

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 Fiscal Year Ended February 29, 2024 (Japanese GAAP)

April 9, 2024

Company name: AEON MALL Co., Ltd. Listings Tokyo Stock Exchange
 Stock code: 8905 URL <https://www.aeonmall.com/ir/index.html>
 Representative: Yasutsugu Iwamura, President and CEO
 Scheduled dates:
 General shareholder's meeting May 23, 2024
 Commencement of dividend payments May 7, 2024
 Submission of statutory financial report May 24, 2024
 Supplementary documents for financial results Yes
 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 Year Ended February 29, 2024 (March 1, 2023 – February 29, 2024)

(1) Consolidated Operating Results

(Percentages represent year-on-year changes)

Years ended	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 29, 2024	423,168	6.3	46,411	5.5	37,086	1.9	20,399	57.0
February 28, 2023	398,244	25.7	43,979	15.0	36,409	11.9	12,994	(32.6)

(Note) Comprehensive income Year ended February 29, 2024: ¥36,026 million (-3.6%)
 Year ended February 28, 2023: ¥37,361 million (-24.9%)

Years ended	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income / total assets ratio	Operating income / net sales ratio
	Yen	Yen	%	%	%
February 29, 2024	89.64	89.63	4.5	2.3	11.0
February 28, 2023	57.10	57.10	3.0	2.4	11.0

(Reference) Investment profit on equity method Year ended February 29, 2024: ¥242 million
 Year ended February 28, 2023: ¥-million

(2) Consolidated Financial Position

Years ended	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
February 29, 2024	1,655,253	476,226	28.0	2,040.33
February 28, 2023	1,559,592	451,711	28.2	1,935.77

(Reference) Equity February 29, 2024: ¥464,291 million
 February 28, 2023: ¥440,495 million

(3) Consolidated Cash Flows

Years ended	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
	Million yen	Million yen	Million yen	Million yen
February 29, 2024	126,305	(101,743)	(12,848)	112,354
February 28, 2023	101,490	(103,276)	13,515	101,101

2. Dividends

	Dividend per share					Total dividend	Payout ratio (consolidated)	Dividend on equity (consolidated)
	First quarter-end	First half-end	Third quarter-end	Fiscal year-end	Total			
Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
February 28, 2023	—	25.00	—	25.00	50.00	11,377	87.6	2.7
February 29, 2024	—	25.00	—	25.00	50.00	11,377	55.8	2.5
Year ending February 28, 2025 (Projection)	—	25.00	—	25.00	50.00		69.0	

3. Consolidated Earnings Projections for the Year Ending February 28, 2025 (March 1, 2024 – February 28, 2025)

(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, FY2024	221,000	4.8	26,000	6.4	19,700	0.1	5,400	(48.6)	23.72
Full-year	453,500	7.2	55,000	18.5	42,000	13.3	16,500	(19.1)	72.50

* 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) Changes in accounting policies, changes of accounting-based estimates, revisions and 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

(3) Number of shares issued and outstanding (common stock)

[1] Number of shares outstanding at period-end (including treasury stock)	Year ended February 29, 2024	227,560,939	Year ended February 28, 2023	227,559,339
[2] Treasury stock at period-end	Year ended February 29, 2024	4,796	Year ended February 28, 2023	4,270
[3] Average number of shares during the period (quarterly cumulative)	Year ended February 29, 2024	227,555,807	Year ended February 28, 2023	227,551,163

*This summary of consolidated results is exempt from review procedures conducted by a certified public accountant or public accounting firm.

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

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

Earnings projections included in these materials and attachments are based on information available to the Company at the time and reflect certain assumptions the Company deems reasonable. Projections do not constitute a promise of future performance by the Company. Moreover, actual performance may vary considerably due to a variety of factors. For matters related to earnings projections, see *1. Analysis of Operating Results and Financial Position (1) Analysis of Operating Results 2) Future Outlook* on P.11.

(Procedures for obtaining supplementary information on financial results and accessing briefing materials)

The Company is scheduled to hold a briefing for institutional investors and analysts on April 10, 2024. The materials handed out at this briefing will be posted on the Company's website on April 9, 2024. 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. Analysis of Operating Results and Financial Position	2
(1) Analysis of Operating Results	2
(2) Consolidated Financial Position	12
(3) Basic Policy on Income Distribution, Dividends for Fiscal Years Ended February 2024 and February 2025	13
2. State of the Corporate Group	15
3. Management Policies	16
4. Policy on Selection of Accounting Standards	23
5. Consolidated Financial Statements and Notes	24
(1) Consolidated Balance Sheets	24
(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income	26
Consolidated Statements of Income	26
Consolidated Statements of Comprehensive Income	28
(3) Statements of Changes in Shareholders' Equity	29
(4) Consolidated Statements of Cash Flows	31
(5) Notes on Consolidated Financial Statements	33
Notes on the going concern assumption	33
Important matters concerning the basis for preparing consolidated financial statements	33
Notes	36
Consolidated balance sheets	36
Consolidated statements of income	37
Consolidated statements of comprehensive income	39
Statements of changes in shareholders' equity	40
Consolidated statements of cash flows	42
Lease transactions	42
Rental property	43
Segment and other information	44
Per-share information	47
Significant subsequent events	47

Attachments

1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview of the consolidated fiscal year under review

a. Explanation of consolidated results of operations

AEON MALL Co., Ltd. (the “Company,” “We”) recorded record-high revenue for the current consolidated fiscal year. Operating revenue amounted to ¥423,168 million (+6.3% year on year), while operating income amounted to ¥46,411 million (+5.5%) and ordinary income amounted to ¥37,086 million (+1.9%). Extraordinary losses of ¥3,660 million included ¥650 million in provision for loss on store closings and ¥1,960 million in impairment loss in connection with our decision to end management and operations of QUALITE PRIX (Hokkaido). However, during the previous consolidated fiscal year, we recorded extraordinary losses of ¥13,229 million, including ¥3,037 million in loss of impact of COVID-19, ¥2,499 million in losses on disposal of fixed assets, impairment loss of ¥4,461 million, and ¥2,017 million in provision for loss on store closings. Reflecting a ¥11,104 million improvement in extraordinary gains and losses, income before income taxes and other adjustments amounted to ¥36,374 million, a +47.9% increase year on year. As a result, net income attributable to owners of parent increased to ¥20,399 million (+57.0%).

◆ Consolidated Earnings

(Million yen)

	FY2022	FY2023	Change [YoY]
Operating revenue	398,244	423,168	+24,924 [+6.3%]
Operating income	43,979	46,411	+2,432 [+5.5%]
Ordinary income	36,409	37,086	+677 [+1.9%]
Net income attributable to owners of parent	12,994	20,399	+7,405 [+57.0%]

b. Explanation of business performance by segment

◆ Earnings by Segment

(Million yen)

	Operating Revenue			Segment Income (Loss)		
	FY2022	FY2023	Change [YoY]	FY2022	FY2023	Change [YoY]
China	52,538	58,985	+6,447 [+12.3%]	6,634	6,537	(96) [-1.5%]
Vietnam	13,283	15,263	+1,979 [+14.9%]	3,063	3,901	+837 [+27.3%]
Cambodia	5,672	8,499	+2,827 [+49.8%]	1,145	411	(734) [-64.1%]
Indonesia	5,897	7,260	+1,363 [+23.1%]	(987)	(269)	+717 [—]
Other	—	—	— [—]	(15)	(14)	+1 [—]
Overseas	77,392	90,009	+12,617 [+16.3%]	9,839	10,565	+725 [+7.4%]
Japan	321,700	333,722	+12,022 [+3.7%]	34,114	35,821	+1,706 [+5.0%]
Adjustment	(848)	(563)	+284 [—]	25	25	— [+0.0%]
Total	398,244	423,168	+24,924 [+6.3%]	43,979	46,411	+2,432 [+5.5%]

Overseas

[Fiscal Year Ended December 2023 (January – December)]

The Company recorded operating revenue overseas in the amount of ¥90,009 million (+16.3% year on year) and operating income of ¥10,565 million (+7.4%). The following describes the status of sales in each country. The accounting period for companies outside Japan is the year ending December 31. Accordingly, the figures presented herein reflect results for January through December.

(China)

In China, the Company recorded operating revenue of ¥58,985 million (+12.3% year on year) and operating income of ¥6,537 million (-1.5%). During the previous consolidated fiscal year, we incurred ¥2,910 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 ¥96 million decrease in operating income.

During the current consolidated fiscal year, the Chinese government eased its Zero-COVID policy in December 2022, and customer traffic to our malls began to recover, particularly in Jiangsu and Hubei Provinces. 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. As a result, specialty store sales at existing malls (21 malls) during the consolidated fiscal year rose +30.3% compared with the previous consolidated fiscal year.

(Vietnam)

In Vietnam, the Company recorded operating revenue in the amount of ¥15,263 million (+14.9% year on year) and operating income of ¥3,901 million (+27.3%).

During the current 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 in 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 consolidated second quarter (April-June) and consolidated third quarter (July-September) trended below the previous year's results. During the consolidated fourth quarter (October-December), trends improved to previous-year levels, due in part to the effect of measures to drive customer traffic, including the Black Friday campaign implemented in November. As a result, specialty store sales at existing malls (six malls) during the current consolidated fiscal year rose +4.4% compared with the previous consolidated fiscal year and a strong +41.9% (four malls) compared to FY2019, the most-recent fiscal year not affected by COVID-19 ("FY2019").

(Cambodia)

In Cambodia, the Company recorded operating revenue of ¥8,499 million (+49.8% year on year) and operating income of ¥411 million (-64.1%). Operating revenue increased year on year 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.

The government eased restrictions to a great extent on activities associated with COVID-19 during the current consolidated fiscal year, and our malls returned to normal operations. At the same time, traffic congestion caused by the construction of an overpass on Hun Sen Boulevard in front of AEON MALL Meanchey continues to have a major impact on customer traffic. Measures are being taken to reduce traffic congestion, including detour routes and construction to open surrounding roads. Among existing malls, our first mall in the country, AEON MALL Phnom Penh (Phnom Penh City), reopened on November 4 with expanded floor space. However, construction delays in certain expanded areas of the mall, difficult negotiations with large specialty stores, and a decline in inbound demand, particularly from Chinese tourists, affected performance. As a result, specialty store sales at existing malls (two malls) during the current consolidated fiscal year were down -9.1% compared with the previous consolidated fiscal year.

(Indonesia)

In Indonesia, the Company recorded higher revenue of ¥7,260 million (+23.1% year on year). We recorded an operating loss of

¥269 million (compared with an operating loss of ¥987 million in the previous consolidated fiscal year). We incurred this operating loss partly due to the impact of vacant floor space at our fourth mall in the country, AEON MALL Tanjung Barat (South Jakarta), which opened during COVID-19 in FY2021. The vacancy situation has been improving, which led to a narrower operating loss by ¥717 million compared to the previous consolidated fiscal year.

During the current consolidated fiscal year, we saw improvements in customer traffic with the transition to With-COVID, eased behavioral restrictions, normalized customer movement, and solid demand in connection with an upswing in economic activities. Among existing malls, 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 (four malls) during the current consolidated fiscal year was up +19.7% compared with the previous consolidated fiscal year.

