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

January 11, 2024

Company name: AEON MALL Co., Ltd.

Stock Exchange Listing: TSE

Stock code: 8905

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

Representative: Yasutsugu Iwamura, President and CEO

Scheduled date of filing of quarterly report: January 12, 2024

Starting date of dividend payment: —

Preparation of supplementary materials for quarterly financial results: Yes

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

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

1. Consolidated Financial Results for the Third Quarter of the Fiscal Year Ending February 2024 (March 1, 2023 – November 30, 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	%
Nine months ended November 30, 2023	313,859	6.5	34,145	5.1	27,222	2.2	14,709	41.1
Nine months ended November 30, 2022	294,600	26.3	32,499	14.6	26,624	12.1	10,428	(36.6)

(Note) Comprehensive income: Nine months ended November 30, 2023: ¥53,934 million (-19.6%)

Nine months ended November 30, 2022: ¥67,063 million (84.5%)

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine months ended November 30, 2023	64.64	64.63
Nine months ended November 30, 2022	45.83	45.82

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
November 30, 2023	1,645,173	494,132	29.3
February 28, 2023	1,559,592	451,711	28.2

(Reference) Equity: November 30, 2023: ¥481,688 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	—	25.00	—		
Year ending February 29, 2024 (projection)			—	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
Full-year	447,000	12.2	58,500	33.0	49,000	34.6	27,000	107.8	118.65

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

* Notes

(1) Material changes in consolidated subsidiaries during the period (changes in specific subsidiaries resulting in a change in the scope of consolidation): 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)	Nine months ended November 30, 2023	227,560,939	Year ended February 28, 2023	227,559,339
[2] Treasury stock at period-end	Nine months ended November 30, 2023	4,634	Year ended February 28, 2023	4,270
[3] Average number of shares during the period (quarterly cumulative)	Nine months ended November 30, 2023	227,555,671	Nine months ended November 30, 2022	227,549,925

* 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.13 of the accompanying materials for assumptions used in earnings projections and matters to note when using earnings projections.

(Procedures for obtaining supplementary information on financial results)

The Company is scheduled to hold a briefing for institutional investors and analysts on January 12, 2024. The materials handed out at this briefing will be posted on the Company's website on January 11, 2024, and an audio recording of the briefing will be made available on the Company's website soon after the briefing has ended.

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1. Qualitative Information on Quarterly Financial Performance

(1) Explanation of Operating Results

1) Explanation of consolidated results of operations

AEON MALL Co., Ltd. is creating the future of community living as we pursue our basic principle that the customer comes first. Under this management philosophy, we operate as a *Life Design Developer* (Note), defining our corporate activities as *Heartful Sustainable*. Under this management philosophy, 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 establish our position as a core facility offering social infrastructure functions in local communities. In May, 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.

The Company recorded record-high revenue for the nine months ended November 30, 2023. Operating revenue amounted to ¥313,859 million (+6.5% year on year), while operating income amounted to ¥34,145 million (+5.1%) and ordinary income amounted to ¥27,222 million (+2.2%). The Company recorded ¥1,394 million in extraordinary losses, including ¥650 million in provision for loss on store closings in connection with our decision to end management and operations of QUALITE PRIX (Hokkaido). During the nine months ended November 30, 2022, we also recorded extraordinary losses of ¥8,985 million, including ¥2,040 million in loss of impact of COVID-19, ¥2,468 million in losses on disposal of fixed assets, impairment losses of ¥1,731 million, and ¥2,017 million in provision for loss on store closings. Reflecting a ¥7,297 million improvement in extraordinary gains and losses, income before income taxes and other adjustments amounted to ¥25,828 million, a 44.0% increase year on year. As a result, net income attributable to owners of parent increased to ¥14,709 million (+41.1%).

◆ Consolidated Earnings

(Million yen)

	FY2022 Q3	FY2023 Q3	Change [YoY]
Operating revenue	294,600	313,859	+19,259 [+6.5%]
Operating income	32,499	34,145	+1,646 [+5.1%]
Ordinary income	26,624	27,222	+598 [+2.2%]
Net income attributable to owners of parent	10,428	14,709	+4,281 [+41.1%]

2) Explanation of business performance by segment

◆ Earnings by Segment

(Million yen)

	Operating Revenue			Segment Income (Loss)		
	FY2022 Q3	FY2023 Q3	Change [YoY]	FY2022 Q3	FY2023 Q3	Change [YoY]
China	40,295	43,405	+3,110 [+7.7%]	5,663	5,350	(312) [-5.5%]
Vietnam	9,398	10,958	+1,559 [+16.6%]	2,288	2,879	+590 [+25.8%]
Cambodia	3,968	6,190	+2,221 [+56.0%]	975	315	(660) [-67.7%]
Indonesia	4,338	5,323	+985 [+22.7%]	(756)	(236)	+520 [—]
Other	—	—	— [—]	(10)	(9)	+1 [—]
Overseas	58,001	65,878	+7,876 [+13.6%]	8,160	8,299	+138 [+1.7%]
Japan	236,859	248,278	+11,419 [+4.8%]	24,319	25,826	+1,507 [+6.2%]
Adjustment	(260)	(297)	(36) [—]	18	18	— [+0.0%]
Total	294,600	313,859	+19,259 [+6.5%]	32,499	34,145	+1,646 [+5.1%]

a. Overseas

[Nine months ended September 30, 2023 (January to September)]

The Company recorded higher revenue and profit overseas. Operating revenue amounted to ¥65,878 million (+13.6% year on year) and operating income in the amount of ¥8,299 million (+1.7%). The following describes the status of sales in each country. Accordingly, figures presented herein for the cumulative consolidated third quarter reflect overseas results for January through September.

