

This is an abridged translation of the original Japanese document and is provided for informational purposes only.

If there are any discrepancies between this and the original, the original Japanese document prevails.



## Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 29, 2024 (Japanese GAAP)

July 11, 2023

Company name: AEON MALL Co., Ltd.

Stock Exchange Listing: TSE

Stock code: 8905

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

Representative: Yasutsugu Iwamura, President and CEO

Scheduled date of filing of quarterly report: July 13, 2023

Starting date of dividend payment: —

Preparation of supplementary materials for quarterly financial results: Yes

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

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

### 1. Consolidated Financial Results for the First Quarter of the Fiscal Year Ending February 2024 (March 1, 2023 – May 31, 2023)

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

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended May 31, 2023	105,529	9.7	13,883	6.0	11,471	5.8	6,372	2.3
Three months ended May 31, 2022	96,167	26.2	13,092	21.0	10,845	22.0	6,226	(29.9)

(Note) Comprehensive income: Three months ended May 31, 2023: ¥15,124 million (-40.5%)

Three months ended May 31, 2022: ¥25,425 million (7.2%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three months ended May 31, 2023	28.00	28.00
Three months ended May 31, 2022	27.36	27.36

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
May 31, 2023	1,607,484	461,011	28.0
February 28, 2023	1,559,592	451,711	28.2

(Reference) Equity: May 31, 2023: ¥449,518 million

February 28, 2023: ¥440,495 million

### 2. Dividends

	Annual Dividend				
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended February 28, 2023	—	25.00	—	25.00	50.00
Year ending February 29, 2024	—				
Year ending February 29, 2024 (projection)		25.00	—	25.00	50.00

(Note) Revisions to dividend forecast announced recently: None

### 3. Consolidated Earnings Projections for the Year Ending February 29, 2024 (March 1, 2023 - February 29, 2024)

(Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
First half, FY2023	220,000	13.3	27,500	20.5	22,500	21.4	15,000	110.6	65.91
Full-year	447,000	12.2	58,500	33.0	49,000	34.6	27,000	107.8	118.65

(Note) Revisions to earnings forecast announced recently: None

#### \* Notes

- (1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): None
- (2) Application of special accounting methods in the preparation of quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes of accounting-based estimates, revisions & restatements
  - [1] Changes in accounting policies due to changes in accounting standards, etc.: None
  - [2] Changes in accounting policies other than the above: None
  - [3] Changes in accounting estimates: None
  - [4] Revisions and restatements: None

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

[1] Number of shares outstanding at period-end (including treasury stock)	Three months ended May 31, 2023	227,559,339	Year ended February 28, 2023	227,559,339
[2] Treasury stock at period-end	Three months ended May 31, 2023	4,290	Year ended February 28, 2023	4,270
[3] Average number of shares during the period (quarterly cumulative)	Three months ended May 31, 2023	227,555,062	Three months ended May 31, 2022	227,544,939

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

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

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

The forward-looking statements, such as earnings projections, included in these materials are based on information currently available to the Company and certain assumptions it deems reasonable. They do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. See *1. Qualitative Information on Quarterly Financial Performance (3) Explanation of Consolidated Earnings Projections and Other Projections* on P.10 of the accompanying materials for assumptions used in earnings projections and matters to note when using earnings projections.

(Procedures for obtaining supplementary information on financial results)

The Company is scheduled to hold a briefing for institutional investors and analysts on July 12, 2023. The materials handed out at this briefing will be posted on the Company's website on July 11, 2023, and an audio recording of the briefing will be made available on the Company's website soon after the briefing has ended.

## Accompanying Materials — Contents

1. Qualitative Information on Quarterly Financial Performance	2
(1) Explanation of Operating Results	2
(2) Explanation of Financial Position	10
(3) Explanation of Consolidated Earnings Projections and Other Projections	10
2. Quarterly Consolidated Financial Statements and Notes	11
(1) Quarterly Consolidated Balance Sheets	11
(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	13
Quarterly Consolidated Statements of Income	
For the three months ended May 31, 2022 and May 31, 2023	13
Quarterly Consolidated Statements of Comprehensive Income	
For the three months ended May 31, 2022 and May 31, 2023	14
(3) Quarterly Consolidated Statement of Cash Flows	15
(4) Notes to the Quarterly Consolidated Financial Statements	16
Notes on the going concern assumption	16
Notes on significant changes in shareholders' equity	16
Changes in major consolidated subsidiaries during the period under review	16
Segment and other information	17
Significant subsequent events	17

## 1. Qualitative Information on Quarterly Financial Performance

### (1) Explanation of Operating Results

#### 1) Explanation of consolidated results of operations

AEON MALL Co., Ltd., creating the future of community living as we pursue our basic principle that the customer comes first. Under this management philosophy, as a *Life Design Developer* (Note) we defined our corporate activities as Heartful Sustainable.

In this way, we contribute to the development and revitalization of communities and society as a corporate citizen, striving to achieve sustainable societies through various initiatives.