We opened new properties overseas during the current consolidated fiscal year, consisting of the November opening of AEON MALL Wuhan Jiangxia (Wuhan City, Hubei Province) in China and the opening of Sihanoukville FTZ Logistics Center (Sihanoukville Province) in July, which will serve as a hub for our new logistics business.

New Overseas Malls Opened During the Consolidated Fiscal Year Ended February 29, 2024

Country	Name	Location	Opening Date	Tenants	Lease Area (m ²)
Features					
Cambodia	Sihanoukville FTZ Logistics Center	Sihanoukville Province	July 15, 2023	—	19,400 (Note)
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.					
China	AEON MALL Wuhan Jiangxia	Wuhan City, Hubei Province	November 1, 2023	260	95,000
The mall provides the value of real experiences available only by visiting in person, bringing together many entertainment facilities enjoyed by adults and children alike, as well as numerous specialty stores offering a variety of food. The food and beverage, amusement, and cinema areas account for approximately 40% of total floor space, demonstrating a design focused on time spent and experiences at the mall.					

(Note) Sihanoukville FTZ Logistics Center represents building area, not total lease area.

Japan

[Fiscal Year Ended February 2024 (March - February)]

The Company recorded operating revenue in Japan in the amount of ¥333,722 million (+3.7% year on year) and operating income of ¥35,821 million (+5.0%).

During the cumulative consolidated fiscal year, 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. As a result, more customers became willing to travel outside the home, and we sponsored a series of events at AEON MALL facilities to drive customer traffic. In addition, we stepped up efforts to stimulate purchasing motivation based on marketing data, including via the AEON MALL app and links to the WAON POINT program. Other measures to attract customers included major promotional campaigns such as Halloween, Black Friday, and year-end/New Year promotions. Mall sales continued to improve as higher prices due to inflation led to an increase in sales per customer. As a result, specialty store sales at existing malls (91 malls) during the current consolidated fiscal year were up +5.6% compared with the previous consolidated fiscal year.

New properties opened during the current consolidated fiscal year consisted of AEON MALL Toyokawa (Aichi Prefecture) and THE OUTLETS SHONAN HIRATSUKA (Kanagawa Prefecture) in April, JIYUGAOKA de aone (Tokyo) in October, and CeeU Yokohama (Kanagawa Prefecture) in December. Each of the four new facilities mentioned operates on effectively 100% CO₂-free electricity, demonstrating our efforts to prevent global warming and create decarbonized societies. We also completed renovations of 13 existing malls during the fiscal year.

New Japanese Malls Opened During the Consolidated Fiscal Year Ended February 29, 2024

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 MWh, 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.				
JYUGAOKA 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.				
CeeU Yokohama	Kanagawa Prefecture	December 15, 2023 (Note)	24	20,000
A piloti-shaped plaza for community events located in front of the main entrance provides a shared space with the adjacent Yokohama VIVRE. The facility participates in the Yokohama Nishiguchi Area Management organization, working with the local government and nearby schools to revitalize the Yokohama Nishiguchi area. The elevator lobby walls consist of wood from Kanagawa Prefecture, embodying local production for local consumption.				

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

c. Growth measures and new initiatives

We formulated a medium-term management plan (FY2023-FY2025), the first year of which is the fiscal year ended 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.

■ 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. 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. Based on the results of an environmental survey of the area surrounding the mall, AEON MALL plans to participate in the Wuhan City (Jiangxia) Environmental Conservation Project sponsored by the local government. The project will include environmental and social contribution activities to improve and preserve the ecological environment in the area for future generations to enjoy.

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 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.

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 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. The elevator lobby walls will consist of wood from Kanagawa Prefecture, embodying local production for local consumption.

Both facilities mentioned above operate on effectively 100% CO₂-free electricity, demonstrating our efforts to prevent global warming and create decarbonized societies.

- 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). The first phase will open on October 14 with a configuration highlighting outdoor and sports activities. The second phase will open in September 2024 with a café offering in-house roasted coffee and organic food. The phase will also include a store specializing in campervans. In the spring of 2025, we plan to introduce a thermal bath facility with an outdoor sauna, a veranda camping (“veramping”) area, and other facilities. 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. On March 30, 2024, we built a new food hall with four restaurants located in an indoor common space. The area features a more rough and rugged design with a modern twist. The food hall is a structure featuring a high degree of energy independence. As a result, the food hall received ZEB Ready certification, which certifies that the building reduces temporary energy consumption by 50% or more compared with the standard primary energy consumption.

- 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 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

To foster vibrant communities, compact cities, and network urban spaces, we co-create the future of living in communities, working even more closely with partner companies through capital and business alliances, mergers, and acquisitions. In March, we entered capital and business alliance with Marimo Co., whose core businesses are condominiums and income-producing real estate. 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. We made our first investment through this fund in Counterworks, a company supporting DX in retail and commercial facilities. Our second investment was in orosy Co., Ltd., a company that operates a wholesale and purchasing marketplace for vendors. In March 2024, we invested in a third company, ATOMica Co., which operates social coworking businesses throughout Japan.

- 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.

• Sustainability finance initiatives

In November 2023, the Company formulated the Green Finance Framework to accelerate efforts toward a more robust and truly integrated ESG management approach for creating decarbonized societies.

We intend to use the funds raised under this framework for new investments in qualified projects and refinancing of existing ones. For example, in addition to the target projects centered on green building in Japan and overseas, we plan to install solar power generation systems for locally produced renewable energy for local consumption ("renewable energy") and purchase CO₂-free power sources derived from renewable energy. We also plan to pursue initiatives including EV charging and discharging equipment installations for a customer-participatory renewable energy circulation platform and the creation of green spaces reflecting considerations of biodiversity. These plans are consistent with the purpose behind green finance and will impact society positively.

In December 2023, we raised ¥25 billion through a green bond issue based on this framework. AEON MALL used these funds to fund facilities at AEON Mall Toki (Gifu Prefecture) and AEON Mall Kawaguchi (Saitama Prefecture) in part.

• Adoption of an executive officer system

We strive to clarify the roles and responsibilities of our organization, increase the speed of business execution, and conduct effective monitoring toward achieving our management strategies and growth measures, as well as to achieve the numerical targets of our plans. To this end, AEON MALL adopted an executive officer system in May 2023. This new system will strengthen our supervisory function by separating management oversight and business execution. This system will also help us evolve existing businesses and develop new businesses, clarify responsibilities for business execution, speed decision-making. We believe this system will also advance our organizational structure, including training the next generation of management personnel.

• 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 120,000MWh 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 also launched 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 18,000 MWh 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.

- Installation and launch of solar power generation system in Indonesia

Aiming to reduce CO₂ emissions through electricity from renewable energy, AEON MALL and Sojitz Corporation installed a rooftop solar power generation system at AEON MALL BSD CITY, the first AEON MALL location in Indonesia. The facilities began operating in January 2024. Solar panels installed on the 4,244m² rooftop have an approximately 1,161MWh capacity, and the Company expects the initiative to reduce annual CO₂ emissions by 712 tons. We are also preparing to install rooftop solar panels at AEON MALL Delta Mas (Bekasi Province), our fifth mall in Indonesia, as we continue to pursue renewable energy as a means to decarbonize society.

- AEON MALL Toyokawa Received the Minister of the Environment Award in the 2023 Urban Decarbonization Awards

AEON MALL Toyokawa opened in April 2023. The mall features a solar carport capable of generating 1,300kW of power. The mall also has equipment for biogas power generation (using food waste generated in the mall) and AI-camera-based HVAC management. The mall building has been certified *ZEB Ready*, which assures the facility has reduced primary energy consumption by 50% or more. The Minister of the Environment Award in the 2023 Urban Decarbonization Awards recognized the mall for outstanding overall efforts toward decarbonization and resource recycling.

- Acquisition of SBT certification

AEON MALL submitted a commitment letter to the SBT Initiative (SBTi), receiving SBTi certification in February 2024. SBTi is an organization that certifies science-based targets (SBT) related to the reduction of greenhouse gas emissions scientifically consistent with the targets established by the Paris Agreement.

SBTi is an international consortium that encourages companies to set science-based targets in line with the levels required by the Paris Agreement. A company receives SBT certification if long-term emissions reduction targets meet the requirements under the Paris Agreement to limit the rise in global temperature to less than 2°C above pre-industrial levels.

AEON MALL set targets for Scope 1 and Scope 2 emissions at 1.5°C and well below 2°C for Scope 3 emissions, obtaining SBT certification.

- 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 (Note 3), 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.

- Participation in the TNFD Forum

We participate in the Taskforce on Nature-related Financial Disclosures (TNFD) (Note 1), using the TNFD-recommended LEAP approach (Note 2) in our analyses. Through this participation, we analyze the impact of our businesses on nature and respond to nature-related risks and opportunities. Toward TNFD information disclosure, we follow the final TNFD recommendations (published in September 2023) in compiling the results of our analyses and efforts.

(Notes) 1. A framework for companies to visualize the impact of business operations on nature, risks, opportunities, and considerations regarding biodiversity. Companies disclose the results through related reports and websites.

2. A framework for companies to visualize the impact of business operations on nature, risks, opportunities, and considerations regarding biodiversity. Companies disclose the results through related reports and websites.

- 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 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.

- Certification as a 2024 Certified Health & Productivity Management Organization for a fifth consecutive year

We engage in health management based on the belief that the well-being of our employees is the basis of our corporate activities and that healthy employees enable us to provide services that bring health and spiritual enrichment to our customers in local communities. In March 2024, we were recognized for the fifth consecutive year as a 2024 Health and Productivity Management Outstanding Organization (Large Enterprise Category).

2) Future Outlook

a. Overseas

We opened AEON MALL Delta Mas on March 22, 2024. Additionally, we plan to open two new malls in China and one new mall in Vietnam. As we secure pipelines to accelerate future mall openings in Vietnam and inland China, priority areas for the Company, we also endeavor to grow the profitability of existing malls by replacing specialty stores to refresh the tenant lineup and pursuing measures to address vacancies.

New Overseas Properties During the Fiscal Year Ending February 28, 2025

	Name	Location	Opening Date (Note)	Tenants	Lease Area (㎡)
China	AEON MALL Hangzhou Qiantang	Hangzhou City, Zhejiang Province	FY2024	TBA	70,000
	AEON MALL Changsha Xingsha	Changsha City, Hunan Province	FY2024	TBA	84,000
Vietnam	AEON MALL Hue	Huế Province	FY2024	TBA	51,000
Indonesia	AEON MALL Delta Mas	Bekasi Province	March 22, 2024	300	86,000

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

b. Japan

We do not plan to open any new properties in the fiscal year ending February 28, 2025 (FY2024). However, we plan to renovate and expand existing properties for more effective use. AEON Lake Town Outlet (Saitama Prefecture) and AEON Mall Ota (Gunma Prefecture) are scheduled to reopen with additional floor space on March 29, 2024, and April 19, 2024, respectively. In addition, we intend to renovate existing malls proactively, tailoring renovations to the local market characteristics to diversify the value offered. Our plans include building more comfortable spaces in common areas and making upgrades to the environment of the facility, which will create new incentives for customers to visit malls and increase the frequency of mall visits. Through these efforts, we will strengthen the ability of our malls to attract customers in Japan and improve profitability, leading to sustainable growth in our domestic business.

(Financial Forecast)

We project earnings for the fiscal year ending February 28, 2025, of ¥453,500 million in operating revenue, ¥55,000 million in operating income, ¥42,000 million in ordinary income, and ¥16,500 million in net income attributable to owners of parent.