(China)

In China, the Company recorded operating revenue of ¥43,405 million (+7.7% year on year) and operating income of ¥5,350 million (-5.5%). During the nine months ended November 30, 2022, we incurred ¥1,915 million in fixed costs related to temporary mall closures due to COVID-19. We recorded this amount as loss of impact of COVID-19, transferring the amount from operating costs to extraordinary losses, and posted a ¥312 million decrease in operating income.

During the period, the Zero-COVID policy of the government was eased in December, 2022, and customer traffic to our malls began to recover. Despite concerns of a slowdown in economic growth in China due to the sluggish real estate market and other factors, our malls performed well, particularly in the food and beverage and amusement sectors. On July 28, we reopened an expanded version of AEON MALL Wuhan Jingkai (Wuhan City, Hubei Province), our flagship store in China. Reflecting these results, specialty store sales at existing malls (21 malls) during the consolidated first quarter were +24.7% compared with the year-ago quarter.

(Vietnam)

The Company recorded higher revenue and profit in Vietnam. Operating revenue amounted to ¥10,958 million (+16.6% year on year) and operating income in the amount of ¥2,879 million (+25.8%).

Specialty store sales at existing malls (6 malls) for the cumulative consolidated third quarter were up +6.0% compared with the previous consolidated fiscal year. In addition to the impact of sluggish external demand, affected by an increase in unemployment among young people in connection with bankruptcies of export product factories beginning April and a slowdown in economic growth due to power shortages, we saw a negative rebound from the same period in the previous fiscal year due to the government's transition to a With-COVID, which spurred strong sales stemming from pent-up demand. As a result, specialty

store sales at existing malls in the second quarter (April-June) and third quarter (July-September) of the current fiscal year trended below the previous year's results. However, compared to FY2019, which was not impacted by COVID-19, growth remained a high +47.6% (4 malls).

(Cambodia)

In Cambodia, the Company recorded operating revenue of ¥6,190 million (+56.0% year on year) and operating income of ¥315 million (-67.7%). Revenue increased due to the opening of our third mall in the country, AEON MALL Meanchey (Phnom Penh City) in December 2022. However, operating income decreased due in part to the impact of fewer customers than anticipated and vacant floor space caused by the opening of a mall during the COVID-19 pandemic, contributing to lower operating revenues than projected.

During the cumulative consolidated third quarter, restrictions on activities associated with COVID-19 were eased significantly. Our malls operated normally; however, chronic traffic congestion caused by the construction of an overpass on Hun Sen Boulevard, the road in front of AEON MALL Meanchey. Although the government-led construction of detour roads is underway and the authorities are directing traffic, the area continues to be severely impacted in terms of attracting customers. Inbound demand declined at existing malls, particularly from Chinese tourists. As a result, specialty store sales at existing malls (2 malls) during the cumulative consolidated third quarter fell -10.1% compared with the year-ago period.

(Indonesia)

The Company recorded higher revenue in Indonesia at ¥5,323 million (+22.7% year on year). However, we recorded an operating loss of ¥236 million (compared with an operating loss of ¥756 million in the cumulative consolidated third quarter of the previous fiscal year). We incurred this operating loss partly due to the impact of vacant floor space at AEON MALL Tanjung Barat (South Jakarta), which opened during COVID-19 in FY2021. The vacancy situation has been improving, which led to a narrower loss by ¥520 million compared to the previous consolidated fiscal year.

During the cumulative consolidated third quarter, we saw an improving trend in customer traffic with the transition to With-COVID, eased behavioral restrictions, and normalized movement of customers to our malls. In connection with the 78th anniversary of Indonesia's independence, we held sales programs and events in August in collaboration with all specialty stores to improve branding and attract more customers. Our first mall in the country, AEON MALL BSD CITY (Banten Province), completed a second phase of renovation to upgrade 44 stores, following the first phase of renovation in 2021. As a result, customer traffic at existing malls (4 malls) during the cumulative consolidated third quarter was up +21.6% compared with the year-ago period.

We plan to open two facilities during the current consolidated fiscal year overseas. In Cambodia, we opened the Sihanoukville FTZ Logistics Center (Sihanouk Province), which will serve as a base for our new logistics business.

New Overseas Properties Opened During the Nine Months Ended September 30, 2023

Country	Name	Location	Opening Date	Tenants	Building Area (m ²)
Features					
Cambodia	Sihanoukville FTZ Logistics Center	Sihanoukville Province	July 15, 2023	—	19,400
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.					