We develop malls localized to the characteristics of each community we serve in Japan and around the world, contributing to better individual lifestyles and community growth. By continuing to provide solutions to local community and social issues, we aim to establish a position as a core facility offering social infrastructure functions in local communities. In May of this year, we formulated a new vision for 2030, *AEON MALL, Co-Creating With Our Communities*. Our goal here is to create sustainable societies and build a resilient organization in an era of increasing uncertainty. Together with our customers, local communities, partners, shareholders, investors, and other like-minded stakeholders, we strive to create, expand, and foster deeper connections, co-creating through activities that lead to sustainable futures for our communities.

(Note) Our definition of Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

We recorded record-high revenue for the consolidated first quarter of the current fiscal year. Operating revenue amounted to ¥105,529 million (+9.7% year on year), while operating income amounted to ¥13,883 million (+6.0%) and ordinary income amounted to ¥11,471 million (+5.8%) Despite posting ¥1,009 million in extraordinary losses, including ¥650 million in provision for loss on store closings with the decision to terminate management and operations of QUALITE PRIX (Hokkaido), we secured a year-on-year increase in net income attributable to owners of parent of ¥6,372 million (+2.3%).

#### ◆ Consolidated Earnings

(Million yen)

	FY2022 Q1	FY2023 Q1	Change [YoY]
Operating revenue	96,167	105,529	+9,362 [+9.7%]
Operating income	13,092	13,883	+791 [+6.0%]
Ordinary income	10,845	11,471	+625 [+5.8%]
Net income attributable to owners of parent	6,226	6,372	+146 [+2.3%]

## 2) Explanation of business performance by segment

### ◆ Earnings by Segment

(Million yen)

	Operating Revenue			Segment Income (Loss)		
	FY2022 Q1	FY2023 Q1	Change [YoY]	FY2022 Q1	FY2023 Q1	Change [YoY]
China	12,820	14,391	+1,571 [+12.3%]	2,426	2,501	+74 [+3.1%]
Vietnam	2,680	3,528	+848 [+31.6%]	765	1,093	+328 [+42.9%]
Cambodia	1,104	1,899	+794 [+71.9%]	250	97	(153) [-61.2%]
Indonesia	1,242	1,559	+316 [+25.5%]	(263)	(105)	+157 [—]
Other	—	—	— [—]	(3)	(3)	(0) [—]
Overseas	17,847	21,378	+3,531 [+19.8%]	3,175	3,582	+406 [+12.8%]
Japan	78,319	84,150	+5,831 [+7.4%]	9,909	10,294	+384 [+3.9%]
Adjustment	—	—	— [—]	6	6	— [+0.0%]
Total	96,167	105,529	+9,362 [+9.7%]	13,092	13,883	+791 [+6.0%]

#### a. Overseas

##### [Three months ended March 31, 2023 (Jan-Mar)]

The Company recorded higher revenue and profit overseas. Operating revenue amounted to ¥21,378 million (+19.8% year on year) and operating income in the amount of ¥3,582 million (+12.8%). The following describes the status of sales in each country. The accounting period for companies outside Japan is the year ending December 31; therefore, earnings for FY2023 Q1 reflect results from January through March 2023.

##### (China)

The Company recorded higher revenue and profit in China. Operating revenue amounted to ¥14,391 million (+12.3% year on year) and operating income in the amount of ¥2,501 million (+3.1%).

In the consolidated first quarter of the previous fiscal year, we closed malls temporarily across the regions we serve to mitigate the spread of COVID-19 beginning in mid-March. In the first quarter of the current consolidated fiscal year, however, economic activities and consumption in China have been active with the easing of zero-COVID policies in December 2022. In January, the Chinese New Year was celebrated for the first time in four years with no restrictions on activities. This development boosted purchasing demand in connection with trips to ancestral homes and travel during the Chinese New Year. In March, rising temperatures brought more opportunities for consumers to go outside, leading to strong sales in the apparel, sportswear, and shoes/bag industries. As a result, specialty store sales at existing malls (22 malls) during the consolidated first quarter were +21.8% compared with the year-ago quarter.

##### (Vietnam)

The Company recorded higher revenue and profit in Vietnam. Operating revenue amounted to ¥3,528 million (+31.6% year on year) and operating income in the amount of ¥1,093 million (+42.9%).

During the consolidated first quarter, citizens celebrated Tet, the Vietnamese Lunar New Year in January. Leading up to Tet, purchasing demand increased at all malls, especially for apparel, driving sales. In March, we attracted shoppers through promotions of International Women's Day, a commemorative day to express gratitude to women, and Earth Hour, an event encouraging energy conservation. As a result, specialty store sales at existing malls (6 malls) during the consolidated first quarter were +25.4% compared with the year-ago quarter.

(Cambodia)

The Company recorded operating revenue in Cambodia in the amount of ¥1,899 million (+71.9% year on year) and operating income of ¥97 million (-61.2%).

During the consolidated first quarter of the current fiscal year, restrictions on activities associated with COVID-19 were eased significantly. Our malls operated normally, and consumption trends showed signs of improvement. However, chronic traffic congestion caused by the construction of an overpass on Hun Sen Boulevard, the road in front of AEON MALL Meanchey (Phnom Penh City), which opened last December, affected the number of customers attracted. Construction is scheduled to continue until next June, and the government is currently working on congestion control and other measures. As a result, revenue increased due to the opening of a new mall in the previous fiscal year, but operating income decreased due to the impact of fewer customers than anticipated and vacant floor space caused by the opening of the mall during the COVID-19 pandemic.