(2) Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets amounted to ¥1,655,253 million, up ¥95,660 million compared to the end of the prior consolidated fiscal year. This result was mainly due to investments of ¥131,889 million (in excess of depreciation and amortization expense of ¥73,257 million), incurred for the opening of new malls, the revitalization of existing malls, and upfront costs for purchasing land for malls and for future mall development, leading to an increase in property, plant and equipment of ¥66,909 million. Deposits paid to affiliates increased ¥15,000 million. In addition, we recorded a significant increase in cash due to the impact of foreign currency translation.

Liabilities

Total liabilities stood at ¥1,179,027 million, up ¥71,145 million from the end of the previous consolidated fiscal year. This result was mainly due to an increase of ¥36,648 million in lease obligations (included in lease obligations under current liabilities), an increase of ¥20,000 million in bonds (including current portion), an increase of ¥7,585 million in deposits received from specialty stores, and an increase in long-term debt of ¥6,370 million (including current portion). These increases were offset in part by a decrease of ¥14,133 million in accounts payable-other related to facilities.

Net assets

Net assets totaled ¥476,226 million, up ¥24,515 million compared to the end of the prior consolidated fiscal year. This result was mainly due to an increase of ¥9,022 million in retained earnings stemming from the recording of ¥20,399 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 ¥14,718 million.

2) Cash Flows

Cash and cash equivalents (“cash”) as of the end of the current consolidated fiscal year amounted to ¥112,354 million, an increase of ¥11,253 million compared to 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 ¥126,305 million, compared to cash flows of ¥101,490 million in the previous consolidated fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥36,374 million (¥24,592 million in the year-ago period), depreciation and amortization of ¥73,257 million (¥70,422 million in the year-ago period), and an increase in deposits received from specialty stores of ¥7,333 million (¥8,010 million in the year-ago period). These amounts were offset in part by income taxes paid of ¥12,752 million (¥12,456 million in the year-ago period).

Cash flows from investing activities

Net cash used in investing activities amounted to ¥101,743 million, compared to cash flows of ¥103,276 million in the previous consolidated fiscal year. This result was mainly due to sales of property, plant and equipment in the amount of ¥14,232 million (¥5 million in the previous consolidated fiscal year), including payments of ¥104,136 million (¥99,670 million) related to facilities at AEON MALL Toki, opened in the previous consolidated fiscal year, and AEON MALL Changsha Xingsha (Changsha City, Hunan Province) and AEON MALL Hangzhou Qiantang Xinqu (Hangzhou City, Zhejiang Province), as well as upfront cash outlays for the purchase of property, plant and equipment to acquire property for future land development.

Cash flows from financing activities

Net cash used in financing activities amounted to ¥12,848 million, compared to net cash provided of ¥13,515 million for the same period in the prior fiscal year. This result was mainly due to proceeds from the issuance of bonds in the amount of ¥90,000 million (¥80,000 million in the year-ago period) and proceeds from long-term debt of ¥42,068 million (¥51,053 million in the year-ago period). 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 ¥39,512 million (¥46,670 million in the year-ago period), ¥23,154 million in repayments of lease obligations (¥18,925 million in the year-ago period), and ¥11,377 million in dividend payments (¥11,377 million in the year-ago period).

With respect to capital resources and cash liquidity, the AEON MALL Group uses cash generated through free cash flows from operating activities, borrowings from financial institutions and cash procured through corporate bonds, etc., for working capital, capital investment, dividend payments, etc.

(Reference) Changes in Cash Flow Indicators

	Fiscal Year ended February 28, 2023	Fiscal Year ended February 29, 2024
Equity ratio (%)	28.2	28.0
Equity ratio based on market capitalization (%)	25.9	24.0
Ratio of interest-bearing debt to cash flow (annual)	7.8	6.8
Interest coverage ratio (times)	8.7	9.8

(Notes) Equity ratio: Equity/total assets

Equity ratio based on market capitalization: Market capitalization/total assets

Ratio of interest-bearing debt to cash flow: Interest-bearing debt/cash flow

Interest coverage ratio: Cash flow/interest payments

* 1. All indicators were calculated using consolidated financial data.

2. Interest-bearing debt consists of short-term debt, current portion of bonds payable, current portion of long-term debt, lease obligations (current liabilities), bonds, long-term debt, and lease obligations (long-term liabilities) reflected in liabilities shown on the Consolidated Balance Sheet.

3. Cash flow and interest payments are based on the corresponding items shown in the Consolidated Statements of Cash Flows.

(3) Basic Policy on Income Distribution, Dividends for Fiscal Years Ended February 2024 and February 2025

AEON MALL recognizes that returning profits to shareholders through improving earnings power is a key management priority. Our basic policy on income distribution emphasizes steady dividend payments to shareholders, while using internal reserves to invest in structural business improvements, including investments in growth businesses, new businesses, and other areas that strengthen our operating foundation. Our policy is to maintain a consolidated payout ratio of at least 30%.

We issue dividends twice annually, in the interim and at the end of the fiscal year, according to the provisions of Article 459, Paragraph 1 of the Companies Act. The Company's articles of incorporation state that dividends paid from surplus are to be determined by resolution of the board of directors.

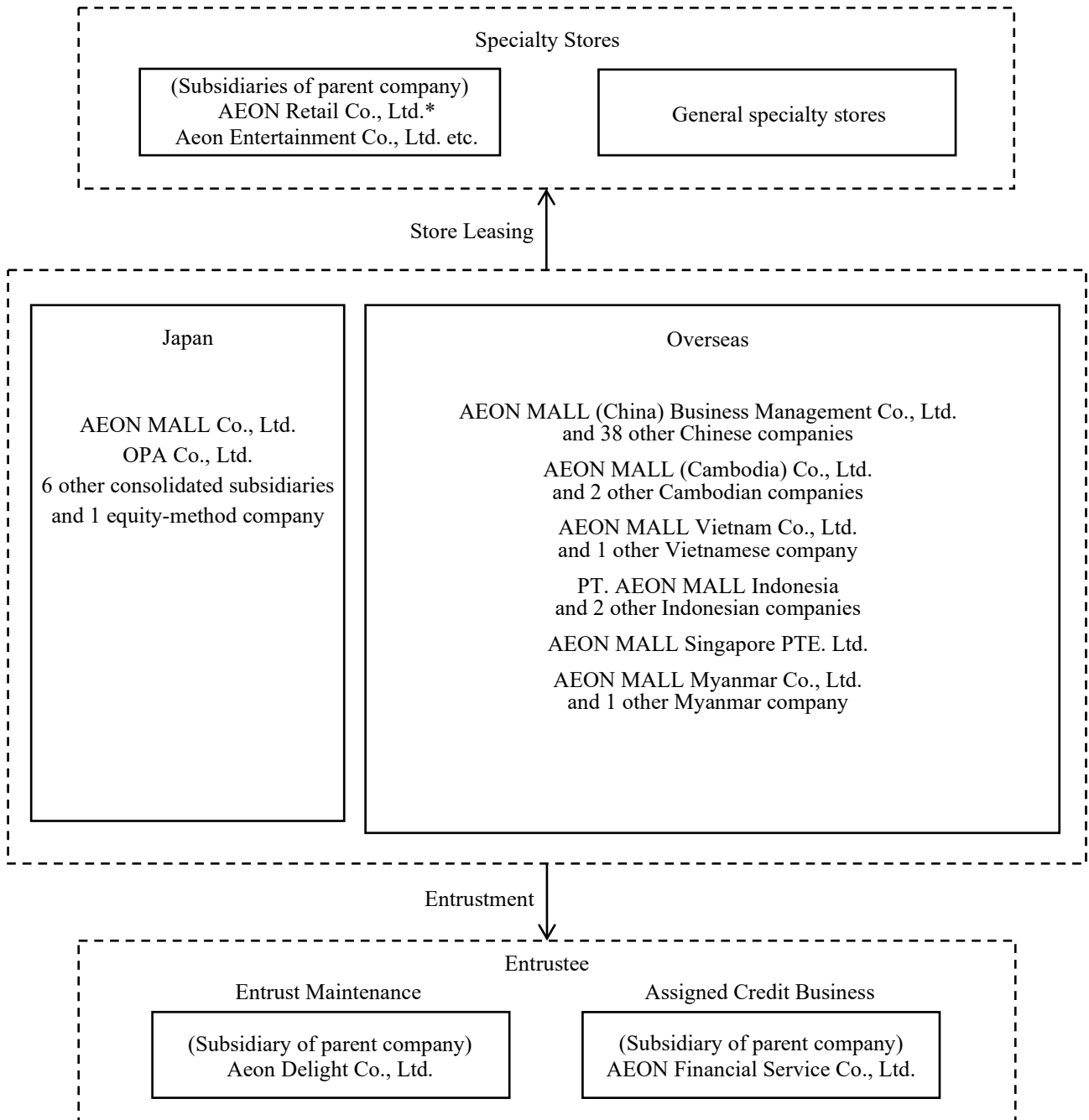
At a meeting held on April 9, 2024, our board of directors resolved to pay year-end dividends of ¥25 per share, in line with our initial plan. In combination with an interim dividend of ¥25 per share, our annual dividend for the current consolidated fiscal year amounted to ¥50 per share. Consolidated payout ratio was 55.8%. We expect the annual dividend for the next consolidated fiscal year to remain unchanged at ¥50 per share.

2. State of the Corporate Group

The AEON Mall Group consists of AEON MALL Co., Ltd. (shopping mall operations; owned by parent company Aeon Co., Ltd.) and 57 consolidated subsidiaries, including OPA Co., Ltd., six other Japanese subsidiaries, AEON MALL (China) Business Management Co., Ltd. and 38 other subsidiaries in China, three subsidiaries in Cambodia, two subsidiaries in Vietnam, three subsidiaries in Indonesia, one subsidiary in Singapore, two subsidiaries in Myanmar and one equity-method company. Among consolidated subsidiaries, OPA Co., Ltd. and two others are engaged in urban shopping center operations, while the remaining 54 subsidiaries are engaged in shopping mall operations and other businesses.

AEON MALL Co., Ltd. is the central entity in the AEON Group responsible for development operations. The Company leases mall shop space to general tenants, as well as AEON Retail Co., Ltd. (general merchandiser) and other companies within the AEON Group.

The following diagram illustrates the relationships between AEON MALL Co., Ltd. and our affiliated companies.



*The Company entered into a contract to manage and operate 49 commercial facilities owned by AEON Retail Co., Ltd. and AEON TOHOKU Co., Ltd.

3. Management Policies

(1) Basic Management Policies

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, is 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.

(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.

(2) Target Performance Indicators

To maximize cash flows in the future and improve corporate value, the Company has established target financial indicators: EPS growth rate of 7% (annual growth rate beginning FY2019); net interest-bearing debt/EBITDA ratio of 4.5 times or less, and return on invested capital (ROIC) of at least 5%.

We have fallen short of this indicators, as our ability to generate cash flow has been sluggish in each country since fiscal 2020 due to the impact of COVID-19, and we have incurred an increase in upfront investments in Vietnam, and other overseas markets, where we expect high growth in the future. However, we expect these indicators to improve in line with the greater cash flow in response to the high growth of overseas malls in the future.

The Company recorded the following indicators for the fiscal year ended February 29, 2024.