[Consolidated fourth quarter and beyond (October -)]

In China, AEON MALL Wuhan Jiangxia (Wuhan, Hubei Province), the fourth mall in Hubei Province, opened on November 1. The mall is off to a strong start, exceeding plans. Existing malls continue to perform well, particularly in Jiangsu and Hubei provinces. Specialty store sales at existing malls (21 malls) continue to grow at high rates, with +16.9% and +75.0% year-on-year growth in October and November, respectively.

In Vietnam, October specialty store sales at existing malls in October were down -8.3% compared with the previous year, as the

impact of the economic slowdown continues to be felt in the country's slowing economic growth. We held Black Friday events between November 17 and 26, as well as a lottery at six existing malls, designed to attract more customers and increase sales by raising the average spend per purchase and increased purchasing. As a result, November performance rose +9.6%, improving over previous-year results.

In Cambodia, traffic congestion caused by the construction of the road in front of AEON MALL Meanchey continues to affect customer traffic. Measures are being taken to reduce traffic congestion, including detour routes and construction to open surrounding roads. Our first mall in the country, AEON MALL Phnom Penh (Phnom Penh City), reopened on November 4 with expanded floor space. Construction in certain areas scheduled for expansion have been delayed and negotiations with large specialty stores have been challenging. However, we are engaging in stronger measures to attract customers and recover sales as quickly as possible.

In Indonesia, domestic demand firmed as economic activity picked up, and customer traffic was up +13.1% in October and +16.6% in November. We will continue to improve profitability through measures to attract more customers and fill vacant space at each mall. We also began leasing activities for a fifth mall in Indonesia, AEON Mall Delta Mas (Bekasi Province), which is scheduled to open in the first half of 2024.

New Overseas Properties Scheduled During the Fourth Quarter of Fiscal 2023

Country	Name	Location	Opening Date (Note)	Tenants	Lease Area(m ²)
China	AEON MALL Wuhan Jiangxia	Wuhan City, Hubei Province	November 1, 2023	260	95,000

(Note) The accounting period for companies outside Japan is the year ending December 31.

b. Japan

[Nine months ended November 30, 2023 (March to November)]

The Company recorded higher revenue and profit in Japan. Operating revenue amounted to ¥248,278 million (+4.8% year on year) and operating income amounted to ¥25,826 million (+6.2%).

During the cumulative consolidated third quarter, the wearing of masks as a measure against COVID-19 was left to individual choice beginning 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. Temperatures trended higher than normal between September and mid-October, and sales for apparel in particular were weak. We engaged in a number of projects to increase customer traffic, including AEON Halloween, a collaboration using popular characters, customer participation events, and AEON MALL Black Friday, held between November 17 and 26, where we distributed trendy products and limited-edition novelties. As a result, specialty store sales at existing malls (91 malls) during the cumulative consolidated third quarter rose +6.2% compared with the year-ago period.

We plan to open four new facilities during the current consolidated fiscal year in Japan, including AEON MALL Toyokawa (Aichi Prefecture) and THE OUTLETS SHONAN HIRATSUKA (Kanagawa Prefecture), both opened in April, and JIYUGAOKA de aone (Tokyo Prefecture), opened in October. We completed renovations of 13 existing malls.

New Japanese Properties Opened During the Nine Months ended November 30, 2023

Name	Location	Opening Date	Tenants	Lease Area (m ²)
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.				
JIYUGAOKA de aone	Tokyo Prefecture	October 20, 2023	26	5,000

Aiming for an environmental design that becomes a familiar part of the town of Jiyugaoka over time, we used an environmental design concept of urban, greenery, and walkable street space. A lush green terrace of 1,000 square meters is located on the third floor as an outdoor space, offering a sense of openness and an area where local residents and visitors relax and gather. In addition, we used Tama cypress for wooden decking in corridors and stairways to highlight local production for local consumption in building materials.

(Note) Each of the three facilities mentioned above operate on effectively 100% CO₂-free electricity, demonstrating our efforts to prevent global warming and create decarbonized societies.

[Consolidated fourth quarter and beyond (December -)]

New properties scheduled to open in Japan in the fourth quarter and beyond include the grand opening of CeeU Yokohama (Kanagawa Prefecture), held on December 15.

In addition to ongoing events to attract customers at each mall, we are conducting a *Warm Share* project from December 1, 2023 through February 29, 2024. In cooperation with local governments, AEON MALL locations nationwide support local Warm Share promotion activities, becoming registered as *Warm Share Spots*, or spaces for people to turn off the electricity at home (heating, etc.) and enjoy shopping, dining, amusement, and various events at AEON MALL facilities. In addition, we are strengthening initiatives to stimulate customer purchasing based on marketing data, including linking the AEON MALL app and WAON POINT program. At the same time, we plan to maximize profits through measures to increase revenues by leveraging mall assets and reducing expenses.

New Japanese Properties Scheduled to Open in the Fourth Quarter of Fiscal 2023

Name	Location	Opening Date	Tenants	Lease Area (m ²)
CeeU Yokohama	Kanagawa Prefecture	December 15, 2023 (Note)	24	20,000

(Note) The first phase opened on October 27 (first floor), and the second phase opened on November 27 (ninth floor).

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 of 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.