(Indonesia)

The Company recorded higher revenue in Indonesia at ¥1,559 million (+25.5% year on year). Further, we recorded an improved operating loss of ¥105 million (an improvement of ¥157 million compared with an operating loss of ¥263 million in the consolidated first quarter of the previous fiscal year).

During the consolidated first quarter of the previous fiscal year, the government raised the level of activity restrictions, and we shortened operating hours, restricted admissions, etc., at our malls. However, with the transition to with-COVID-19 in the first quarter of the current fiscal year, activity restrictions were eased and the flow of activity began to normalize. This development led to an improvement in customer traffic at our malls. As a result, customer traffic at existing malls (4 malls) during the consolidated first quarter was +20.7% compared with the year-ago quarter.

#### **[Consolidated second quarter and beyond (April-)]**

In China, we are seeing a reactionary recovery compared to the period of strict government restrictions and temporary mall closures during the cumulative consolidated second quarter of the previous fiscal year. Specialty store sales at existing malls during the cumulative consolidated second quarter of the current fiscal year have been strong, increasing +82.6% for April and +33.5% for May compared to the respective year-ago periods.

In Vietnam, specialty store sales for existing malls (four malls) in the previous consolidated second quarter (three months) grew +49.8% compared with FY2019, which was a fiscal year not affected by COVID-19, mainly due to the governments shift to a with-COVID-19 policy. In contrast, specialty store sales at existing malls during the cumulative consolidated second quarter of the current fiscal year so far are -5.5% and -1.8% year on year for April and May, respectively. While a slowdown in economic growth has had some impact, growth remained high at +49.8% and +55.8% compared with FY2019 in April and May, respectively.

April customer traffic improved in Cambodia year on year; however, traffic continues to deviate from expected levels due to construction congestion on the road in front of AEON MALL Meanchey, our third mall in the country. The government has taken the initiative in developing a detour road for Hun Sen Boulevard, where overpass construction continues. The road was opened partially in June, and we will take measures to guide customers to the detour road.

In Indonesia, the number of customers visiting existing malls increased +47.7% year on year in April and +2.7% in May due to strong customer traffic during Lebaran (festival at end of the fasting period).

AEON MALL plans to open one new mall in China and one new logistics center in Cambodia during the current consolidated fiscal year. We opened the first phase of the Sihanoukville FTZ Logistics Center (Sihanouk Province) on June 26.

### New Overseas Properties Scheduled During the Second Quarter of Fiscal 2023

Country	Name	Location	Opening Date (Note 1)	Tenants	Lease Area (㎡) (Note 2)
Cambodia	Sihanoukville FTZ Logistics Center	Sihanoukville Province	June 26, 2023	—	19,400
China	AEON Mall Wuhan Jiangxia (tentative name)	Wuhan City, Hubei Province	FY2023	250	95,000

(Notes) 1. The fiscal year of the opening date is the fiscal year used in Japan. The accounting period for companies outside Japan is the year ending December 31.

2. Sihanoukville FTZ Logistics Center represents building area, not total lease area.

### b. Japan

#### [Three months ended May 31, 2022 (March to May)]

The company recorded higher revenue and profit in Japan. Operating revenue amounted to ¥84,150 million (+7.4% year on year) and operating income in the amount of ¥10,294 million (+3.9%).

The wearing of masks as a measure against COVID-19 has been left to individual choice since March 13. The Japanese government lowered the classification of COVID-19 under the Act on the Prevention of Infectious Diseases to category 5 on May 8. These developments led quickly to an improved willingness on the part of customers to leave the home and shop, resulting in a dramatic improvement in consumption trends. During Golden Week, we held more than 1,000 events at AEON MALL locations nationwide, including collaborative events with popular animation studios and workshops to learn programming, to deliver exciting and enjoyable experiences to children who endured much under COVID-19, not to mention attract more customers as family units.

AEON MALL Makuhari Shintoshin (Chiba Prefecture) held various events in collaboration with the local government surrounding the March opening of Makuhari Toyosuna Station, a new station on the JR Keiyo Line. Combined with the impact of the April mall renovation, sales and customer traffic were strong—above average for AEON MALL facilities.

Reflecting these results, specialty store sales at existing malls (91 malls) during the consolidated first quarter were +8.0% compared with the year-ago quarter.

We plan to open four new facilities during the current consolidated fiscal year, including AEON MALL Toyokawa (Aichi Prefecture) and THE OUTLETS SHONAN HIRATSUKA (Kanagawa Prefecture), both opened in April. We completed renovations of seven existing malls.

