
Profit	<u>28,733</u>	<u>45,504</u>
Profit attributable to non-controlling interests	<u>37,689</u>	<u>49,186</u>
Loss attributable to owners of parent	<u>(8,956)</u>	<u>(3,682)</u>

## Consolidated Statement of Comprehensive Income

	(Millions of yen)	
	Nine months ended November 30, 2021	Nine months ended November 30, 2022
	Amount	Amount
Profit	28,733	45,504
Other comprehensive income		
· Valuation difference on available-for-sale securities	(2,500)	(17,365)
· Deferred gains or losses on hedges	2,426	2,594
· Foreign currency translation adjustment	29,416	100,982
· Remeasurements of defined benefit plans, net of tax	757	(649)
· Share of other comprehensive income of entities accounted for using equity method	(111)	(108)
Other comprehensive income	29,989	85,453
Comprehensive income	58,722	130,957
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	6,093	44,053
Comprehensive income attributable to non- controlling interests	52,628	86,904

### (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 some of the Company's consolidated subsidiaries, to prepare for expenses incurred from the use of points granted, either of two types of accounting treatment was previously adopted, depending on the specifics of the system, where the provision for point card certificates is recorded as selling, general and administrative expenses in the amount expected to be used in the future; or the outstanding balance of the points is recorded as deposits received in other under current liabilities while selling, general and administrative expenses is recorded in the amount of such points granted. However, when such points provide customers with important rights, the Company now applies a new method in which it identifies points granted 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 nine months ended November 30, 2022, net sales decreased 171,177 million yen, other operating revenue increased 38,748 million yen, operating revenue decreased 132,429 million yen, cost of sales decreased 95,876 million yen, operating profit increased 745 million yen, and ordinary profit and profit before income taxes decreased 139 million yen each. The beginning balance of retained earnings for this fiscal year increased 5,602 million yen. In addition, from the first quarter of this fiscal year, part of "Provision for point card certificates," which was presented under "Current liabilities" in the consolidated balance sheet for the previous fiscal year has been changed to be included in "Other" under "Current liabilities" as contract liabilities.

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 nine months ended November 30, 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 5,620 million yen for 2,432,700 shares as of November 30, 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 6,500 million yen.

## (Segment Information)

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

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	2,346,842	1,877,788	290,361	759,544	313,235	210,183	371,137
(2) Intersegment revenue or transfers	82,741	10,799	765	612	36,980	60,250	140,365
Total	2,429,584	1,888,588	291,126	760,156	350,216	270,434	511,502
Segment income (loss)	(28,842)	16,441	1,307	28,960	46,519	28,391	(4,348)

	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	6,469,005	6,037	6,475,043	(24,475)	6,450,567
(2) Intersegment revenue or transfers	2,569	335,085	34,313	369,399	(369,399)	-
Total	302,481	6,804,091	40,351	6,844,442	(393,874)	6,450,567
Segment income (loss)	721	89,151	1,835	90,987	(1,742)	89,245

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

2. Main components of the minus 24,475 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) 41,827 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 1,742 million yen in adjustments for segment income (loss) are as follows:

- (a) 33 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
- (b) 1,714 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 3,526 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. Nine Months ended November 30, 2022 (March 1 – November 30, 2022)  
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	2,317,505	1,949,032	285,101	849,488	294,980	266,181	423,825
(2) Intersegment revenue or transfers	74,107	10,859	630	558	39,338	61,918	142,994
Total	2,391,612	1,959,891	285,731	850,047	334,319	328,100	566,819
Segment income (loss)	(14,807)	7,441	1,256	30,887	42,699	33,377	6,032

	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	367,198	6,753,313	4,338	6,757,651	(35,865)	6,721,786
(2) Intersegment revenue or transfers	3,158	333,565	33,201	366,766	(366,766)	-
Total	370,357	7,086,878	37,539	7,124,418	(402,631)	6,721,786
Segment income (loss)	8,934	115,822	(1,981)	113,840	(1,161)	112,679

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

2. Main components of the minus 35,865 million yen in adjustments for revenue attributable to customers are as follows:

- (a) minus 80,130 million yen in adjustments to transactions reported in the reportable segment information, and
- (b) 44,138 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 1,161 million yen in adjustments for segment income (loss) are as follows:

- (a) 2,001 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
- (b) minus 1,636 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 1,548 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 nine months ended November 30, 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 the application of the Accounting Standard, etc., compared with what they would have been under the previous accounting method, for the nine months ended November 30, 2022, operating revenue decreased 81,873 million yen and segment loss decreased 1,041 million yen in the GMS Business; operating revenue decreased 18,679 million yen and segment income decreased 299 million yen in the Supermarket Business; operating revenue decreased 1,930 million yen in the Discount Store Business; operating revenue decreased 16,515 million yen and segment income increased 2 million yen in the Health and Wellness Business; operating revenue decreased 26,577 million yen and segment income increased 82 million yen in the Financial Services Business; operating revenue increased 46,352 million yen and segment income increased 180 million yen in the Shopping Center Development Business; operating revenue decreased 30,239 million yen and segment income decreased 41 million yen in the Services and Specialty Store Business; operating revenue decreased 510 million yen and segment loss increased 220 million yen in Other Business.

(Material Subsequent Events)

Not applicable