Financial Indicators	Target	Results (for FY2023)
EPS Growth Rate	7%	-12.1%
Net interest-bearing debt/EBITDA ratio	4.5 times or lower	6.2 times
ROIC (Return on Invested Capital)	5.0% or greater	2.5%

(Note) EPS: net income attributable to owners of parent/average outstanding shares during the year

Net interest-bearing debt/EBITDA ratio: (interest-bearing debt - cash and cash equivalents)/ (operating income + depreciation and amortization on the statement of cash flows)

ROIC: Operating income x (1-effective tax rate) / average equity for the fiscal year + average interest-bearing debt for the fiscal year)

(3) Medium-Term Management Strategies and Priorities

1) 2030 Vision

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.



2) Medium-Term Management Plan (FY2023-FY2025)

To achieve our 2030 vision, we formulated a medium-term management plan (FY2023-FY2025), the first year of which is the fiscal year ended 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.



3) AEON MALL Materialities

AEON MALL selected 10 materialities from five areas deemed important from an ESG perspective: (1) Develop community and social infrastructure; (2) Build community relationships; (3) the environment; (4) diversity and work-style reform; and (5) accountability in business. To reach this decision, we conducted a materiality analysis in consideration of the SDGs and social issues in Japan and overseas, evaluating the level of importance to our stakeholders and the Company.

We established specific KPIs (intermediate targets) for each of the 10 materialities to achieve by 2030. These KPIs combine with the KGIs (final targets) we established under our Vision for 2050. By communicating and working together to resolve issues throughout the company, we create social and economic value, contributing to the formation of sustainable societies.

Materialities		KGIs (Our Vision for 2050)	KPIs (Action Indicators Through FY2030)
Develop community and social infrastructure	Develop a sustainable and resilient infrastructure	A society in which local residents constantly feel safe and secure	<ul style="list-style-type: none"> As an initiative to strengthen the BCP system, make all malls in Japan bases for disaster prevention Proportion of malls that have signed disaster prevention agreements with local governing bodies
	Production and consumption formats	A society in which environmental impact is reduced to infinitely close to zero through reasonable production and consumption	<ul style="list-style-type: none"> Promote ethical consumption green purchasing rate Promote plastic elimination initiatives
Build bridges to local communities	Cultural preservation and succession	A society with cultural inheritance platforms established	<ul style="list-style-type: none"> Actively hold traditional and cultural activities and promote these to other regions including outside of Japan
	Low birth rates and aging societies	A society in which everyone, including children and seniors, lives a comfortable life	<ul style="list-style-type: none"> Enrich services for children Number of nursing staff for people with dementia
Environment	Climate change, global warming	<ol style="list-style-type: none"> A decarbonized society A society in which the whole community is committed to protecting the environment 	<ul style="list-style-type: none"> Expand the coverage of EV charger stations, number of installed EV charger stations 35% reduction of annual CO₂ emissions by producing renewable energy Strengthen environmental protection education among local residents and specialty stores 100% acquisition rate of eco Kentei
	Protect biodiversity and resources	A society that attaches importance to environmental protection and coexists in harmony with the nature	<ul style="list-style-type: none"> Number of ABINC® (Association for Business Innovation in Harmony with Nature and Community) certified malls Achieve a recycling rate of 70% *Except thermal recycling
Diversity and work-style reform	Health and welfare	A society in which all people can enjoy good physical and mental health	<ul style="list-style-type: none"> Propose healthy lifestyles
	Diversity and work-styles	A society in which all people have equal opportunities regardless of race, nationality, age, gender, or location	<ul style="list-style-type: none"> Proportion of female management personnel: 30% Male employees' parental leave acquisition rate: 100% Promote training of globally active talents
Promote Responsible Business	Human rights	A society in which all people's human rights are respected	<ul style="list-style-type: none"> Set and introduce human rights due diligence process 100% employees receive human rights education and training
	Bribery	0 incidents	<ul style="list-style-type: none"> Conduct bribery education and enlightenment aiming for observance of basic anti-bribery regulations Continuous abidance by anti-bribery regulations under employment regulations Continuous reassessment of the abidance institutions of basic anti-bribery regulations, and thorough carry-out of reporting the abidance status of the basic anti-bribery regulations to the President at least once a year and relevant correction

Our main action guidelines, goals, and specific initiatives based on materialities are as follows.

■ Achieve Decarbonized Societies

As a decarbonization initiative based on AEON Decarbonization 2050, we aim to reduce total CO₂ and other emissions from our businesses in Japan to zero by the year 2040.

We continue to engage in energy conservation activities that include the installation of solar power generation systems and EV chargers. In addition to these reduction measures, we aim to convert electricity used at approximately 160 malls in Japan to renewable energy sources by FY2025 through direct renewable energy contracts in each region. We will then shift over time from procuring effectively CO₂-free electricity through direct renewable energy contracts in each region to locally produced and locally consumed renewable energy (including PPA (see note below)). By fiscal 2040, we aim to operate 100% of our directly managed malls using locally produced and locally consumed renewable energy.

We will accelerate our efforts to achieve a decarbonized society in Japan and overseas, aiming to reduce the total amount of CO₂ and other emissions from all our business activities to zero.

(Note) PPA: Abbreviation for power purchase agreement (electricity 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 to the customer.

■ Circular Malls

To address the issues of waste and resources, we incorporate the concept of a circular economy into mall operations, building systems that enable resource recycling. In this way, we move away from the idea of reducing waste toward the ideal of eliminating waste as we work to create circular economic zones in our local communities. To encourage recycling-oriented societies, we work together with customers, local communities, partners, and other stakeholders to build circular malls through initiatives such as de-plasticization, food recycling, and clothing collection.

(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.

■ Protecting Biodiversity

We assess the overall impact of our business activities on ecosystems and engage in activities to reduce our impact and preserve nature in cooperation with our customers, government, NGOs, and other stakeholders. In addition to the Aeon Hometown Forest Program, we preserve biodiversity through resource recycling initiatives and green purchasing, aiming to achieve business growth and the sustainability of natural resources.

We analyze the impact of our businesses on nature and respond to nature-related risks and opportunities. In this context, we participate in the Taskforce on Nature-related Financial Disclosures (TNFD; Note 1) Forum, using the TNFD-recommended LEAP approach (Note 2) in our analyses. Toward TNFD information disclosure, we follow the final TNFD recommendations (published in September 2023) in compiling the results of our analyses and efforts.

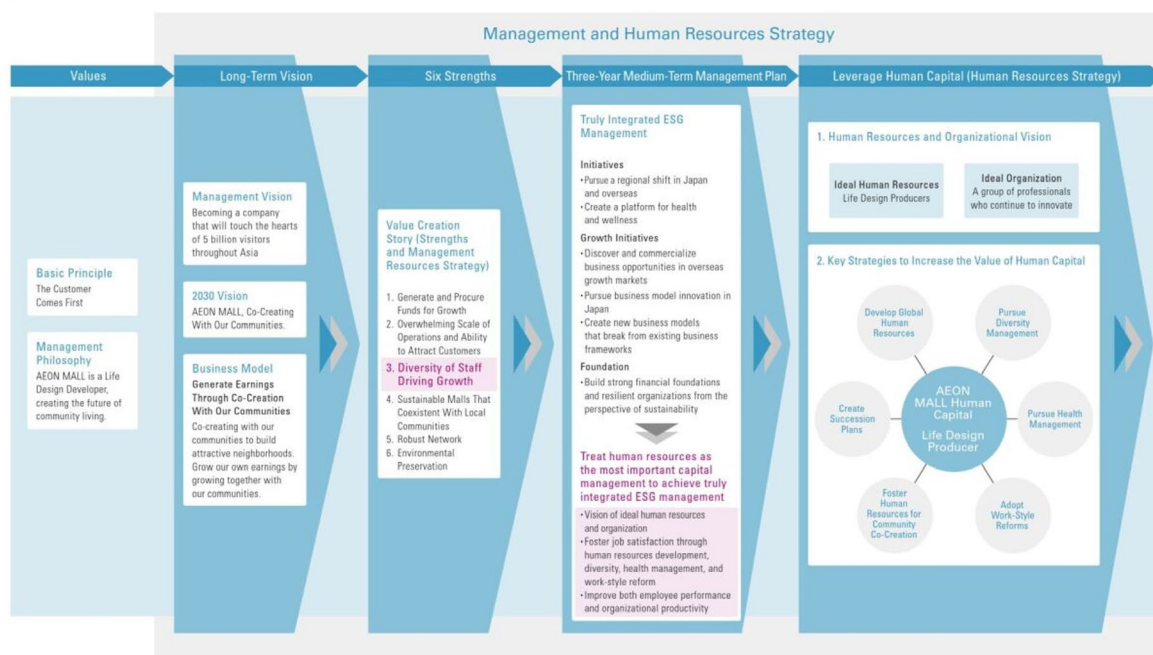
- (Notes) 1. A framework for companies to visualize the impact of business operations on nature, risks, opportunities, and considerations regarding biodiversity. Companies disclose the results through related reports and websites.
2. An integrated approach developed by TNFD for assessing nature-related issues, including interactions with nature, dependencies on nature, impacts, risks, and opportunities.

AEON MALL pursues the following three environmental initiatives.

① Achieving Decarbonized Societies	② Achieving Circular Malls	③ Preserving Biodiversity
<p>Switching to 100% locally produced, locally consumed renewable energy at directly managed malls in the year 2040</p> <p>イオンモール まちな発電所 Mall power plant</p>  <p>We launched operations of low-voltage, distributed solar power generation systems with self-directed transmissions. AEON Malls nationwide use renewable energy with low environmental impact.</p>	<p>Leveraging the concentration and scale of our malls where various resources are gathered to create recycling-based societies through co-creation</p> <p>イオンモール まちな資源循環 Circular mall</p>  <p>Starting with AEON MALLS, we aim to become a company that recycles waste as a resource to reduce waste while we work to build a system for reuse.</p>	<p>Assessing the impact of our business activities on ecosystems and actively engaging in activities to reduce impact and conserve ecosystems</p> <p>イオンモール まちないきもの+ Nature mall</p>  <p>We are committed to Preserving biodiversity, aiming for an abundant future in which various living creatures coexist in harmony with each other by creating facilities that are friendly to the green environment.</p>

■ Human Capital Management

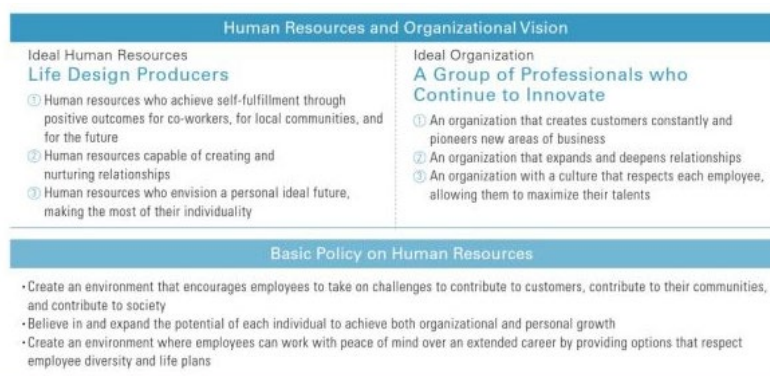
Human capital is our most important resource allowing for sustainable growth to achieve truly integrated ESG management. Recognizing that the growth of human resources leads to the sustainable enhancement of corporate value, we pursue a human resources strategy based on human capital management tied to our overall management strategy.



