Consolidated Financial Results for the Fiscal Year Ended February 28, 2019 (Japanese GAAP)

April 9, 2019

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Scheduled dates:

General shareholder's meeting	May 23, 2019
Commencement of dividend payments	April 26, 2019
Submission of statutory financial report	May 24, 2019
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 28, 2019 (March 1, 2018 – February 28, 2019)

(1) Consolidated Operating Results (Percentages represent year-on-year changes)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
Years ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
February 28, 2019	312,976	8.6	52,987	7.7	52,206	6.5	33,538	9.8
February 28, 2018	288,111	6.8	49,211	9.5	49,022	5.6	30,542	7.1

(Note) Comprehensive income Year ended February 28, 2019: ¥17,114 million (55.2%)
Year ended February 28, 2018: ¥31,000 million (78.2%)

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income / total assets ratio	Operating income / net sales ratio
Years ended	Yen	Yen	%	%	%
February 28, 2019	147.45	147.41	8.9	4.5	16.9
February 28, 2018	134.29	134.25	8.4	4.6	17.1

(Note) Investment profit on equity method Year ended February 28, 2019: ¥－million
Year ended February 28, 2018: ¥－million

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
February 28, 2019	1,203,211	394,059	31.9	1,685.46
February 28, 2018	1,123,781	385,561	33.2	1,642.59

(Reference) Equity February 28, 2019: ¥383,393 million
February 28, 2018: ¥373,572 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at year end
Years ended	Million yen	Million yen	Million yen	Million yen
February 28, 2019	90,600	(176,189)	91,199	55,414
February 28, 2018	80,616	(142,009)	44,841	54,223

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, 2018	―	16.00	―	19.00	35.00	7,959	26.1	2.2
February 28, 2019	―	19.00	―	19.00	38.00	8,643	25.8	2.3
Year ending February 28, 2020 (Projection)	―	20.00	―	20.00	40.00		27.0	

3. Consolidated Earnings Projections for the Year Ending February 28, 2020 (March 1, 2019 – February 28, 2020)

(Percentage figures represent changes from the corresponding period of the previous fiscal year)

	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	159,000	2.8	29,000	17.5	24,500	2.6	15,700	0.5	69.01
Full year	326,000	4.2	62,000	17.0	54,000	3.4	33,700	0.5	148.15

(Note) Consolidated financial statements for the fiscal year ending February 2020 will reflect the adoption of International Financial Reporting Standard (IFRS) 16 Leases. Accordingly, current consolidated earnings forecasts for the year ending February 2020 are based on this standard.

* 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.: Yes
[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 issued at period-end (including treasury stock)
February 28, 2019: 227,472,789 shares February 28, 2018: 227,430,089 shares
[2] Treasury stock at period-end
February 28, 2019: 2,279shares February 28, 2018: 1,721 shares
[3] Average number of shares issued
February 28, 2019: 227,454,421 shares February 28, 2018: 227,421,638 shares

*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 2) Future Outlook* on P.8.

(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, 2019. The materials handed out at this briefing will be posted on the Company's website on April 9, 2019. An audio recording of the briefing will be made available on the Company's website soon after the briefing has ended.

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1. Analysis of Operating Results and Financial Position

(1) Analysis of Operating Results

1) Overview of the consolidated fiscal year under review

The Company formulated a medium-term management plan covering fiscal 2017 (FYE February 28, 2018) through fiscal 2019. Under this plan, we are revising existing business models and securing new growth models. More specifically, we are striving to reach sustainable growth and profit improvements through five growth strategies: (1) Capture growth opportunities in Asia; (2) Develop latent sources of domestic demand; (3) Become the overwhelmingly dominant mall in each region; (4) Capture urban growth opportunities; and (5) Implement an optimal financing mix and build organizational structures that support growth.

The Company recorded historical highs in both operating revenue and each profit category for the consolidated fiscal year under review.

Operating revenue amounted to ¥312,976 million (+8.6%), while business expansion resulted in operating costs of ¥232,831 million (+9.8%). Despite higher operating costs, gross profit amounted to ¥80,144 million, an increase of 5.4%. Selling, general and administrative expenses amounted to ¥27,157 million (+1.1%), while operating income rose 7.7% to ¥52,987 million.

The Company recorded higher ordinary income of ¥52,206 million (+6.5%), reflecting a decrease in net non-operating profits and expenses of ¥592 million compared to the prior consolidated fiscal year.