• Secure New Properties in Vietnam

Vietnam is our most important region for opening new malls. In December, we signed new comprehensive memorandums of understanding on investment and business for shopping mall development with Can Tho City in the south and Bac Giang Province in the north. In January 2024, we signed a memorandum of understanding with Viet Phat Group, a developer of shopping malls in Quang Ninh Province in the northern part of Vietnam. We added the central area (Da Nang City, Hué Province), Vietnam's third largest economic zone, to our current southern area (Ho Chi Minh City, Binh Duong Province) and northern area (Hanoi City and Hai Phong City), accelerating area-dominant mall openings in surrounding cities. In the future, we intend to establish an even stronger foundation for business in Vietnam, expanding our businesses to regional cities to contribute to the sustainable development and urban planning of the country, which is experiencing remarkable economic growth.

• Expand Mall Openings in the High-Growth Inland Regions of China

We opened AEON MALL Wuhan Jiangxia, our fourth mall in Hubei Province, on November 1. The mall features entertainment facilities for adults and children alike, as well as a variety of food experience zones. The mall also offers five themed atrium spaces and a rooftop park offering a basketball court, event space, a multi-purpose lawn area, and park space for a variety of other purposes, representing a space where customers of all ages can interact.

We plan to open our first mall in Hunan Province, AEON MALL Changsha Xingsha (Changsha City, Hunan Province) in 2024, and a second mall, 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 Sihanoukville FTZ Logistics Center on July 15. 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, which opened on April 28, 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. Operating on effectively 100% CO₂-free electricity, including a solar power generation system capable of 1,250kW output, these facilities demonstrate our efforts to prevent global warming and create decarbonized societies.

• 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, opened on October 20, is designed to become a familiar part of Jiyugaoka over time. The environmental design concept is an urban, green, walkable street space. A lush green terrace of 1,000 square meters will be located on the third floor as an outdoor space, offering a sense of openness and an area where local residents and visitors relax and gather. In addition to using Tama cypress as wood decking for walkways and stairways to promote local production for local consumption of materials, AEON MALL is preventing global warming and achieving decarbonized societies by operating the facility using virtually 100% CO₂-free electricity.

On October 27, CeeU Yokohama opened in a first phase on the site of the former Daiei Yokohama Nishiguchi store, which closed in February 2019. The facility celebrated its grand opening on December 15. Under this joint development project, partner Gonda Metal Industry Co., Ltd. will build the commercial facility while Urban Renaissance Agency will build residential facilities. AEON MALL will lease and operate the commercial facilities. The site will include open space to foster a greater sense of community and participate in the Yokohama Nishiguchi Area Management organization to hold events and workshops to revitalize the surrounding area and create a lively atmosphere. AEON MALL prevents global warming and achieves decarbonized societies by using lumber from Kanagawa Prefecture for the walls of the elevator lobbies, promoting local production for local consumption of materials. In addition, we will operate facilities where virtually 100% of the electricity used is CO₂-free.

• Park nONIWA, a New Plaza Integration Concept

We are creating a new business format that will use mall land and parking lot space effectively, developing a shopping concept we call nONIWA. This shopping concept integrates an outdoor plaza as part of the model. As the first location under this concept, HANYU nONIWA offers a park-like setting from the conversion of the flat parking lot in the west area of AEON MALL Hanyu (Saitama Prefecture). nONIWA conducted a soft opening on October 14, featuring a layout focused on outdoor and sports activities. The facility will be completed in FY2024 with an outdoor sauna park, glamping facilities, and other

experience zones. As part of our environmental conservation efforts, we will operate the facility using virtually 100% CO2-free electricity. We will also pursue reuse and recycling efforts, aiming to reuse resources generated from the renovation of the west side flat parking area and endeavoring to use 100% recycled materials for the pavement.

Secure Revenue Opportunities Through the Effective Use of Existing Assets

FULALI KYOBASHI (Osaka Prefecture) opened on July 20 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 m² 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 are conducting a proof-of-concept test for the PARADE MARKET, a mobile vending business using AEON MALL mobile vending vehicles and stall location rental services.

- Strengthen Cooperation With Local Communities in Promoting Sports

Toward community co-creation as described in our 2030 Vision, we engage in collaborative activities leading to sustainable community futures, not only through commercial facilities, but also in community and social projects with like-minded partners.

In December, we signed a business co-creation partnership agreement (“Community Co-Creation Partnership”) with Japan Rugby League One, the general incorporated association that operates Japan Rugby League One. In addition to sending customers to stadiums where official league matches are held, AEON MALL will provide local customers with unique value through opportunities and spaces to experience unique AEON MALL value through digital signage, apps, and events in the AEON MALL facilities.

- 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, we decided to terminate the management and operation of QUALITE PRIX as of June 2024. 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.

- Expand Complex Development Functions

In March, we entered into a capital and business alliance with Marimo Co., 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.

- Develop Joint Delivery Services to Solve Logistics Issues

In response to the growing seriousness of logistics issues, including driver shortages, increasing small-lot shipments, soaring fuel prices, and the new overtime caps for drivers beginning in 2024, we launched a joint delivery service as a value proposition to our partner tenant companies.