#### New Japanese Properties Opened During the Three Months Ended May 31, 2023

Name	Location	Opening Date	Tenants	Lease Area (㎡)
Features				
AEON MALL Toyokawa	Aichi Prefecture	April 4, 2023	190	63,000
The facility offers a relaxing space for community residents to gather and mingle in a lush garden atmosphere, as well as an outdoor plaza for sports. In addition, the facility works hand-in-hand with the local community to address environmental issues. The mall features a solar carport boasting a power generation capacity of 1,300 kW, biogas power generation using food waste generated within the facility, and an air conditioning control system utilizing AI cameras.				
THE OUTLETS SHONAN HIRATSUKA	Kanagawa Prefecture	April 28, 2023	150	33,000
As the third location under THE OUTLETS category of regional innovative commercial facilities, THE OUTLETS SHONAN HIRATSUKA offers not only an outlet shopping experience, but also hands-on activities enjoyed through all five senses, as only a brick-and-mortar facility can. This facility focuses on sports, health, and the outdoors, and provides a lush green environment to relax and heal mind and body. We are working with Hiratsuka City, Shonan Bellmare, and other entities to foster harmony with the local community.				

### [Consolidated second quarter and beyond (June-)]

New properties in Japan scheduled to open after the second quarter of the current consolidated fiscal year are AEON MALL Yokohama Nishiguchi (Kanagawa Prefecture; tentative name) and JIYUGAOKA de aone (Tokyo) in the fall of this year. We intend to grow earnings at existing facilities by pursuing aggressive floor space expansion and renovations, while opening new facilities that take advantage of the characteristics of the locations where they are situated. In addition, we aim to expand sales further by leveraging the increase in average customer spend due to inflation as an opportunity to introduce tactics to maximize customer traffic during the summer vacation period.

#### New Japanese Properties Scheduled to Open in the Second Quarter of Fiscal 2023 and Later

Name	Location	Opening Date	Tenants	Lease Area (㎡)
AEON MALL Yokohama Nishiguchi (tentative name)	Kanagawa Prefecture	Fall 2023	TBA	20,000
JIYUGAOKA de aone	Tokyo Prefecture	Fall 2023	27	4,900

### 3) Growth Measures and New Initiatives

The Company has defined a long-term vision through the fiscal year ending February 2026 (FY2025) by which we will pursue our management philosophy and achieve further business growth.

Vision for 2025
(1) Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation. (2) Make AEON MALL a leading global commercial developer with consolidated operating income of ¥85,000 million. (3) Conduct floor space expansions and renovations in Japan to become the overwhelmingly dominant mall in each region. (4) Secure overseas growth markets, aiming for an overseas business mall network of 50 malls and operating income of ¥27,000 million (operating margin of 20%).

Based on the long-term vision above, we formulated a medium-term management plan (FY2023-FY2025), the first year of which is the fiscal year ending February 2024 (FY2023). Under this plan, we will engage in ESG management as a measure of growth. To evolve ESG management further, we (1) pursue regional shift in Japan and overseas and (2) create a Health and Wellness platform, aiming for sustainable growth through truly integrated ESG management that creates economic, social, and environmental value for our stakeholders. Specifically, we develop growth measures to discover and commercialize business opportunities in overseas growth markets, pursue business model innovation in Japan, and create business models that break from existing business frameworks. We also strive to build strong financial foundations and resilient organizations from the perspective of sustainability.

#### ■ Initiatives

##### (Pursue Regional Shift in Japan and Overseas)

In today's societies, issues faced by each country and region are becoming more diverse and complex, including issues related to demographic changes. We pursue business development in co-creation with local stakeholders to address the issues and needs of each region through detailed market analysis and surveys focusing on local living areas, rather than uniformly across the country in question. Providing central facilities in the AEON Lifestyle Zone (Note), we strengthen cooperation with AEON Group companies to provide products, services, and lifestyle infrastructure seamlessly, working from the perspective of local consumers.

(Note) One of the growth strategies of the Aeon Group, which enriches lives by providing community-based products, services, and lifestyle infrastructure seamlessly by combining the comprehensive strengths of Aeon Group companies.

##### (Create a Platform for Health and Wellness)

We are creating community-based health and wellness platforms that support not only the physical and mental health of our customers, but also the health of local communities and the environment. To this end, we continue to foster well-being in our communities by deepening the value we provide to local residents through the discovery of wellness-related tenants based in comfortable and pleasant facilities, the formation of new curated zones, and initiatives to create new wellness-related businesses.



## **Growth Initiatives**

### **(Discover and Commercialize Business Opportunities in Overseas Growth Markets)**

We continue to search for and secure properties in high-growth areas, accelerating new mall openings as we aim to achieve a 50-mall network by the end of fiscal 2025. In Vietnam, our most important area for new mall openings, we are pursuing area-dominant mall openings focused on Ho Chi Minh City in the south, Hanoi in the north, and cities in the central area of the country. In China, we plan to accelerate the opening malls in the high-growth inland Hubei and Hunan Provinces, treating these provinces as priority areas.

We intend to move away from a single mall format to a new value creation model tailored to the characteristics of each region, exploring new business opportunities outside the framework of commercial facilities through deeper research into the issues facing each country and region.

- Opening a second mall in Hunan Province, China.

In China, we plan to open AEON MALL Changsha Xingsha (Changsha City, Hunan Province) in 2024, the first in our designated priority area, Hunan Province. In addition, we made the decision to open a second mall in Hunan Province, AEON MALL Changsha Xiangjiang Xinqu (Changsha City, Hunan Province), in 2025. Hunan Province is located in central China, and Changsha City, the capital of Hunan Province, is experiencing strong economic growth. The population of the province increased by more than 3 million in the last 10 years. We signed a comprehensive cooperation agreement with the Changsha City Government in May 2021 (to open five malls in five years), and we will continue to provide new value to the region as we aim for sustainable growth.