Net extraordinary gains and losses increased ¥561 million compared with the previous fiscal year. As a result, income before income taxes and other adjustments amounted to ¥47,683 million, an increase of 5.8%. Net income attributable to owners of parent rose 9.8% to ¥33,538 million. This result was due in part to a lower effective tax rate stemming from deductions associated with tax credits for salary growth.

The following information shows consolidated earnings and earnings by segment for the consolidated fiscal year under review:

◆ Consolidated Earnings (Million yen)

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Change [Year on year]
Operating revenue	288,111	312,976	+24,865 [8.6%]
Operating income	49,211	52,987	+3,776 [7.7%]
Ordinary income	49,022	52,206	+3,183 [6.5%]
Net income attributable to owners of parent	30,542	33,538	+ 2,996 [9.8%]

◆ Earnings by Segment (Million yen)

	Operating Revenue			Segment Income (loss)		
	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Change [Year on year]	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019	Change [Year on year]
Japan	255,499	268,358	+12,859 [5.0%]	50,074	52,415	+2,340 [4.7%]
China	23,896	33,369	+9,472 [39.6%]	(1,132)	(453)	+679 [–]
ASEAN	8,715	11,248	+2,532 [29.1%]	248	999	+751 [302.4%]
Overseas	32,611	44,617	+12,005 [36.8%]	(884)	546	+1,430 [–]
Reconciliations	—	—	— [–]	20	25	+4 [22.7%]
Total	288,111	312,976	+24,865 [8.6%]	49,211	52,987	+3,776 [7.7%]

a. Overseas (China, ASEAN)

The Company continues to secure improving branding advantages through area-dominant store openings in China and ASEAN. As a result, operating revenue grew to ¥44,617 million, representing a 36.8% increase year on year. Operating income swung to positive territory, reaching ¥546 million, compared to an operating loss of ¥884 million in the year-ago period. This result represents a profit improvement of ¥1,430 million compared to the prior consolidated fiscal year. Our Overseas business has become a growth driver, poised for future profit growth in response to new store openings, renovations for new tenants in existing malls, floor space expansions, and initiatives to improve our level of operations.

◆ Capture Growth Opportunities in Asia

(China)

The Company recorded operating revenue in China in the amount of ¥33,369 million, an increase of 39.6% year on year. Operating loss narrowed to ¥453 million, compared to an operating loss of ¥1,132 million for the prior fiscal year.

As of the end of the consolidated fiscal year, the Company had 17 malls (note) in China, 10 of which are now profitable. Compared with the previous fiscal year, this translated to an improvement in operating income of ¥679 million.

Despite slowing growth in the country, we are leveraging the operational expertise developed in Japan, driving consumer demand and generating customer traffic through promotional sales and events. We also offer the same type of cleanliness found in Japanese malls (clean, safe, comfortable environments) and conduct renovations regularly, timed to the changeover of specialty store tenants. Our efforts keep our malls in China feeling fresh, contributing to double-digit like-for-like growth in specialty store sales among our 17 malls in the country.

Our current medium-term management plan (ending FYE 2019) calls for opening eight new malls in China. We opened four new malls under this plan during fiscal 2017, adding two more malls during fiscal 2018.

In May, we celebrated the grand opening of AEON MALL Yantai Jinshatan, our first in Yantai City, Shandong. In November, we opened AEON MALL Guangzhou Jinsha, our third mall in Guangdong Province and our second in Guangzhou City.

We are continuing our area-dominant store openings in China, mainly in the four areas of Beijing/Tianjin, Shandong Province, Jiangsu/Zhejiang, Hubei and Guangdong. The impact of these store openings has

increased the Company's brand power to attract more customers. This type of brand advantage lets us attract quality tenants and enter into lease contracts under more favorable terms.

Here, we plan to generate new demand and sales growth through promotional sales that coincide with social events. Singles' Day (November 11) is the peak day for online shopping in China. We held discount sales and newsworthy events at our malls on November 11, setting a new record for single-day sales.

In May, we renovated more than 40 percent of specialty store tenant space in AEON MALL Wuhan Jinyintan (Hubei Province), originally opened in December 2014. We plan a floor space expansion for the spring of 2020, as well as renovations for 90 tenant spaces (50 percent of floor space) in the existing mall.

In August, AEON MALL Suzhou Wuzhong (Jiangsu, Suzhou Province) hosted the Third Annual AEON MALL National Customer Service Role-Play Contest. This contest improves customer service levels, raises the skills of local mall staff as a whole, and provides other opportunities to localize mall management.

(ASEAN)
The Company recorded operating revenue in ASEAN in the amount of ¥11,248 million, an increase of 29.1% year on year. Operating income amounted to ¥999 million, up 302.4%.