(Creating a Human Resources and Organizational Vision)

We formulated a Human Resources and Organizational Vision based on our management philosophy. This vision describes the ideal for our people and organizations, which serves as the foundation for carrying out initiatives toward truly integrated ESG management.

AEON MALL Group employees affirm that they are Life Design Producers, making the most of their individuality in solving issues through shared aspirations and co-creation with stakeholders. From this foundation, we will become a group of professionals who continue to innovate, taking pride in pioneering sustainable futures for our communities.



(Diversity Management)

We respect human rights and pursue diversity management, allowing every person to maximize their abilities, regardless of gender or nationality, toward achieving even greater diversity.

We support women's empowerment through activities that include the AEON Yume-Mirai Nursery School (an on-site nursery school). We provide greater opportunities for training and education for female employees who wish to take on challenges in higher-level positions. At the same time, we achieved 100% use in male employees taking childcare leave for a third consecutive year. Our efforts have earned us *Platinum Eruboshi* certification as a company pursuing the empowerment of women. We seek to become a gender-equal, LGBTQ+ -friendly company, respecting human rights and individuality, and creating comfortable

workplaces for all. To this end, we adopted a family benefit system for same-sex partner marriages and provide training to further the understanding of gender equality.

◆ **Diversity-Related KPIs (Non-Consolidated)**

Indicator	KPI	FY2021	FY2022	FY2023
Ratio of Women in Management Positions	30.0%	19.4%	20.4%	22.6%
Male employees' parental leave acquisition rate	100%	100%	100%	100%
Paid leave acquisition rate	60%	55%	60%	55%
Paid leave acquisition days	—	11	11	10
Ratio of employees with disabilities	2.50%	2.17%	2.20%	2.31%
Number of new graduate hires (male/female)	—	65 (30/35)	74 (37/37)	84 (39/45)
Turnover (personal reasons)	—	3.9%	4.1%	4.2%

(Health Management)

We engage in health management based on the belief that the well-being of our employees is the basis of our corporate activities and that healthy employees enable us to provide services that bring health and spiritual enrichment to our customers in local communities. In March 2024, we were recognized for the fifth consecutive year as a 2024 Health and Productivity Management Outstanding Organization (Large Enterprise Category).

(Human Resources Development)

Based on our Human Resources and Organizational Vision, we develop human resources who empathize with business partners and engage in community co-creation, bringing together ideas from the perspectives of positive outcomes for co-workers, for local communities, and for the future.

We believe that education is the greatest welfare benefit. We offer opportunities for skills development, helping each employee maximize their potential. As an example, we offer new employee training and other year- and title-specific training, as well as open training for employees to learn skills for desired assignments. We are committed to fostering a culture that encourages people to take on challenges toward growth, helping employees achieve career aspirations through self-directed professional development.

Our businesses overseas drive the AEON MALL growth strategy. Heading into 2025, we will need to fill many new positions, particularly new mall general managers. We train employees for overseas posts through programs that include the Global Human Resources Course and Overseas Trainee System. We also transfer employees overseas from business units in Japan. Our overseas human resources development course prepares employees with education, skills, languages, and a global perspective for appropriate assignments overseas.

■ **Conducting Responsible Business**

In line with Aeon Basic Philosophy and the AEON Human Rights Policy, we respect human rights and aim to be an organization in which all employees can participate in corporate development regardless of gender, nationality, etc. We also strive to create workplaces in which all employees can make the most of their abilities. Our response to human rights risks serves as a critical foundation for human resources development and the opportunity for employees to maximize their abilities. AEON MALL continues to pursue efforts to address this important issue.

We identified responsible business as a materiality, aspiring through our own human rights efforts to create societies that respect human rights. The AEON MALL president and CEO chairs the ESG Promotion Committee, which makes decisions based on studies and discussions of the ESG Promotion Subcommittee consisting of managers from divisions that deal proactively with ESG issues. This organization is one way we pursue human rights initiatives and fulfill our responsibilities to prevent, mitigate, and remedy any negative impacts of our corporate activities on human rights.

The Aeon Human Rights Policy specifies the implementation of human rights due diligence. In accordance with guidance from Aeon, we began conducting human rights due diligence in 2020. We conduct human rights due diligence, mainly upstream in the value chain. In the future, we plan to expand the scope to downstream contractors and specialty stores to confirm compliance with Guidelines for Sustainable Trade (Note) across our entire value chain, in addition to considering measures that address and mitigate negative impacts. As provided in the United Nations Guiding Principles on Business and Human Rights, we continue

efforts to build a sustainable value chain in our desire to be a leader in guaranteeing human rights.

(Note) AEON MALL established our own Guidelines for Sustainable Trade based on the Aeon Human Rights Policy and Aeon Supplier Transaction Code of Conduct. These policies aid in preventing incidents constituting human rights violations and building sustainable value chains.

4. Policy on Selection of Accounting Standards

The Group will continue to prepare consolidated financial statements according to Japanese standards for some time to come. This ensures proper comparison of consolidated financial statements for different periods and across group companies. We will consider adopting international accounting standards as appropriate in consideration of our circumstances in Japan and overseas.

5. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheets

(Million yen)

	As of February 28, 2023	As of February 29, 2024
Assets		
Current assets		
Cash and deposits	92,683	89,915
Notes and accounts receivable–trade	14,689	12,766
Prepaid expenses	4,126	4,247
Deposits paid to affiliates	*2 25,000	*2 40,000
Other	48,720	54,534
Allowance for doubtful receivables	(760)	(685)
Total current assets	184,459	200,778
Fixed assets		
Property, plant and equipment		
Buildings and structures	*1 1,110,611	*1 1,128,374
Accumulated depreciation	(428,524)	(464,375)
Buildings and structures, net	*1 682,086	*1 663,998
Machinery and transportation equipment	6,175	6,408
Accumulated depreciation	(3,242)	(3,720)
Machinery and transportation equipment, net	2,932	2,687
Furniture and fixtures	49,624	52,734
Accumulated depreciation	(38,598)	(40,834)
Furniture and fixtures, net	11,026	11,900
Land	*1 364,533	*1 376,823
Right-of-use assets	234,070	303,568
Accumulated depreciation	(79,697)	(106,918)
Right-of-use assets (net)	154,373	196,649
Construction in progress	41,788	71,599
Other	115	72
Accumulated depreciation	(93)	(58)
Other, net	22	13
Total property, plant and equipment	1,256,763	1,323,673
Intangible assets	3,456	3,559
Investments and other assets		
Investment securities	2,129	8,685
Long-term loans	12	6
Long-term prepaid expenses	41,260	47,979
Deferred tax assets	19,927	16,661
Lease deposits paid	51,095	53,310
Retirement benefit asset	–	444
Other	543	209
Allowance for doubtful receivables	(54)	(55)
Total investments and other assets	114,913	127,243
Total fixed assets	1,375,133	1,454,475
Total assets	1,559,592	1,655,253

(Million yen)

	As of February 28, 2023	As of February 29, 2024
Liabilities		
Current liabilities		
Notes and accounts payable–trade	12,655	11,771
Bonds due within one year	70,000	50,000
Current portion of long-term debt	*1 39,365	*1 59,069
Lease obligations	22,406	25,327
Income taxes payable	5,787	10,315
Deposits received from specialty stores	47,225	54,810
Deposits received	8,867	7,469
Allowance for employee bonus	1,336	1,774
Allowance for director and corporate auditor performance-based remuneration	75	48
Provision for loss on store closing	—	1,572
Notes payable—construction	23,199	3,093
Electronically recorded obligations—construction	5,374	7,281
Accounts payable—construction	12,685	16,750
Other	21,266	27,619
Total current liabilities	270,246	276,904
Long-term liabilities		
Straight bonds	365,000	405,000
Long-term debt	*1 194,463	*1 181,129
Lease obligations	102,963	136,691
Deferred tax liabilities	545	790
Accrued retirement benefits to employees	305	118
Asset retirement obligations	20,038	18,910
Lease deposits from lessees	148,267	152,827
Provision for loss on store closing	2,017	1,095
Other	4,032	5,560
Total long-term liabilities	837,634	902,123
Total liabilities	1,107,881	1,179,027
Net assets		
Shareholders' equity		
Common stock	42,381	42,383
Capital surplus	40,700	40,701
Retained earnings	317,279	326,301
Treasury stock, at cost	(7)	(8)
Total shareholders' equity	400,353	409,377
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,120	763
Foreign currency translation adjustment	39,474	54,193
Remeasurements of defined benefit plans	(453)	(42)
Total accumulated other comprehensive income	40,141	54,914
Stock acquisition rights	27	35
Non-controlling interests	11,187	11,898
Total net assets	451,711	476,226
Total liabilities and net assets	1,559,592	1,655,253

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

(Million yen)

	FY2022 March 1, 2022 - February 28, 2023	FY2023 March 1, 2023 - February 29, 2024
Operating revenue	398,244	423,168
Operating costs	322,829	341,992
Gross profit	75,414	81,175
Selling, general and administrative expenses		
Employees' salaries and bonuses	7,672	8,290
Provision for employees' bonuses	695	902
Provision for director and auditor performance-based remuneration	60	38
Retirement benefit expenses	213	198
Statutory welfare benefit expense	2,322	2,429
Travel expenses	795	999
Rent	805	461
Sales commission	2,379	3,671
Depreciation and amortization	1,266	1,393
Other	15,224	16,377
Total selling, general and administrative expenses	31,434	34,763
Operating income	43,979	46,411
Non-operating profits		
Interest income	1,905	2,188
Dividend income	23	25
Share of profit of entities accounted for using equity method	—	242
Compensation paid by departing tenants	1,560	1,172
Foreign exchange gains	—	90
Gain on valuation of derivatives	993	530
Compensation income	639	164
Insurance income	63	305
Other	529	416
Total non-operating profits	5,715	5,136
Non-operating expenses		
Interest expenses	11,684	13,331
Foreign exchange losses	723	—
Other	877	1,129
Total non-operating expenses	13,285	14,461
Ordinary income	36,409	37,086

(Million yen)

	FY2022 March 1, 2022 - February 28, 2023	FY2023 March 1, 2023 - February 29, 2024
Extraordinary gains		
Gain on sale of fixed assets	*1 3	*1 2,009
Gain on sale of investment securities	—	938
Insurance income	*5 1,408	—
Total extraordinary gains	1,411	2,948
Extraordinary losses		
Loss on sale of fixed assets	*2 1	*2 4
Loss on retirement of fixed assets	*3 2,499	*3 951
Impairment loss	*4,*6 4,461	*4 1,960
Provision for loss on store closings	*6 2,017	*7 650
Loss due to COVID-19	*8 3,037	—
Loss on disaster	*9 1,189	—
Other	23	94
Total extraordinary losses	13,229	3,660
Income before income taxes	24,592	36,374
Income tax – current	11,421	17,054
Income tax – deferred	88	(1,220)
Total income taxes	11,510	15,834
Net income	13,081	20,540
Profit attributable to non-controlling interests	86	140
Net income attributable to owners of parent	12,994	20,399

(Consolidated Statements of Comprehensive Income)

(Million yen)