- Logistics solutions in Cambodia

In Cambodia, we opened the first phase warehouse of the Sihanoukville FTZ Logistics Center in June 26 this year. This logistics center will serve as a base for our new logistics business. The center makes it possible for non-residents to maintain inventory, thereby ensuring a stable supply of goods for international shipments. In addition, all customs clearance and warehousing operations can be handled in-house at the center, providing seamless support. Located in a special economic zone adjacent to the Port of Sihanoukville, which processes the largest cargo volume in the country, the center is expected to grow into a new hub in the Southeast Asia area as cargo volume increases in tandem with Cambodia's economic development.

### **(Pursue Business Model Innovation in Japan)**

The external environment in Japan can be characterized by a declining population, labor shortages due to falling birthrates and an aging population, high construction unit prices due to soaring materials costs, and a declining willingness of specialty store operators, particularly in the apparel industry, to open new stores. Major issues in the internal environment include stagnation in specialty store sales, particularly in the apparel industry, and the decline in investment efficiency due to soaring construction costs. Taking advantage of dramatic and seemingly daily changes in the business environment, we strive to strengthen our ability to attract customers and improve profitability in Japan by introducing reforms into existing business models to respond to developing regional issues, customer values, and latent needs. In this context, we intend to diversify our value offerings to the market, improve profitability through the effective use of existing assets, improve operational efficiencies and convenience through digital technologies, and implement fundamental business structure reforms.

- Comfortable spaces that engage the five senses

As consumer behavior and purchasing habits change at an accelerating pace, AEON MALL strives to improve our ability to attract customers by creating customer experiences (customer experiential value) and maximizing the appeal of brick-and-mortar malls. As customer needs for open and comfortable outside zones increase, we incorporate mechanisms to appeal to the five senses for comfort and ease, striving to create facility environments that will become a place of relaxation for our customers.

THE OUTLETS SHONAN HIRATSUKA makes the most of its open-air environment, with planted landscapes throughout and an open space with green terrace seating in the center of the facility, creating a comfortable environment in which visitors enjoy shopping while strolling through the park-like setting. The event court is equipped with a large LED vision system boasting a 300-inch screen. Artificial turf has been laid over the court, creating a space for relaxation, sports viewing and other entertainment events, not to mention opportunities to eat and drink while watching the events.

- Secure Revenue Opportunities Through the Effective Use of Existing Assets

FULALI KYOBASHI (Osaka Prefecture) will open in July this year as a temporary facility until the redevelopment of the former AEON Kyobashi site. By arranging a variety of food and beverage zones and an event plaza with a maximum area of approximately 8,500 m<sup>2</sup> in front of the station, we will create a new place for relaxation and information in the Kyobashi area, generating a sense of anticipation among customers for the future redevelopment project. In addition, as a new format different from a traditional shopping mall, we plan to launch a proof-of-concept test for the PARADE MARKET, a mobile vending business using AEON MALL mobile vending vehicles and stall location rental services.

- Mall opening models tailored to each market

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

JYUGAOKA de aone, scheduled to open this fall, will be located near the Jiyugaoka Station, the largest commercial area in Meguro-ku, Tokyo. This area is home to many unique specialty stores, restaurants, and facilities located for convenient access. A lush green terrace of approximately 1,000m<sup>2</sup> will serve as a space for local residents to gather and relax, including a variety of hands-on and social events (yoga, food market, etc.) to enjoy throughout the year.

- Implement Fundamental Business Structure Reforms

While we strive to deepen existing businesses amid accelerating changes in the external environment and in customer values, certain of our facilities have not responded to these changes sufficiently. The ability of these facilities to attract customers and generate cash flow has been in decline due to sluggish profitability. We are engaged in increasing competitiveness and improving operational efficiencies within the market area, including investments in revitalization. In addition, we are also moving forward with initiatives aimed at fundamental structural reforms from aspects of real estate and finances. In June of this year, we decided to terminate the management and operation of QUALITE PRIX. We continue to implement fundamental business reforms designed to maximize future operating income.

### **(Create New Business Models That Break From Existing Business Frameworks)**

In an era of rapid and uncertain change, we not only develop existing businesses, but also focus on creating new businesses for new value and new initiatives to expand our business domains.

In March of this year, we entered into a capital and business alliance with Marimo Co., Ltd., whose core businesses are condominiums and income-producing real estate. Our aim in this relationship is to expand our business into social businesses that address social issues. We intend to pursue redevelopment and mixed-use development projects in urban areas under a shared philosophy of community co-creation with Marimo.

AEON MALL launched a corporate venture capital (CVC) arm through which we will invest in startup companies to create new businesses. The Life Design Fund brings together cutting-edge technology and expertise from startup companies for new value, helping us take on the challenge of creating new business value through solutions for local issues and the advancement of mall operations.

- Create a Sustainable Logistics Network

In response to the growing seriousness of logistics issues, including driver shortages, soaring fuel prices, and the new overtime caps for drivers beginning in 2024, we launched a joint delivery service initiative reaching from the Kinki and Tokai regions to the Nagoya area. In addition to achieving cost reductions and maintaining logistics service quality for partner store operators, we will create a sustainable logistics network engaged in measures that include the use of standardized packing materials and hangers, etc.