As of the end of the consolidated fiscal year, the Company had seven malls (note) in ASEAN, all of which reported profits. Compared with the previous fiscal year, this translated to an improvement in operating income of ¥751 million.

Economists expect ASEAN to experience a growth in middle-class consumers and young families. In response, the Company offers not only shopping, but also cutting-edge amusement facilities, services, and community infrastructure functions designed to meet emerging market needs.

Our current medium-term management plan (ending FYE 2019) calls for opening four new malls in ASEAN. We opened one new mall in Indonesia under this plan during fiscal 2017. In May of the current fiscal year, we opened AEON MALL Sen Sok City (Phnom Penh City), our second mall in Cambodia.

AEON MALL Sen Sok City offers an indoor amusement park, a TV studio, movie theaters, a bowling alley, and other entertainment features for guests. The facility also provides community infrastructure functions that include a driver's license renewal office, an ID card issuance center, a passport office, and other government services. Finally, the mall is home to a financial zone for banking and other community finance needs. We announced our third location in Cambodia for which we are working toward a 2023 grand opening.

In Vietnam, work in the Hanoi area includes construction on AEON MALL Ha Dong in Hanoi City (fifth mall in Vietnam; scheduled to open in fiscal 2019) and on AEON MALL Hai Phong Le Chan in Hai Phong City (sixth mall in Vietnam; scheduled to open in fiscal 2020). During the first half of 2019 we will expand and reopen AEON MALL Tan Phu Celadon (Ho Chi Minh City), which was the first-ever AEON MALL location in Vietnam. In total, the renovated facility will feature 70,000m^2 in total rentable area (increase of 35,000 m^2) and 210 specialty stores (increase of 90 stores).

In Indonesia, AEON MALL Sentul City (West Java) is under construction, scheduled to open in FY2019. This will be our third mall in Indonesia. We have secured tenants for AEON MALL Tanjung Barat (Southern Jakarta district), our fourth mall in Indonesia, scheduled to open during fiscal 2020.

In November, AEON MALL Binh Tan (Ho Chi Minh City) hosted the First Annual AEON MALL National Customer Service Role-Play Contest. This contest was also held for the first time in Cambodia (November) and Indonesia (December). As in China, AEON MALL continues to pursue localized management in ASEAN.

Note: Malls open as of February 28, 201
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New Business Locations (Malls) Overseas During Fiscal 2018

	Name	Location	Opening date (Note)	Number of tenants	Total rentable area (m^2)
China	AEON MALL Yantai Jinshatan	Yantai City, Shandong	May 2018	220	72,000
	AEON MALL Guangzhou Jinsha	Guangzhou City, Guangdong	November 2018	170	65,000
Cambodia	AEON MALL Sen Sok City	Phnom Penh City	May 2018	200	85,000

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

b. Japan

The Company recorded operating revenue in Japan in the amount of ¥268,358 million, an increase of 5.0% year on year. Operating income amounted to ¥52,415 million, up 4.7%. Our Mall Business expanded sales floor space in two malls and renovated six existing malls during the year. Along with expansions and mall renovations, the Company implemented measures to increase new customer segment drawing power (Happiness Mall Initiative, etc.), while executing sales policies to promote localization. In addition, we expanded our number of business locations with the opening of four new malls, including THE OUTLETS HIROSHIMA (Hiroshima Prefecture), which features a new type of mall format.

◆ Develop Latent Sources of Domestic Demand

The AEON Group has been strengthening Health and Wellness initiatives that contribute to rich and varied lifestyles for customers through physical and mental health. AEON MALL aspires to be a space for customers to find happiness. We are rolling out Happiness Mall initiatives built on four pillars: Health, Wellness, Community, and Opportunity.

Under the banner of Health, we promote mall walking activities at every AEON mall location throughout Japan, promoting better health among our customers. At AEON MALL Miyazaki (Miyazaki Prefecture), a Mall Walking program overseen by the Center for Preventive Medical Sciences of Chiba University was adopted in the mall in conjunction with a floor space expansion in March. This created a space and opportunity for promoting health awareness. We support the FUN + WALK PROJECT, a public-private collaboration with the Japan Sports Agency, offering consumers the chance for comfortable mall walking indoors, without regard to weather.

One example of a Wellness program is our Opera de AEON MALL, operas held at various malls in cooperation with the Japan Opera Foundation.

To encourage Community, we introduced the Hyper-Localization 2018 program designed to promote the attraction of our local communities.