	FY2022 March 1, 2022 - February 28, 2023	FY2023 March 1, 2023 - February 29, 2024
Net income	13,081	20,540
Other comprehensive income		
Net unrealized gain on available-for-sale securities	61	(356)
Foreign currency translation adjustment	24,019	15,432
Remeasurements of defined benefit plans	198	410
Total other comprehensive income	*1 24,279	*1 15,486
Comprehensive income	37,361	36,026
Comprehensive income (loss) attributable to		
Owners of parent	36,570	35,172
Non-controlling interests	790	853

(3) Statements of Changes in Shareholders' Equity

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	42,374	40,693	316,829	(7)	399,890
Cumulative effects of changes in accounting policies			(1,167)		(1,167)
Restated balance	42,374	40,693	315,661	(7)	398,722
Changes during period					
Issue of new shares	7	7			14
Cash dividends			(11,377)		(11,377)
Net income attributable to owners of parent			12,994		12,994
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity					
Total of changes	7	7	1,617	(0)	1,631
Balance at end of fiscal year	42,381	40,700	317,279	(7)	400,353

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	1,059	16,158	(652)	16,565	33	10,441	426,931
Cumulative effects of changes in accounting policies							(1,167)
Restated balance	1,059	16,158	(652)	16,565	33	10,441	425,763
Changes during period							
Issue of new shares							14
Cash dividends							(11,377)
Net income attributable to owners of parent							12,994
Purchase of treasury stock							(0)
Net change in items other than shareholders' equity	61	23,316	198	23,576	(6)	746	24,316
Total of changes	61	23,316	198	23,576	(6)	746	25,947
Balance at end of fiscal year	1,120	39,474	(453)	40,141	27	11,187	451,711

Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of fiscal year	42,381	40,700	317,279	(7)	400,353
Cumulative effects of changes in accounting policies					—
Restated balance	42,381	40,700	317,279	(7)	400,353
Changes during period					
Issue of new shares	1	1			2
Cash dividends			(11,377)		(11,377)
Net income attributable to owners of parent			20,399		20,399
Purchase of treasury stock				(0)	(0)
Net change in items other than shareholders' equity					
Total of changes	1	1	9,022	(0)	9,023
Balance at end of fiscal year	42,383	40,701	326,301	(8)	409,377

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	1,120	39,474	(453)	40,141	27	11,187	451,711
Cumulative effects of changes in accounting policies							—
Restated balance	1,120	39,474	(453)	40,141	27	11,187	451,711
Changes during period							
Issue of new shares							2
Cash dividends							(11,377)
Net income attributable to owners of parent							20,399
Purchase of treasury stock							(0)
Net change in items other than shareholders' equity	(356)	14,718	410	14,772	8	710	15,491
Total of changes	(356)	14,718	410	14,772	8	710	24,515
Balance at end of fiscal year	763	54,193	(42)	54,914	35	11,898	476,226

(4) Consolidated Statements of Cash Flows

(Million yen)

	FY2022 March 1, 2022 - February 28, 2023	FY2023 March 1, 2023 - February 29, 2024
Cash flows from operating activities		
Income before income taxes	24,592	36,374
Depreciation and amortization	70,422	73,257
Impairment loss	4,461	1,960
Increase (decrease) in provision for loss on store closing	1,284	650
Share of loss (profit) of entities accounted for using equity method	—	(242)
Increase (decrease) in allowance for doubtful accounts	410	(108)
Increase (decrease) in provision for employees' bonus	(377)	437
Increase (decrease) in provision for director and auditor performance-based remuneration	(3)	(27)
Increase (decrease) in net defined benefit liability	46	48
Decrease (increase) in retirement benefit assets	—	(117)
Interest and dividend income	(1,928)	(2,213)
Interest expenses	11,684	13,331
Loss (gain) on sale of investment securities	—	(938)
Loss on retirement of fixed assets	866	1,070
Loss (gain) on sales of fixed assets	(2)	(2,005)
Decrease (increase) in receivables—trade accounts	(5,806)	2,410
Decrease (increase) in other current assets	(4,309)	(4,248)
Increase (decrease) in payables—trade accounts	2,524	(1,030)
Increase (decrease) in consumption tax payable	(29)	3,943
Increase (decrease) in deposits received from specialty stores	8,010	7,333
Increase (decrease) in other current liabilities	2,935	68
Other	9,124	19,932
Subtotal	123,907	149,887
Interest and dividends received	1,639	2,116
Interest paid	(11,600)	(12,946)
Income taxes paid	(12,456)	(12,752)
Net cash provided by (used in) operating activities	101,490	126,305

(Million yen)

	FY2022 March 1, 2022 - February 28, 2023	FY2023 March 1, 2023 - February 29, 2024
Cash flows from investing activities		
Purchase of property, plant and equipment	(99,670)	(104,136)
Proceeds from sales of property, plant and equipment	5	14,232
Purchase of intangible assets	(949)	(1,213)
Purchase of long-term prepaid expenses	(2,627)	(2,547)
Purchase of investment securities	(49)	(199)
Proceeds from sale of investment securities	—	1,078
Purchase of shares of subsidiaries and associates	—	(7,077)
Collection of loans	6	6
Payment of lease deposits to lessors	(874)	(2,769)
Reimbursement of lease deposits to lessors	2,062	431
Repayment of lease deposits from lessees	(9,496)	(10,073)
Proceeds from lease deposits from lessees	10,297	13,983
Time deposits	(30,487)	(20,225)
Withdrawal of time deposits	28,508	20,043
Other	—	(3,273)
Net cash provided by (used in) investing activities	(103,276)	(101,743)
Cash flows from financing activities		
Repayment of lease obligations	(18,925)	(23,154)
Proceeds from long-term debt	51,053	42,068
Repayment of long-term debt	(46,670)	(39,512)
Proceeds from issuance of bonds	80,000	90,000
Redemption of bonds	(40,000)	(70,000)
Proceeds from share issuance to non-controlling shareholders	—	2
Purchase of treasury stock	(0)	(0)
Dividends paid	(11,377)	(11,377)
Dividends paid to non-controlling interests	(44)	(145)
Other	(519)	(728)
Net cash provided by (used in) financing activities	13,515	(12,848)
Foreign currency translation adjustments on cash and cash equivalents	6,397	(460)
Net increase (decrease) in cash and cash equivalents	18,127	11,253
Cash and cash equivalents at beginning of the period	82,973	101,101
Cash and cash equivalents at end of the period	* ₁ 101,101	* ₁ 112,354

(5) Notes on Consolidated Financial Statements

Notes on the going concern assumption

Not applicable

Important matters concerning the basis for preparing consolidated financial statements

1. Matters concerning scope of consolidation

Number of consolidated subsidiaries: 57

Names of major consolidated subsidiaries

AEON MALL (China) Business Management Co., Ltd., AEON MALL (Cambodia) Co., Ltd., PT. AEON MALL Indonesia, AEON MALL (Guangdong) Business Management Co., Ltd., PT. AMSL Indonesia, AEON MALL HIMLAM Company Limited, AEON MALL Vietnam Co., Ltd., PT. AMSL DELTA MAS, AEON MALL (China) Co., Ltd., AEON MALL DIANYA (Tianjin) Business Management Co., Ltd., OPA Co., Ltd.

During the current consolidated fiscal year, we established AEON MALL (CHANGSHA) BUSINESS MANAGEMENT CO., LTD. and Changsha Wangcheng Mall Investment Limited, Life Design Fund Investment Limited Partnership, and Changsha Mall Xiangjiang New Area Commercial Development Co., Ltd., adding these entities to the scope of consolidation.

2. Application of the equity method

Number of affiliates under the equity method: 1

Names of equity-method affiliates: Marimo Co., Ltd.

The Company acquired shares of Marimo Co., Ltd. during the current consolidated fiscal year, applying the equity method to said company. While the fiscal year of the company in question differs from the consolidated fiscal year, we apply the equity method based on the financial statements for the fiscal year of the company in question.

3. Matters concerning consolidated subsidiary fiscal years

Of the Company's consolidated subsidiaries, AEON MALL (CHINA) BUSINESS MANAGEMENT CO., LTD. and 49 others have a fiscal year end of December 31. We prepare our consolidated financial statements using the respective balance sheet dates of our consolidated subsidiaries. In addition, AEON MALL MYANMAR CO., LTD and one other company have a fiscal year end of March 31. We prepare our consolidated financial statements using the December 31 respective balance sheet dates of our consolidated subsidiaries. For consolidation purposes, the Company makes necessary adjustments to reflect any significant transactions occurring between January 1 and the consolidated balance sheet date.

4. Matters concerning basis for accounting

(1) Valuation criteria and method for significant assets

1) Available-for-sale securities

Available-for-sale securities classified as other securities

Securities other than equity securities without market prices

Stated at market value (all valuation gains and losses reported in net assets and the cost of securities sold is determined by the moving-average method).

Equity securities without market prices

Stated at cost determined by the moving-average method.

2) Derivatives

Stated at market value

(2) Method for depreciating and amortizing significant depreciable and amortizable assets

1) Property, plant and equipment (excluding right-of-use assets)

Depreciated using the straight-line method based on the economic useful life

The Company has adopted the following ranges of economic useful life for each asset category:

Buildings and structures: 2 to 39 years

Machinery and transportation equipment: 3 to 17 years

Furniture and fixtures: 2 to 20 years

2) Intangible assets

Amortized using the straight-line method

Software used in-house is amortized using the straight-line method based on an estimated useful internal life of five years.

3) Right-of-use assets

Amortized using the straight-line method

4) Long-term prepaid expenses

Amortized in equal installments based on contract periods and other factors (period of amortization: 2 to 50 years)

(3) Accounting method for deferred assets

Bond issuance expenses are treated as an expense when paid.

(4) Accounting standards for significant allowances

1) Allowance for doubtful accounts

An allowance for doubtful accounts provides for possible losses arising from default on receivables such as operating accounts receivable. An allowance is provided for the estimated credit loss for ordinary receivables based on historical default rates and for specific receivables, such as doubtful receivables, based on an individual assessment of the recoverability of each account.

2) Allowance for employee bonuses

The Company provides an allowance for employee bonuses to cover the amount of bonuses to be paid to employees and part-time workers. This allowance is based on the estimated portion to be paid in the fiscal year under review.

3) Allowance for director and corporate auditor performance-based remuneration

The Company provides an allowance for director and corporate auditor performance-based remuneration, which is based on the estimated portion to be paid during the fiscal year under review.

4) Provision for loss on store closing

The Company records estimates and accrues for losses on store closing (penalty charges for canceling contracts mid-term, etc.) reasonably assumed to result from the closing of stores.

(5) Accounting for retirement benefits

The Company records projected retirement benefit liabilities less projected pension assets at the end of the fiscal year under review to provide for retirement benefits for employees. When calculating retirement benefit liabilities, the method to allocate the projected retirement benefits to the consolidated fiscal year under review is based on benefits calculation formula standards.

Actuarial gains and losses are expensed from the following fiscal year using the straight-line method over a fixed period (10 years) of the estimated average remaining life of service of employees at the time of accrual.

Unrecognized actuarial gains or losses and unrecognized prior service cost are posted as remeasurements of defined retirement benefit plans as part of total accumulated other comprehensive income under net assets.