The joint delivery service takes deliveries from the logistics facilities of tenant companies to AEON MALL locations, other commercial facilities, street-facing stores, etc. The service will also handle inter-store deliveries and returns, helping tenant companies reduce costs and maintain quality in logistics services. AEON MALL also supports on-demand warehousing services that allow our partners to stock only what they need, when they need it. In February, we started providing services to the Kinki and Tokai areas. In response to requests from many companies, we expanded the service area to seven areas and 24 prefectures in December.

We look to play our part in building a sustainable logistics network, achieving both economic and environmental value through the common use of packing materials and hangers.

- Create New Businesses Through Investments in Startup Companies

AEON MALL launched a corporate venture capital (CVC) arm through which we will invest in startup companies. 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.

In November, we made our first investment through this fund in Counterworks, a company supporting DX in retail and commercial facilities. The mission of Counterworks is to digitize commercial real estate and create a new infrastructure for commerce. By combining the Company's technology with our expertise in operating commercial facilities, we expect to leverage effective assets (malls) in providing spaces more integrated with local communities and achieving community co-creation.

- Seeking New Co-Creation Partners

We sponsored the AEON MALL OPEN INNOVATION PROGRAM between October 20 and November 19, inviting potential partners to submit proposals across three categories: (1) Create a Platform for Health and Wellness; (2) Maximize the Appeal of In-Person Shopping; and (3) Create a Regional Infrastructure Coexisting With the Global Environment. In an era of rapid and uncertain change, we are working with startup companies, universities, and government agencies that share our commitment to value creation. We intend to create business synergies and new services that meet the expectations of our customers and gain the greater support of our communities than ever before.

■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.

- Expand AEON MALL *Machi no Hatsudensho*

As part of our decarbonization efforts, we are transitioning gradually to locally produced and locally consumed renewable energy (including PPA (Note 1) methods), shifting away from procuring virtually CO₂-free electricity through direct contracts. By 2040, we plan to operate all directly managed malls using 100% locally produced, locally consumed renewable energy.

In September 2022, we began operations of the AEON MALL *Machi no Hatsudensho* (community power plant) based on low-voltage, distributed solar power generation systems via self-directed transmission (Note 2). In combination with the first stage of the project, we began a second stage in fall 2023 to supply approximately 120MW of energy (equivalent to the electricity consumption of seven or eight AEON Mall facilities) generated at approximately 1,390 low-voltage solar power plants across Japan to approximately 50 AEON Mall facilities nationwide on a self-directed basis. We will also launch a new initiative this year. This initiative involves farm-based solar power generation (solar sharing; Note 3) systems for the advancement of agriculture through systematic and efficient use of abandoned farmland. In this way, we will contribute to the revitalization of local economies as well as the spread of renewable energy.

(Notes) 1. PPA: Abbreviation for power purchase agreement (sales contract model). This is a business model in which a PPA operator leases a building premises or roof belonging to an electricity customer, installing a solar power generation system and selling the electricity generated thereby to the customer.

2. Transmission of electricity generated at remote solar power generation facilities to a company's own facilities or those of group companies using the transmission and distribution facilities of a power transmission and distribution company.

3. An initiative to utilize sunlight in both agricultural production and power generation by installing solar power generation systems suspended in the space over farmland.

- Japan's Largest Comprehensive Solar Carport On-Site Solar PPA Agreement

AEON MALL signed a comprehensive on-site solar PPA agreement with Sun Trinity LLC (Note) to install a carport solar power generation system ("Solar Carports," below) at commercial facilities in Japan. The systems will generate a total 15,000 kW of electricity. Solar Carports are attracting increasing attention as they provided improved convenience for parking lot users and renewable energy by using parking lot space effectively through roof-top installations of solar power generation systems. The agreement covers 12 parking facilities, aiming to have a total of more than 50 facilities in operation by fiscal 2025, with further plans to expand beyond this goal.

(Note) A joint venture established in January 2022 by Sumitomo Corporation and Yonden Shikoku Electric Power Co., Inc. to develop and operate solar power generation projects in Japan.

- Launch of the V2AEON MALL EV, Customer-Participatory Recharging Service

In May, 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 together with local customers within our facilities, leading to decarbonized societies.

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 opportunities for customers to choose renewable energy for use at home.

- Biogas Power Generation That Contributes to Circular Economies

As part of our efforts to create malls that incorporate the concept of circular economies (Note 1), we pursue initiatives to recycle resources generated in malls, such as de-plasticization, food recycling, and clothing collection, and other activities from the perspective of the 6Rs (Note 2).

AEON MALL Toyokawa, which opened in April, 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.

(Notes) 1. 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.

2. Six elements for the formation of a circular society in which environmental value and economic value exist in harmony: Rethink, Reduce, Reuse, Recycle, Repair, Returnable

- Participation in the 30 by 30 Alliance for Biodiversity

AEON MALL joined the 30 by 30 (Note 1) Alliance for Biodiversity (Note 2). Traditionally, every time we open a new mall, we host a tree planting activities, working with customers to plant native trees most appropriate for the local natural environment. Through our participation in the alliance, we will work with corporations, local governments, NPOs, and local communities that share the same goals, continuing to conduct biodiversity conservation activities and contribute to the achievement of the 30 by 30 goal. We also aim to become registered in the international database as an OECM*, achieving Nature Positive status.