### **■Foundation Building**

#### **(Build Strong Financial Foundations and Resilient Organizations From the Perspective of Sustainability)**

Amid a rapidly and dramatically changing business environment, we build strong financial foundations and resilient organizations from the perspective of sustainability, supporting our pursuit of regional shift in Japan and overseas and the creation of a Health and Wellness platform as we exercise truly integrated ESG management. In this way, we structure a strong management foundation capable of sustainable growth by pursuing a finance mix and asset portfolio optimization,

strengthening our management supervision function and establish a nimble business execution system, and leveraging human capital, which is our most important management resource.

- Biogas power generation that contributes to circular economies

As part of our efforts to create malls that incorporate the concept of circular economies (Note), we pursue initiatives to recycle resources generated in malls, such as de-plasticization, food recycling, and clothing collection.

AEON MALL Toyokawa, which opened in April this year, uses food waste generated in the facility as biogas energy. All electricity generated via biogas is consumed in the mall. The mall will be a model of waste disposal reduction, mitigating impacts on the local community environment by limiting untreated food waste.

(Note) In addition to conventional 3Rs (Reduce, Reuse, Recycle), these are economic activities that generate added value through a shift to services, making effective use of stock, while also limiting resource investment and consumption. The aim here is to maximize the value of resources and products, minimize resource consumption, and prevent the generation of waste.

- Launch of the V2AEON MALL EV, customer-participatory recharging service

In May of this year, we launched the V2AEON MALL service at three of our malls in the Kansai area. Our aim here is to create locally produced, locally consumed renewable energy ("Renewable Energy") together with local customers, leading to decarbonized societies within our facilities.

Under this service, customers who discharge electricity generated at home (surplus electricity) to the mall via their EVs will earn points representing their cooperation in efforts to create a decarbonized society. Through this customer-participatory renewable energy circulation platform, we will contribute to opportunities for customers to choose renewable energy for use at home.

- Platinum Eruboshi certification

In March of this year, we received the Platinum Eruboshi certification recognizing outstanding companies under the Act on the Promotion of Women's Active Engagement in Professional Life. The certification is granted by the Minister of Health, Labour and Welfare to particularly outstanding companies for achieving action plan goals and initiatives for the empowerment of women. The certification recognized AEON MALL for our wide-ranging choices in work styles and other initiatives, including training for female management candidates and the evaluation of employees for promotion and advancement regardless of restrictions due to current life stages, creating an environment in which everyone is given a fair chance to take on challenges. We also set up 22 AEON Yume-Mirai Nursery Schools, which are on-site childcare facilities designed to support the activities of employees who work while raising children. In 2019, we introduced our own Childcare Leave Assistance Grant (Ikubosu Support Grant System) to encourage men to take childcare leave.

## **(2) Explanation of Financial Position**

### **1) Assets, Liabilities and Net Assets**

#### **Assets**

Total assets amounted to ¥1,607,484 million, up ¥47,891 million compared to the end of the prior consolidated fiscal year. This result was mainly due to investments of ¥46,322 million, in excess of depreciation and amortization expense of ¥18,039 million, incurred for the opening of new malls, the revitalization of existing malls, and upfront costs for purchasing land for existing malls and for future mall development, leading to an increase in property, plant and equipment of ¥36,829 million. Cash and deposits increased ¥7,429 million. These increases were offset in part by a ¥15,000 million decrease in deposits paid to affiliates (included in other current assets).

#### **Liabilities**

Total liabilities stood at ¥1,146,472 million, up ¥38,590 million from the end of the prior consolidated fiscal year. This result was mainly due to an increase of ¥25,352 million in lease obligations (included in *lease obligations* under current liabilities), an increase of ¥14,046 million in deposits received from specialty stores, and an increase of ¥10,000 million in bonds (including current portion). These increases were offset in part by a decrease of ¥10,461 million in accounts payable-other related to facilities (included in *other* under current liabilities).

#### **Net assets**

Net assets totaled ¥461,011 million, up ¥9,300 million compared to the end of the previous consolidated fiscal year. This result was mainly due to an increase of ¥683 million in retained earnings stemming from the recording of ¥6,372 million in net income attributable to owners of parent and ¥5,688 million in dividend payments, as well as an increase in foreign currency translation adjustment of ¥8,129 million.

### **2) Cash Flows**

Cash and cash equivalents (“Cash”) as of the end of first three months of the consolidated first quarter amounted to ¥96,358 million, down ¥4,742 million from the end of the prior consolidated fiscal year.

Cash flows in the period under review were as follows:

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

Net cash provided by operating activities amounted to ¥33,462 million, compared to net cash provided of ¥29,442 million for the same period in the prior fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥10,462 million (¥10,029 million in the year-ago period), depreciation and amortization of ¥18,039 million (¥16,794 million in the year-ago period), and an increase in deposits received from specialty stores of ¥13,979 million (¥18,045 million in the year-ago period). These amounts were offset in part by income taxes paid of ¥5,435 million (¥6,080 million in the year-ago period).