(6) Basis for recognition of significant revenues and expenses

The following is a description of the major performance obligations in AEON MALL Group principal businesses related to revenues arising from contracts with customers and the usual time at which such performance is satisfied (usual time at which revenues are recognized). For major Group transactions involving performance obligations related to real estate lease transactions based on mall-opening contracts with customers, the Group recognizes revenue in accordance with *Accounting Standard for Lease Transactions (ASBJ Statement No. 13, March 30, 2007)*.

Common area expense income based on store-opening contracts, etc.

As the manager of commercial facilities operated by the AEON MALL Group and based on store-opening contracts with customers, we are obligated to provide security, cleaning, greenery management and other facilities management services, maintenance and management services related to electricity, water, and other facilities. We are also obligated to provide effective sales promotion activities for the benefit of tenants. As these services are provided to tenants in satisfaction of these performance obligations, the Company recognizes revenues over the contract period with tenants, primarily based on the passage of time.

In addition, a variable income component is included for maintenance and management obligations related to facilities

such as electricity and water on a pay-as-incurred basis. The terms of this variable income are related to the actual use of electricity, water, etc., by tenants, and the variable income is allocated to the performance obligation related to the variable income in its entirety after considering the performance obligation and payment terms in the contract.

Payments from tenants are usually received prior to the satisfaction of performance obligations, or is generally collected within approximately one month from the time the performance obligations are satisfied, and does not include a significant financial component.

PM management contract fees

Under management contract agreements with customers, the AEON MALL Group is obligated to perform all services related to the operation of commercial facilities, including the creation of operating policies, facility management services such as security and cleaning, and tenant leasing services. As these services are provided to customers in satisfaction of performance obligations, the Company recognizes revenues over the contract period with tenants, primarily based on the passage of time.

In addition, management contract agreements include a variable income component based on the operating performance of the commercial facilities in question as an incentive fee. The terms of this variable income are related to the actual commercial facilities management results, and the variable income is allocated to the performance obligation related to the variable income in its entirety after considering the entirety of the performance obligation and payment terms in the contract.

Payments from customers are usually received within one month of the satisfaction of the performance obligation and does not include a significant financial component.

When multiple performance obligations are included in a single contract, the Company estimates the arm's length sales price by adding a profit-equivalent amount to the expected cost. We then allocate the transaction price to each of the performance obligations based on the ratio of said arm's length sales price.

(7) Standards for translating significant foreign currency-denominated assets and liabilities into Japanese yen
Foreign currency-denominated assets and liabilities are translated into yen amounts at the rates of exchange in effect as of the consolidated balance sheet date. Differences are treated as a gain or loss. Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect at the balance sheet dates of each subsidiary in question. Revenues and expenses of subsidiaries are translated into yen amounts at the average exchange rate for the fiscal year under review. Translation differences are included in foreign currency translation adjustment and non-controlling interests under net assets.

(8) Accounting policies for significant hedging activities

1) Hedge accounting methods

Deferred hedge accounting is used in principle. Special hedge accounting is applied to interest rate swaps that meet the criteria for qualification as special hedge accounting.

2) Hedging instruments and hedged items

Hedging instruments: Interest rate swaps

Hedged items: Borrowings

3) Hedging policy

In accordance with AEON MALL Group rules, interest rate swaps are conducted for the purpose of hedging against the risk of fluctuations in interest rates.

The exceptional treatment prescribed in the PITF is applied to all hedging relationships above included in the scope of Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (PITF No.40, March 17, 2022).

The details of hedging relationships to which the PITF is applied are as follows.

Hedge accounting applied: Exceptional accounting treatment

Hedging instruments: Interest rate swaps

Hedged items: Borrowings

Categories of hedges: Hedge of exposure to avoid interest rate variability risks

4) Evaluation of hedging effectiveness

The Company compares market prices and cash flows from hedged items and hedging instruments over their respective periods from the start of hedging to the point where effectiveness is measured. The fluctuation in these parameters is used as a benchmark for evaluating hedging effectiveness. However, the evaluation of hedging effectiveness for interest rate swaps accounted for using special hedge accounting has been omitted.

(9) Scope of cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents in the consolidated statements of cash flows consist of cash on hand, deposits repayable on demand, and short-term investments with a maturity of three months or less from the acquisition date which can be readily converted into cash and carry little risk of fluctuation in value.

Notes

Consolidated balance sheets

*1. Assets pledged as collateral and collateral-backed liabilities

(Assets pledged as collateral)	(Million yen)	
	Year Ended February 28, 2023 (As of February 28, 2023)	Year Ended February 29, 2024 (As of February 29, 2024)
Buildings and structures	25,014	23,583
Land	2,456	2,456
Total	27,471	26,040

(Liabilities backed by above collateral)

(Million yen)

	Year Ended February 28, 2023 (As of February 28, 2023)	Year Ended February 29, 2024 (As of February 29, 2024)
Current portion of long-term debt	1,976	16,976
Long-term debt	19,833	2,857
Total	21,809	19,833

*2. Deposits paid to affiliates

(Million yen)

	Year Ended February 28, 2023 (As of February 28, 2023)	Year Ended February 29, 2024 (As of February 29, 2024)
Deposits paid to affiliates	25,000	40,000

(Note) Management trust deposits based on depositary agreements with Aeon Co., Ltd.

Consolidated statements of income

*1. Gains on sale of fixed assets consist of the following items.

(Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)		Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Other	3	AEON MALL Natori (Natori city, Miyagi prefecture)	2,009
		Other	0
Total	3	Total	2,009

*2. Losses on sale of fixed assets consist of the following items.

(Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)		Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Other	1	Other	4
Total	1	Total	4

*3. Losses on disposal of fixed assets consist of the following items.

(Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)		Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Buildings and structures	458	Buildings and structures	156
Tools, furniture and fixtures	5	Tools, furniture and fixtures	23
Dismantlement cost	2,034	Dismantlement cost	713
Other	-	Other	56
Total	2,499	Total	951

*4. Impairment loss

The AEON MALL Group incurred an impairment loss in the following asset groups during the previous consolidated fiscal year (March 1, 2022 to February 28, 2023).

Location	Use	Type	Amount (million yen)
Fukushima Prefecture	Store	Buildings, etc.	1,731
Overseas (China)	Store	Right-of-use assets	2,729
Total	—	—	4,461

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually. Common-use assets are grouped in larger units that include groups of common-use assets and shared assets contributing to the generation of future cash flows.

Significant profitability declines and changes resulting in a market decrease in expected recoverability for the asset groups noted above have led the Company to reduce the carrying values to their respective recoverable values. The write-down was posted as impairment losses under extraordinary losses.

Recoverable value is measured based on value in use, net realizable value, or fair value less disposal costs, whichever is greater. We used a discount rate of 4.02% to calculate the future cash flows of value in use for locations in Japan and 12.72% to calculate the future cash flows of value in use for overseas (China) locations. Net realizable value is calculated based on the appraised value of the real estate in question.

The figures for impairment loss above consist of ¥808 million in land, ¥915 million in building and structures, ¥724 million in long-term prepaid expenses, ¥2,006 million in right-of-use assets, and ¥7 million in other.

The AEON MALL Group incurred an impairment loss in the following asset groups during the current consolidated fiscal year (March 1, 2023 to February 29, 2024).

Location	Use	Type	Amount (million yen)
Overseas (China)	Store	Right-of-use assets	1,960
Total	—	—	1,960

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually. Common-use assets are grouped in larger units that include groups of common-use assets and shared assets contributing to the generation of future cash flows.

Significant profitability declines for the asset groups noted above have led the Company to reduce the carrying values to their respective recoverable values. The write-down was posted as impairment losses under extraordinary losses.

Recoverable value is calculated based on fair value less disposal costs or value in use, whichever is greater. We used a discount rate of 9.94% to calculate the future cash flows for value in use for overseas malls (China).

The total amount of impairment loss above includes long-term prepaid expenses of ¥438 million and right-of-use assets of ¥1,522 million.

The figures above consist of ¥438 million in long-term prepaid expenses, and ¥1,522 million in right-of-use assets.

- *5. Insurance proceeds received were mainly for damages caused by the Fukushima Prefecture earthquake.
- *6. Due to the resolution to scrap and build some aging facilities, we recorded an impairment loss and a provision for loss on store closings.
- *7 We recorded a provision for loss on store closings in connection with our decision to terminate management and operations of QUALITE PRIX.
- *8. This loss of impact of COVID-19 consists mainly of rent, depreciation and amortization, and other fixed costs during the temporary closures.
- *9. Losses due to disaster consist mainly of restoration costs for damage caused by the Fukushima Prefecture earthquake.

Consolidated statements of comprehensive income

*1. Rearrangements, adjustments, and tax effects related to other comprehensive income

(Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Net unrealized gain on available-for-sale securities		
Amount accrued in the fiscal year	87	424
Amount rearranged or adjusted	-	(938)
Before tax effect adjustment	87	(513)
Tax effect	(26)	156
Net unrealized gain on available-for-sale securities	61	(356)
Foreign currency translation adjustment :		
Amount accrued in the fiscal year	24,019	15,432
Amount rearranged or adjusted	-	-
Before tax effect adjustment	24,019	15,432
Tax effect	-	-
Foreign currency translation adjustment	24,019	15,432
Remeasurements of defined benefit plans		
Amount accrued in the fiscal year	79	376
Amount rearranged or adjusted	166	161
Before tax effect adjustment	245	537
Tax effect	(47)	(126)
Remeasurements of defined benefit plans	198	410
Total other comprehensive income	24,279	15,486

Statements of changes in shareholders' equity

Year Ended February 28, 2023 (March 1, 2022 - February 28, 2023)

1. Matters concerning the type and total number of shares issued and outstanding; type and number of treasury stock

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the fiscal year under review (shares)
Shares issued and outstanding				
Common stock (Note 1)	227,548,939	10,400	—	227,559,339
Total	227,548,939	10,400	—	227,559,339
Treasury stock				
Common stock (Note 2)	3,997	273	—	4,270
Total	3,997	273	—	4,270

(Notes) 1. An increase of 10,400 shares issued and outstanding resulted from the exercise of stock acquisition rights.

2. An increase in treasury stock resulted from the purchase of 273 odd-lot shares.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Components of stock acquisition rights	Type of shares that comprise the objective of stock acquisition rights	Number of shares that comprise the objective of stock acquisition rights (shares)				Balance of stock acquisition rights at the end of the fiscal year under review (million yen)
			Number at the beginning of the fiscal year under review	Increase in number in the fiscal year under review	Decrease in number in the fiscal year under review	Number at the end of the fiscal year under review	
The Company	Stock acquisition rights as stock options	—	—	—	—	—	27
	Total	—	—	—	—	—	27

3. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting on April 7, 2022	Common stock	5,688	25.00	February 28, 2022	May 2, 2022
Board of directors meeting on October 4, 2022	Common stock	5,688	25.00	August 31, 2022	October 21, 2022

(2) Dividends whose record dates are in the fiscal year under review and whose effective dates are in the following fiscal year

Resolution	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of directors meeting on April 11, 2023	Common stock	5,688	Retained earnings	25.00	February 28, 2023	May 1, 2023

Year Ended February 29, 2024 (March 1, 2023 - February 29, 2024)

1. Matters concerning the type and total number of shares issued and outstanding; type and number of treasury stock

	Number of shares at the beginning of the fiscal year under review (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the fiscal year under review (shares)
Shares issued and outstanding				
Common stock (Note 1)	227,559,339	1,600	—	227,560,939
Total	227,559,339	1,600	—	227,560,939
Treasury stock				
Common stock (Note 2)	4,270	526	—	4,796
Total	4,270	526	—	4,796

(Notes) 1. An increase of 1,600 shares issued and outstanding resulted from the exercise of stock acquisition rights.