To generate consumer demand in Japan, every AEON MALL location in the country hosted an AEON MALL Black Friday, held over three days from November 23 through November 25. In this, the third year of the promotion, customers have come to anticipate Black Friday at AEON. In addition to offering special sales prices for trendy products, are most introduced other promotions to attract consumers. As a result, Black Friday visitor traffic was up 2.7% year on year, with sales up 6.6%.

To provide new experiences and discoveries to customers, the Company is working actively to attract popular overseas specialty stores to Japan. We are leveraging our expertise in and network of overseas specialty retailers for this purpose. In August, popular Chinese hot pot restaurant chain HaidiLao Hot Pot opened a store in AEON MALL Makuhari Shintoshin (Chiba Pref.). In November, Hotel Chocolat, a UK chocolate specialty retailer, opened its first Japanese location at AEON Lake Town (Saitama Pref.).

(Note) Four-day period from November 23 to November 26 in the previous year. Figures compared to a four-day period from November 22 through November 25.

◆ Become the Overwhelmingly Dominant Mall in Each Region

As more retail facilities become victims of natural selection, we are increasing our share of dominant regional malls that enjoy the highest rates of customer support. Becoming the dominant No.1 mall in one region raises our competitive advantage throughout the Japanese shopping mall market.

Our current medium-term management plan calls for us to expand floor space at eight malls, renovate 32 malls, and open 10 new malls. During the prior consolidated fiscal year, we expanded floor space at two malls, renovated 12 malls, and opened five new mall locations. During fiscal 2018, we expanded two malls, renovated six malls, and opened four new malls.

In March and July, we reopened the AEON MALL Miyazaki (Miyazaki Pref.) and AEON MALL Kumamoto (Kumamoto Pref.) locations, which now feature expanded floor space.

A new wing was built at a site on the south side of our Miyazaki, and 63 specialty stores opened in the new wing. In addition, a major renewal that renovated 92 stores in the existing wing was carried out. As a result, the mall now has a total rentable area of 84,000m^2 (an increase of 14,000m^2) and enough room for 250 tenants (increase of 70 stores).

We reopened the Kumamoto mall in stages after the April 2016 Kumamoto earthquakes. Renovations included expanding floor space in the earthquake-damaged anchor tenant zone on the west side of the mall, making this area a newly expanded wing. As a result, the mall now has a total rentable area of 84,000m^2 (an increase of 11,000m^2) and enough room for 200 tenants (increase of 45 stores). To prevent damage in the future from large-scale earthquakes, we have completely rethought the materials and construction methods for facilities within the mall. This reflects our stance to improve security and strengthen earthquake resistance in our buildings.

Floor space expansion at these malls has secured an overwhelmingly strong position as the dominant malls in the region, building upon our already sizable market share.

Our tenants enjoyed solid sales performance in the 22 malls where we expanded floor space or conducted renovations in the previous and current period. Sales grew a strong 8.0% compared to the prior fiscal year.

New mall openings for the fiscal year were AEON MALL Zama (Kanagawa Pref.) in March, THE OUTLETS HIROSHIMA (Hiroshima Pref.) in April, AEON MALL Iwaki Onahama in June, and AEON MALL Tsu-Minami (Mie Pref.) in November.

We opened AEON MALL Zama utilizing a portion of the land occupied by Nissan Motor Zama, reducing the environmental footprint of the project. Panels installed on the roof and walls of the facility provide up to 1 megawatt electricity. This is equivalent of electricity used by 300 homes in a year. Further, we installed LED lights in all areas of the mall, reducing electricity for lighting by 40 percent compared to traditional malls.

Based on the concept of combining full-scale outlet stores with leisure and entertainment and encounters with the local region, THE OUTLETS HIROSHIMA draws customers from a wide area, including visitors from other parts of Japan and overseas. With features including an amusement facility developed in collaboration with a local sports team, and a zone offering a variety of regional foods and specialties, the mall allows visitors to experience the local flavor of Hiroshima Prefecture.

One of the major features of AEON MALL Iwaki Onahama is its status as a disaster-ready mall. The mall is built with pedestrian decks connected to internal walkways, AEON Hall, and open rooftop areas, providing temporary evacuation centers during earthquakes or other disasters. To harden facilities against flood damage due to tsunami, the ground floors have been built with a pilotis structure installed at a height even higher than that of the projected maximum tsunami levels. We promote localization initiatives in partnership with nearby aquamarine parks and other tourist facilities, local businesses, and educational institutions to publicize the attractiveness of the surrounding area.