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

Net cash used in investing activities amounted to ¥38,713 million, compared to cash flows of ¥19,375 million in the previous consolidated fiscal year. This result was mainly due to payments for purchases of property, plant and equipment in the amount of ¥32,431 million (¥16,210 million in the previous consolidated fiscal year), including payments for facilities at THE OUTLETS KITAKYUSHU (Fukuoka Prefecture), which opened in the previous consolidated fiscal year, and AEON MALL Toki (Gifu Prefecture), as well as for upfront costs for the purchase of land for future development.

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

Net cash used in financing activities amounted to ¥2,219 million, compared to net cash provided of ¥28,640 million for the same period in the prior fiscal year. This result was mainly due to proceeds from issuance of bonds in the amount of ¥40,000 million (¥40,000 million in the year-ago period) and proceeds from long-term debt of ¥14,483 million (proceeds of ¥23,026 million in the year-ago period). During the same period, the company made cash outlays for redemptions of bonds of ¥30,000 million (no redemptions in the year-ago period), repayments of long-term debt of ¥15,236 million (¥23,638 million in the year-ago period), dividend payments of ¥5,688 million (¥5,688 million in the year-ago period), and repayments of lease obligations of ¥5,520 million (¥4,796 million in the year-ago period).

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

We have made no changes to the full-year consolidated earnings projections as announced April 11, 2023.

## 2. Quarterly Consolidated Financial Statements and Notes

### (1) Quarterly Consolidated Balance Sheets

(Million yen)

	As of February 28, 2023	As of May 31, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	92,683	100,112
Notes and accounts receivable-trade	14,689	14,754
Other	77,846	70,333
Allowance for doubtful receivables	(760)	(763)
Total current assets	184,459	184,437
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	682,086	681,894
Land	364,533	371,459
Right-of-use assets (net)	154,373	180,302
Other, net	55,770	59,935
Total property, plant and equipment	1,256,763	1,293,592
Intangible assets	3,456	3,414
Investments and other assets		
Lease deposits paid	51,095	51,820
Other	63,873	74,273
Allowance for doubtful receivables	(54)	(54)
Total investments and other assets	114,913	126,039
Total fixed assets	1,375,133	1,423,046
Total assets	1,559,592	1,607,484

(Million yen)

	As of February 28, 2023	As of May 31, 2023
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable–trade	12,655	12,938
Bonds due within one year	70,000	90,000
Current portion of long-term debt	39,365	45,013
Lease obligations	22,406	22,966
Income taxes payable	5,787	3,601
Deposits received from specialty stores	47,225	61,271
Allowance for employee bonus	1,336	1,176
Allowance for director and corporate auditor performance-based remuneration	75	13
Other	71,393	61,135
Total current liabilities	270,246	298,115
Long-term liabilities		
Straight bonds	365,000	355,000
Long-term debt	194,463	189,064
Lease obligations	102,963	127,756
Accrued retirement benefits to employees	305	413
Asset retirement obligations	20,038	18,758
Lease deposits from lessees	148,267	150,226
Provision for loss on store closing	2,017	2,667
Other	4,577	4,469
Total long-term liabilities	837,634	848,356
Total liabilities	1,107,881	1,146,472
Net assets		
Shareholders' equity		
Common stock	42,381	42,381
Capital surplus	40,700	40,700
Retained earnings	317,279	317,962
Treasury stock, at cost	(7)	(7)
Total shareholders' equity	400,353	401,037
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,120	1,296
Foreign currency translation adjustment	39,474	47,604
Remeasurements of defined benefit plans	(453)	(419)
Total accumulated other comprehensive income	40,141	48,481
Stock acquisition rights	27	38
Non-controlling interests	11,187	11,454
Total net assets	451,711	461,011
Total liabilities and net assets	1,559,592	1,607,484

**(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income**  
**(Quarterly Consolidated Statements of Income)**  
**(For the three months ended May 31, 2022 and May 31, 2023)**

(Million yen)

	FY2022 Q1 March 1 - May 31, 2022	FY2023 Q1 March 1 - May 31, 2023
Operating revenue	96,167	105,529
Operating costs	75,979	83,592
Gross profit	20,188	21,937
Selling, general and administrative expenses	7,096	8,054
Operating income	13,092	13,883
Non-operating profits		
Interest income	368	526
Compensation paid by departing tenants	332	345
Gain on valuation of derivatives	632	177
Compensation income	248	72
Other	137	166
Total non-operating profits	1,719	1,287
Non-operating expenses		
Interest expenses	2,815	3,059
Foreign exchange losses	834	264
Other	316	375
Total non-operating expenses	3,966	3,699
Ordinary income	10,845	11,471
Extraordinary gains		
Gain on sale of fixed assets	—	0
Insurance income	225	—
Total extraordinary gains	225	0
Extraordinary losses		
Loss on sale of fixed assets	0	0
Loss on retirement of fixed assets	143	359
Provision for loss on store closings	—	650
Loss due to COVID-19	747	—
Other	151	—
Total extraordinary losses	1,042	1,009
Income before income taxes	10,029	10,462
Income tax – current	2,922	3,471
Income tax – deferred	871	576
Total income taxes	3,793	4,047
Net income	6,235	6,414
Net income attribute to non-controlling interests	9	42
Net income attributable to owners of parent	6,226	6,372