2. An increase in treasury stock resulted from the purchase of 526 odd-lot shares.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights

Classification	Components of stock acquisition rights	Type of shares that comprise the objective of stock acquisition rights	Number of shares that comprise the objective of stock acquisition rights (shares)				Balance of stock acquisition rights at the end of the fiscal year under review (million yen)
			Number at the beginning of the fiscal year under review	Increase in number in the fiscal year under review	Decrease in number in the fiscal year under review	Number at the end of the fiscal year under review	
The Company	Stock acquisition rights as stock options	—	—	—	—	—	35
	Total	—	—	—	—	—	35

3. Matters concerning dividends

(1) Dividends paid

Resolution	Type of shares	Total dividends (million yen)	Dividend per share (yen)	Record date	Effective date
Board of directors meeting on April 11, 2023	Common stock	5,688	25.00	February 28, 2023	May 1, 2023
Board of directors meeting on October 10, 2023	Common stock	5,688	25.00	August 31, 2023	October 20, 2023

(2) Dividends whose record dates are in the fiscal year under review and whose effective dates are in the following fiscal year

Resolution	Type of shares	Total dividends (million yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of directors meeting on April 9, 2024	Common stock	5,689	Retained earnings	25.00	February 29, 2024	May 7, 2024

Consolidated statements of cash flows

*1. Relationship between cash and cash equivalents at the end of the period and the itemized amounts stated in consolidated balance sheets (Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Cash and deposits	92,683	89,915
Deposits paid to affiliates	25,000	40,000
Time deposits with a deposit term longer than three months	(16,582)	(17,561)
Cash and cash equivalents	101,101	112,354

2. Significant non-cash transactions

(1) Asset retirement obligations recorded (Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Asset retirement obligations	378	—

(2) Assets and obligations recorded for lease transactions under IFRS 16 *Leases*

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Right-of-use assets	84	52,426
Lease obligations	1,238	54,126

Lease transactions

1. Finance leases

Omitted due to the lack of materiality.

2. Operating leases

Unexpired lease payment related to non-cancellable operating lease transactions

As lessee (Million yen)

	Year Ended February 28, 2023 (As of February 28, 2023)	Year Ended February 29, 2024 (As of February 29, 2024)
Due within 1 year	55,602	59,948
Due after 1 year	267,803	304,049
Total	323,405	363,997

As lessor

(Million yen)

	Year Ended February 28, 2023 (As of February 28, 2023)	Year Ended February 29, 2024 (As of February 29, 2024)
Due within 1 year	4,259	5,515
Due after 1 year	12,020	25,041
Total	16,279	30,556

Rental property

The Company and certain consolidated subsidiaries own commercial leasing buildings in various regions nationwide as well as overseas (China and ASEAN region) for the purpose of generating profits from property leasing. Leasing profit related to said leasing property (owned properties and overseas master leased properties, not including master leased properties in Japan and malls operated under property management, etc. Same below.) for the previous consolidated fiscal year amounted to ¥47,886 million (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses). Loss on sale of fixed assets amounted to ¥1 million (posted under extraordinary losses). Loss on retirement of fixed assets amounted to ¥2,389 million (posted under extraordinary losses). Impairment losses amounted to ¥4,122 million (posted under extraordinary losses). Leasing profit for the current consolidated fiscal year amounted to ¥51,993 million (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses). Gain on sale of fixed assets amounted to ¥2,009 million (posted under extraordinary gains) and loss on retirement of fixed assets amounted to ¥684 million (posted under extraordinary losses). Impairment losses amounted to ¥1,960 million (posted under extraordinary losses).

The consolidated balance sheet amounts, changes during the term under review, and the fair value related to property leasing are as follows.

(Million yen)

	Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Consolidated balance sheet amount		
Balance at the beginning of the term under review	1,175,882	1,238,911
Change during term under review	63,028	62,320
At end of term under review	1,238,911	1,301,231
Fair value at end of term under review	1,564,362	1,688,554

(Notes) 1. The balance sheet amount is the acquisition price less the accumulated depreciation.

2. Of the changes during the period, the largest increases during the previous consolidated fiscal year were due to property acquisitions (¥108,611 million) and foreign currency translation adjustments (¥31,292 million). The largest decreases were due to disposal and sales of fixed assets (¥763 million), impairment losses (¥4,122 million), and depreciation expense (¥70,099 million). The largest increases during the current consolidated fiscal year under review were due to property acquisitions (¥124,426 million) and foreign currency translation adjustments (¥24,949 million). The largest decreases were due to disposal and sales of fixed assets (¥12,914 million), impairment losses (¥1,960 million), and depreciation expense (¥72,358 million).

3. The fair value at the end of term under review is based on appraisal reports and other information provided by an appraisal company.

Segment and other information

Segment information

1. Overview of reportable segments

The Group's reportable segments are units of the Group whose financial information is available separately and are reviewed regularly for determining the distribution of management resources and the evaluation of business performance.

The Group has been operating solely in the shopping mall business in Japan and overseas. The Group develops comprehensive strategies according to the characteristics of different regions and conducts operations.

Accordingly, the Group consists of six reportable segments by region: Japan, China, Vietnam, Cambodia, Indonesia, and Other (Overseas).

2. Method of calculating operating revenue, profit (loss), assets, liabilities, and other items of each reportable segment

The accounting treatment for each reportable segment is essentially the same as that described in Important matters concerning the basis for preparing the consolidated financial statements. Profit for each reportable segment is treated as operating income.

3. Information on operating revenue, profit (loss), assets, liabilities, and other items of each reportable segment

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

(Million yen)

	Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas) (Note 1)	Total	Adjustments (Note 2)	Amount on Consolidated Financial Statements (Note 3)
Operating revenue									
Operating revenue from external customers	320,852	52,538	13,283	5,672	5,897	—	398,244	—	398,244
Intersegment operating revenue or transfers	848	—	—	—	—	—	848	(848)	—
Total	321,700	52,538	13,283	5,672	5,897	—	399,092	(848)	398,244
Segment profit (loss)	34,114	6,634	3,063	1,145	(987)	(15)	43,954	25	43,979
Segment assets	978,102	254,683	90,162	100,660	86,997	3,562	1,514,168	45,423	1,559,592
Other items									
Depreciation and amortization (Note 4)	43,078	24,195	4,656	2,138	3,262	0	77,330	(25)	77,305
Impairment loss	1,731	2,729	—	—	—	—	4,461	—	4,461
Increase in property, plant and equipment and intangible assets (Note 4)	68,836	14,296	8,789	19,429	6,095	4	117,452	—	117,452

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

2. Adjustments are as follows:

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

(2) Adjustment to segment assets of ¥45,423 million include corporate assets not allocated to reportable segments of ¥45,413 million and the elimination of intersegment transactions.

(3) Adjustment to depreciation and amortization is an adjustment to unrealized gains related to fixed assets.

3. Segment profit (loss) has been adjusted to operating income on the consolidated statement of income.

4. Depreciation and amortization and the increase in property, plant and equipment and intangible assets includes long-term prepaid expenses and the amortization of long-term prepaid expenses.

Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

(Million yen)

	Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas) (Note 1)	Total	Adjustments (Note 2)	Amount on Consolidated Financial Statements (Note 3)
Operating revenue									
Operating revenue from external customers	333,158	58,985	15,263	8,499	7,260	—	423,168	—	423,168
Intersegment operating revenue or transfers	563	—	—	—	—	—	563	(563)	—
Total	333,722	58,985	15,263	8,499	7,260	—	423,732	(563)	423,168
Segment profit (loss)	35,821	6,537	3,901	411	(269)	(14)	46,386	25	46,411
Segment assets	942,127	335,095	100,191	108,606	103,778	3,807	1,593,605	61,647	1,655,253
Other items									
Depreciation and amortization (Note 4)	43,002	26,964	4,290	4,072	3,436	0	81,767	(25)	81,742
Impairment loss	—	1,960	—	—	—	—	1,960	—	1,960
Increase in property, plant and equipment and intangible assets (Note 4)	35,152	89,717	9,594	4,752	8,793	—	148,010	—	148,010

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

2. Adjustments are as follows:

- (1) Adjustments to segment profit (loss) reflect unrealized profits on intersegment transactions.
 - (2) Adjustment to segment assets of ¥61,647 million include corporate assets not allocated to reportable segments of ¥60,050 million and the elimination of intersegment transactions.
 - (3) Adjustment to depreciation and amortization is an adjustment to unrealized gains related to fixed assets.
3. Segment profit (loss) has been adjusted to operating income on the consolidated statement of income.
4. Depreciation and amortization and the increase in property, plant and equipment and intangible assets includes long-term prepaid expenses and the amortization of long-term prepaid expenses.

Related information

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

1. Information by product and service

Omitted, as more than 90% of operating revenue in the consolidated statements of income consists of operating revenue to external customers in the shopping mall business.

2. Information by region

(1) Operating revenue

Omitted, as the same information is disclosed in segment information.

(2) Property, plant and equipment

(Million yen)

Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas)	Total
850,143	177,264	65,556	85,436	75,041	3,320	1,256,763

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	38,007	Japan

Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

1. Information by product and service

Omitted, as more than 90% of operating revenue in the consolidated statements of income consists of operating revenue to external customers in the shopping mall business.

2. Information by region

(1) Operating revenue

Omitted, as the same information is disclosed in segment information.

(2) Property, plant and equipment

(Million yen)

Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas)	Total
826,420	243,564	72,268	92,139	85,731	3,548	1,323,673

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	38,511	Japan

Information regarding impairment losses on fixed assets per reportable segment

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

Omitted, as the same information is disclosed in segment information.

Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

Omitted, as the same information is disclosed in segment information.

Information on amortization of goodwill and balance of portion not amortized per reporting segment

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

Omitted, as information is not material.

Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

Omitted, as information is not material.

Information regarding gain on negative goodwill per reporting segment

Year Ended February 28, 2023 (March 1, 2022 to February 28, 2023)

Not applicable

Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)

Not applicable

Per-share information

	Year Ended February 28, 2023 (March 1, 2023 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Net assets per share	1,935.77 yen	2,040.33 yen
Net income per share	57.10 yen	89.64 yen
Diluted net income per share	57.10 yen	89.63 yen

(Note) The basis for the calculation of net income per share and diluted net income per share is shown in the table below.

	Year Ended February 28, 2023 (March 1, 2023 to February 28, 2023)	Year Ended February 29, 2024 (March 1, 2023 to February 29, 2024)
Net income per share		
Net income attributable to owners of parent (million yen)	12,994	20,399
Amounts not attributable to shareholders of common stock (million yen)	—	—
Net income attributable to shareholders of common stock of parent (million yen)	12,994	20,399
Average number of common shares outstanding during the fiscal year	227,551,163	227,555,807
Diluted net income per share		
Adjustment of net income attributable to owners of parent (million yen)	—	—
Increase in number of common stock (shares) (Stock acquisition rights included)	24,299 [24,299]	26,339 [26,339]
Outline of dilutive stock not included in calculation of diluted net income per share because it is anti-dilutive	—————	—————

Significant subsequent events

Not applicable