(Notes) 1. The goal of the alliance is to conserve at least 30% of the land and ocean as healthy ecosystems by the year 2030.

2. A voluntary coalition of companies, local governments, and organizations have come together to support the achievement of the 30 by 30 goals to expand Japan's protected areas (20% of land and 13% of ocean) and to pursue efforts to certify areas that have been conserved by the private sector as OECMs*.

3. Land and areas other than protected areas (mountain villages, forests, etc.) and corporate forests where the private sector contributes to biodiversity conservation.

- Platinum Eruboshi Certification

In March, 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 ¥1,645,173 million, up ¥85,581 million compared to the end of the prior consolidated fiscal year. This result was mainly due to an increase in property, plant and equipment of ¥85,142 million stemming from an increase in new mall development, reactivation of existing malls, and the acquisition of property for future development of ¥96,763 million in excess of ¥54,553 million of depreciation and amortization. We also recorded a significant increase in foreign currency translation adjustments. These figures were offset in part by decreases in deposits paid to affiliates (included in other under current assets) of ¥25,000 million.

Liabilities

Total liabilities stood at ¥1,151,041 million, up ¥43,159 million from the end of the previous consolidated fiscal year. This result was mainly due an increase of ¥33,318 million in lease obligations (included in lease obligations under current liabilities), an increase of ¥28,000 million in commercial paper, an increase of ¥19,356 million in deposits received from specialty stores, and an increase in long-term debt of ¥7,177 million (including current portion). These increases were offset in part by a decrease of ¥30,000 million in bonds (including current portion) and a decrease of ¥21,778 million in accounts payable-other related to facilities (included in other under current liabilities).

Net assets

Net assets totaled ¥494,132 million, up ¥42,421 million compared to the end of the prior consolidated fiscal year. This result was mainly due to an increase of ¥3,331 million in retained earnings stemming from the recording of ¥14,709 million in net income attributable to owners of parent and ¥11,377 million in dividend payments, as well as an increase in foreign currency translation adjustments of ¥37,499 million.

2) Cash Flows

Cash and cash equivalents ("Cash") as of the end of the consolidated third quarter amounted to ¥71,175 million, down ¥29,926 million from the end of the prior consolidated

The following text describes cash flows for the period under review:

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥82,028 million, compared to net cash provided of ¥70,539 million for the same period in the prior fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥25,828 million (¥17,932 million in the year-ago period), depreciation and amortization of ¥54,553 million (¥52,347 million in the year-ago period), and an increase in deposits received from specialty stores of ¥18,984 million (¥22,956 million in the year-ago period). These amounts were offset in part by income taxes paid of ¥11,359 million (¥11,580 million in the year-ago period).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥96,321 million, compared to ¥77,600 million for the same period in the prior fiscal year. This result was mainly due to payments for purchases of property, plant and equipment in the amount of ¥84,458 million (¥76,686 million in the previous consolidated fiscal year), including payments for facilities at AEON MALL Toki (Gifu

Prefecture) and THE OUTLETS KITAKYUSHU (Fukuoka Prefecture), which opened in the previous consolidated fiscal year, payments for facilities at AEON MALL Changsha Xingsha (Changsha City, Hunan Province), scheduled to open in the next consolidated fiscal year, and upfront costs for the purchase of land for future development.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥26,708 million, compared to net cash provided of ¥17,643 million for the same period in the prior fiscal year. This result was mainly due to proceeds from long-term debt in the amount of ¥41,568 million (¥44,553 million in the year-ago period), the issuance of bonds in the amount of ¥40,000 million (¥80,000 million in the year-ago period), and an increase in short-term debt and commercial paper of ¥28,000 million. During the same period, the Company made cash outlays for redemptions of bonds of ¥70,000 million (¥40,000 million in the year-ago period), repayments of long-term debt of ¥37,248 million (¥40,606 million in the year-ago period), ¥17,200 million in repayments of lease obligations (¥14,362 million in the year-ago period), and ¥11,377 million in dividend payments (¥11,377 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 November 30, 2023
Assets		
Current assets		
Cash and deposits	92,683	89,225
Notes and accounts receivable-trade	14,689	13,420
Other	77,846	70,407
Allowance for doubtful receivables	(760)	(612)
Total current assets	184,459	172,440
Fixed assets		
Property, plant and equipment		
Buildings and structures, net	682,086	681,855
Land	364,533	376,716
Right-of-use assets (net)	154,373	189,983
Other, net	55,770	93,349
Total property, plant and equipment	1,256,763	1,341,905
Intangible assets	3,456	3,605
Investments and other assets		
Lease deposits paid	51,095	52,115
Other	63,873	75,160
Allowance for doubtful receivables	(54)	(54)
Total investments and other assets	114,913	127,221
Total fixed assets	1,375,133	1,472,732
Total assets	1,559,592	1,645,173

(Million yen)