**(Quarterly Consolidated Statements of Comprehensive Income)**  
**(For the three months ended May 31, 2022 and May 31, 2023)**

(Million yen)

	FY2022 Q1 March 1 - May 31, 2022	FY2023 Q1 March 1 - May 31, 2023
Net income	6,235	6,414
Other comprehensive income		
Net unrealized gain on available-for-sale securities	1	176
Foreign currency translation adjustment	19,154	8,500
Remeasurements of defined benefit plans	33	33
Total other comprehensive income	19,189	8,710
Comprehensive income	25,425	15,124
Comprehensive income (loss) attributable to:		
Owners of parent	24,912	14,712
Non-controlling interests	513	412



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

(Million yen)

	FY2022 Q1 March 1 - May 31, 2022	FY2023 Q1 March 1 - May 31, 2023
<b>Cash flows from operating activities</b>		
Income before income taxes	10,029	10,462
Depreciation and amortization	16,794	18,039
Increase (decrease) in provision for loss on store closing	—	650
Interest and dividend income	(383)	(541)
Interest expenses	2,815	3,059
Decrease (increase) in receivables—trade accounts	(4,269)	140
Increase (decrease) in payables—trade accounts	993	240
Increase (decrease) in deposits received from specialty stores	18,045	13,979
Other	(5,982)	(4,350)
Subtotal	38,043	41,680
Interest and dividends received	529	476
Interest paid	(3,050)	(3,258)
Income taxes paid	(6,080)	(5,435)
Net cash provided by (used in) operating activities	29,442	33,462
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(16,210)	(32,431)
Proceeds from sales of property, plant and equipment	1	0
Payment of lease deposits to lessors	(131)	(1,331)
Reimbursement of lease deposits to lessors	195	320
Repayment of lease deposits from lessees	(2,990)	(3,279)
Proceeds from lease deposits from lessees	3,387	4,916
Other payments	(7,318)	(11,752)
Other proceeds	3,691	4,845
Net cash provided by (used in) investing activities	(19,375)	(38,713)
<b>Cash flows from financing activities</b>		
Repayment of lease obligations	(4,796)	(5,520)
Proceeds from long-term debt	23,026	14,483
Repayment of long-term debt	(23,638)	(15,236)
Proceeds from issuance of bonds	40,000	40,000
Redemption of bonds	—	(30,000)
Purchase of treasury stock	(0)	(0)
Dividends paid	(5,688)	(5,688)
Dividends paid to non-controlling interests	(6)	(6)
Other	(256)	(250)
Net cash provided by (used in) financing activities	28,640	(2,219)
Foreign currency translation adjustments on cash and cash equivalents	8,497	2,728
Net increase (decrease) in cash and cash equivalents	47,205	(4,742)
Cash and cash equivalents at beginning of the period	82,973	101,101
Cash and cash equivalents at end of the period	130,178	96,358

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

**Notes on the going concern assumption**

Not applicable

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

Not applicable

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

Not applicable

Although not a specified subsidiary, we established AEON MALL (CHANGSHA) BUSINESS MANAGEMENT CO., LTD. and Changsha Wangcheng Mall Investment Limited during the first quarter of the current consolidated fiscal year and added these entities to the scope of consolidation.

## Segment and Other Information

### Segment information

#### I. Three Months Ended May 31, 2022

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

(Million yen)

	Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas) (Note 1)	Total	Adjustments (Note 2)	Amount to quarterly consolidated statements of income (Note 3)
Operating revenue									
Operating revenue from external customers	78,319	12,820	2,680	1,104	1,242	—	96,167	—	96,167
Intersegment operating revenue or transfers	—	—	—	—	—	—	—	—	—
Total	78,319	12,820	2,680	1,104	1,242	—	96,167	—	96,167
Segment Income (Loss)	9,909	2,426	765	250	(263)	(3)	13,085	6	13,092

(Notes) 1. Other (Overseas) represents Myanmar, etc.

2. Adjustments to segment profit (loss) reflect unrealized profits on intersegment transactions.

3. Segment profit (loss) adjustment reflected in operating income on the quarterly consolidated statement of income.

##### 2. Matters related to changes in reportable segments

Not applicable

#### II. Three Months Ended May 31, 2023

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

(Million yen)

	Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas) (Note 1)	Total	Adjustments (Note 2)	Amount to quarterly consolidated statements of income (Note 3)
Operating revenue									
Operating revenue from external customers	84,150	14,391	3,528	1,899	1,559	—	105,529	—	105,529
Intersegment operating revenue or transfers	—	—	—	—	—	—	—	—	—
Total	84,150	14,391	3,528	1,899	1,559	—	105,529	—	105,529
Segment Income (Loss)	10,294	2,501	1,093	97	(105)	(3)	13,877	6	13,883

(Notes) 1. Other (Overseas) represents Myanmar, etc.

2. Adjustments to segment profit (loss) reflect unrealized profits on intersegment transactions.

3. Segment profit (loss) adjustment reflected in operating income on the quarterly consolidated statement of income.

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

Not applicable

### Significant subsequent events

Not applicable