	As of February 28, 2023	As of November 30, 2023
Liabilities		
Current liabilities		
Notes and accounts payable–trade	12,655	12,821
Commercial paper	—	28,000
Bonds due within one year	70,000	50,000
Current portion of long-term debt	39,365	54,242
Lease obligations	22,406	24,587
Income taxes payable	5,787	4,061
Deposits received from specialty stores	47,225	66,582
Allowance for employee bonus	1,336	2,222
Allowance for director and corporate auditor performance-based remuneration	75	35
Provision for loss on store closing	—	650
Other	71,393	53,319
Total current liabilities	270,246	296,521
Long-term liabilities		
Straight bonds	365,000	355,000
Long-term debt	194,463	186,763
Lease obligations	102,963	134,100
Accrued retirement benefits to employees	305	107
Asset retirement obligations	20,038	18,859
Lease deposits from lessees	148,267	152,489
Provision for loss on store closing	2,017	2,017
Other	4,577	5,181
Total long-term liabilities	837,634	854,519
Total liabilities	1,107,881	1,151,041
Net assets		
Shareholders' equity		
Common stock	42,381	42,383
Capital surplus	40,700	40,701
Retained earnings	317,279	320,611
Treasury stock, at cost	(7)	(8)
Total shareholders' equity	400,353	403,687
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,120	1,379
Foreign currency translation adjustment	39,474	76,973
Remeasurements of defined benefit plans	(453)	(352)
Total accumulated other comprehensive income	40,141	78,000
Stock acquisition rights	27	35
Non-controlling interests	11,187	12,408
Total net assets	451,711	494,132
Total liabilities and net assets	1,559,592	1,645,173

(2) Quarterly Consolidated Statements of Income and Consolidated Statements of Comprehensive Income
(Quarterly Consolidated Statements of Income)
(For the nine months ended November 30, 2022 and November 30, 2023)

(Million yen)

	FY2022 Q3 March 1 - November 30, 2022	FY2023 Q3 March 1 - November 30, 2023
Operating revenue	294,600	313,859
Operating costs	239,825	254,970
Gross profit	54,775	58,889
Selling, general and administrative expenses	22,276	24,744
Operating income	32,499	34,145
Non-operating profits		
Interest income	1,394	1,429
Compensation paid by departing tenants	1,119	879
Gain on valuation of derivatives	1,245	1,355
Compensation income	533	87
Share of profit of entities accounted for using equity method	—	554
Other	480	411
Total non-operating profits	4,773	4,717
Non-operating expenses		
Interest expenses	8,781	9,738
Foreign exchange losses	1,053	1,091
Other	813	809
Total non-operating expenses	10,647	11,640
Ordinary income	26,624	27,222
Extraordinary gains		
Gain on sale of fixed assets	0	0
Insurance income	293	—
Total extraordinary gains	294	0
Extraordinary losses		
Loss on sale of fixed assets	0	1
Loss on retirement of fixed assets	2,468	702
Impairment loss	1,731	—
Provision for loss on store closings	2,017	650
Loss of impact of COVID-19	2,040	—
Other	727	40
Total extraordinary losses	8,985	1,394
Income before income taxes	17,932	25,828
Income tax – current	7,588	9,777
Income tax – deferred	(132)	1,241
Total income taxes	7,455	11,018
Net income	10,477	14,809
Net income attribute to non-controlling interests	48	100
Net income attributable to owners of parent	10,428	14,709

(Quarterly Consolidated Statements of Comprehensive Income)
(For the nine months ended November 30, 2022 and November 30, 2023)

(Million yen)

	FY2022 Q3 March 1 - November 30, 2022	FY2023 Q3 March 1 - November 30, 2023
Net income	10,477	14,809
Other comprehensive income		
Net unrealized gain on available-for-sale securities	122	259
Foreign currency translation adjustment	56,363	38,764
Remeasurements of defined benefit plans	100	100
Total other comprehensive income	56,586	39,124
Comprehensive income	67,063	53,934
Comprehensive income (loss) attributable to:		
Owners of parent	65,203	52,568
Non-controlling interests	1,860	1,365

(3) Quarterly Consolidated Statement of Cash Flows

(Million yen)

	FY2022 Q3 March 1 - November 30, 2022	FY2023 Q3 March 1 - November 30, 2023
Cash flows from operating activities		
Income before income taxes	17,932	25,828
Depreciation and amortization	52,347	54,553
Impairment loss	1,731	—
Increase (decrease) in provision for loss on store closing	1,284	650
Share of loss (profit) of entities accounted for using equity method	—	(554)
Interest and dividend income	(1,417)	(1,454)
Interest expenses	8,781	9,738
Decrease (increase) in receivables—trade accounts	(4,395)	2,130
Increase (decrease) in payables—trade accounts	2,489	(144)
Increase (decrease) in deposits received from specialty stores	22,956	18,984
Other	(12,153)	(8,284)
Subtotal	89,555	101,447
Interest and dividends received	1,473	1,821
Interest paid	(8,909)	(9,880)
Income taxes paid	(11,580)	(11,359)
Net cash provided by (used in) operating activities	70,539	82,028
Cash flows from investing activities		
Purchase of property, plant and equipment	(76,686)	(84,458)
Proceeds from sales of property, plant and equipment	1	3
Payment of lease deposits to lessors	(616)	(2,597)
Reimbursement of lease deposits to lessors	1,964	624
Repayment of lease deposits from lessees	(6,859)	(7,931)
Proceeds from lease deposits from lessees	8,558	10,689
Other payments	(26,161)	(29,254)
Other proceeds	22,200	16,602
Net cash provided by (used in) investing activities	(77,600)	(96,321)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	—	28,000
Repayment of lease obligations	(14,362)	(17,200)
Proceeds from long-term debt	44,553	41,568
Repayment of long-term debt	(40,606)	(37,248)
Proceeds from issuance of bonds	80,000	40,000
Redemption of bonds	(40,000)	(70,000)
Proceeds from share issuance to non-controlling shareholders	—	0
Purchase of treasury stock	(0)	(0)
Dividends paid	(11,377)	(11,377)
Dividends paid to non-controlling interests	(44)	(145)
Other	(519)	(304)
Net cash provided by (used in) financing activities	17,643	(26,708)
Foreign currency translation adjustments on cash and cash equivalents	16,624	11,075
Net increase (decrease) in cash and cash equivalents	27,206	(29,926)
Cash and cash equivalents at beginning of the period	82,973	101,101
Cash and cash equivalents at end of the period	110,180	71,175

(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. In the second quarter of the current consolidated fiscal year, we established Life Design Fund Investment Limited Partnership and Changsha Mall Xiangjiang New Area Commercial Development Co., Ltd., adding these entities to the scope of consolidation.

Segment and Other Information

Segment information

I. Nine Months Ended November 30, 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	236,599	40,295	9,398	3,968	4,338	—	294,600	—	294,600
Intersegment operating revenue or transfers	260	—	—	—	—	—	260	(260)	—
Total	236,859	40,295	9,398	3,968	4,338	—	294,860	(260)	294,600
Segment profit (loss)	24,319	5,663	2,288	975	(756)	(10)	32,480	18	32,499

(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

Material impairment of fixed assets

The Company recognized impairment losses in the Japan segment for asset groups for which changes have occurred causing a significant decline in expected recoverable value. The Company recorded ¥1,731 million in impairment loss for the cumulative consolidated third quarter.

Goodwill did not change materially during the period under review.

II. Nine Months Ended November 30, 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	247,981	43,405	10,958	6,190	5,323	—	313,859	—	313,859
Intersegment operating revenue or transfers	297	—	—	—	—	—	297	(297)	—
Total	248,278	43,405	10,958	6,190	5,323	—	314,157	(297)	313,859
Segment profit (loss)	25,826	5,350	2,879	315	(236)	(9)	34,126	18	34,145

(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

Significant subsequent events

Pursuant to a resolution of the board of directors on October 24, 2023, the Company issued a 36th, 37th, 38th and 39th series of unsecured bonds on December 14, 2023. A summary of the aforementioned series of unsecured bonds is as follows.

Name of bonds	AEON MALL Co., Ltd. Unsecured Bond Series 36 (With Inter-Bond Pari Passu Clause)
Total value of bonds	¥10,500 million
Value of each bond	¥100 million
Coupon Rate	0.480% annual
Issue price	¥100 per face value of ¥100
Date of Issuance	December 14, 2023
Method and due date for redemption	Lump-sum redemption on December 14, 2026
Collateral	The bonds are not secured or guaranteed, and no assets are reserved specifically for the bonds.
Use of funds	The Company used the proceeds to redeem commercial paper maturing on or by December 2023.

Name of bonds	AEON MALL Co., Ltd. Unsecured Bond Series 37 (With Inter-Bond Pari Passu Clause) (Green Bond)
Total value of bonds	¥25,000 million
Value of each bond	¥100 million
Coupon Rate	1.107% annual
Issue price	¥100 per face value of ¥100
Date of Issuance	December 14, 2023
Method and due date for redemption	Lump-sum redemption on December 14, 2028
Collateral	The bonds are not secured or guaranteed, and no assets are reserved specifically for the bonds.
Use of funds	The Company intends to use funds in response to a decrease in funds on hand stemming from expenditures for AEON MALL Kawaguchi and AEON MALL Toki, which are eligible projects under the Green Finance Framework.

Name of bonds	AEON MALL Co., Ltd. Unsecured Bond Series 38 (With Inter-Bond Pari Passu Clause)
Total value of bonds	¥5,500 million
Value of each bond	¥100 million
Coupon Rate	1.426% annual
Issue price	¥100 per face value of ¥100
Date of Issuance	December 14, 2023
Method and due date for redemption	Lump-sum redemption on December 13, 2030
Collateral	The bonds are not secured or guaranteed, and no assets are reserved specifically for the bonds.
Use of funds	The Company used the proceeds to redeem commercial paper maturing on or by December 2023.

Name of bonds	AEON MALL Co., Ltd. Unsecured Bond Series 39 (With Inter-Bond Pari Passu Clause)
Total value of bonds	¥9,000 million
Value of each bond	¥100 million
Coupon Rate	1.859% annual
Issue price	¥100 per face value of ¥100
Date of Issuance	December 14, 2023
Method and due date for redemption	Lump-sum redemption on December 14, 2033
Collateral	The bonds are not secured or guaranteed, and no assets are reserved specifically for the bonds.
Use of funds	The Company used the proceeds to redeem commercial paper maturing on or by December 2023.