AEON MALL Tsu-Minami was built and expanded on the foundation of the AEON Tsu-Minami Shopping Center Sun Valley, opened originally in 1978 and closed temporarily in 2016 for the rebuild. The mall features the latest in digital content for customer convenience, including an event space with a 270-inch LED screen and nearly 60 digital signs throughout the complex.

Malls Renovated During Fiscal 2018

Name	Location	Date reopened	Number of tenants	Number of specialty stores (A) (Note 1)	Relocated/ Renovated Specialty Stores (B)	Number of renewal specialty stores (A) + (B)
AEON MALL Miyazaki (Note 2)	Miyazaki	March 16	250	91 (69)	64	155
AEON MALL Kashihara	Nara	March 17	230	10 (2)	12	22
AEON MALL Sakai Kitahanada	Osaka	March 20	170	20 (—)	7	27
AEON MALL Itami	Hyogo	April 27	150	15 (—)	18	33
AEON MALL Fukutsu	Fukuoka	July 13	190	12 (2)	3	15
AEON MALL Kumamoto (Note 2)	Kumamoto	July 20	200	42 (10)	3	45
AEON MALL Kurashiki	Okayama	July 20	240	8 (2)	—	8
AEON MALL Fukuoka	Fukuoka	October 26	220	7 (—)	—	7

(Notes) 1. Numbers in parentheses indicate the number of new specialty stores opening their first shop in that prefecture.
2. AEON MALL Miyazaki and AEON MALL Kumamoto underwent a floor space expansion and renovation.

New Business Locations (Malls) in Japan During Fiscal 2018

Name	Location	Date opened	Number of specialty stores	Total rentable area (m^2)
AEON MALL Zama	Kanagawa	March 2018	160	50,000
THE OUTLETS HIROSHIMA	Hiroshima	April 2018	200	53,000
AEON MALL Iwaki Onahama	Fukushima	June 2018	130	50,000
AEON MALL Tsu-Minami	Mie	November 2018	170	60,000

◆ Capture Urban Growth Opportunities

OPA Co., Ltd. opened two new locations during the year, Naha OPA (Okinawa Pref.) in October and Hachioji OPA (Tokyo) in November. Among existing stores, we welcomed the first-ever Japanese locations for the United Kingdom's oldest toy store, Hamleys. The store opened new locations in World Porters Vivre (Kanagawa Pref.) and Canal City OPA (Fukuoka Pref.). Shinsaibashi OPA (Osaka Pref.) celebrated the October opening of HaiDiLao Hot Pot restaurant, a popular chain in China. The Shinyurigaoka OPA (Kanagawa Pref.) and Takasaki OPA (Gunma Pref.) malls both welcomed large-scale general merchandise tenants to their locations.

New Business Locations (Urban Shopping Centers) in Japan During Fiscal 2018

Name	Location	Date opened	Number of specialty stores	Total rentable area (m^2)
Naha OPA	Okinawa	October 2018	50	5,200
Hachioji OPA	Tokyo	November 2018	40	6,200

2) Future Outlook

a. Overseas (China, ASEAN)

The Company plans to open two malls in China, one mall in Vietnam, and one mall in Indonesia during the fiscal year ending February 2020 (fiscal 2019). As a driver of future company growth, our overseas business has entered stage of expanding profits. In addition to new mall openings, we are moving forward with renovations for new tenants in existing malls, strategic floor space expansions, and initiatives to improve our global operations.

New Overseas Business Locations Scheduled to Open During the Fiscal Year Ending February 2020

	Name	Location	Opening Date (Note)
China	AEON MALL Changshu Xinqu	Changshu City, Jiangsu	FY2019
	AEON MALL Qingdao Xihaian Xinqu	Qingdao City, Shandong	FY2019
Vietnam	AEON MALL Ha dong	Hanoi City	FY2019
Indonesia	AEON MALL Sentul City	West Java	FY2019

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

b. Japan

AEON MALL is scheduled to open one new mall in Japan during fiscal year ending February 2020 (fiscal 2019). We are moving forward to expand floor space at four malls and renovate 10 malls, continuing our aggressive approach to updating existing facilities.

Japan is scheduled to undergo a consumption tax increase in October 2019. In response, we plan to maintain sales through several programs designed to encourage consumer demand. At the same time, we are adopting a digital platform for cashless payments and other initiatives supported by the Japanese government. AEON MALL is positioning to capture the trending increase in inbound tourist sales.

Our Happiness Mall programs promote greater localization through sales promotions and events capitalizing on local characteristics. As one way in which we will create a stronger drawing power in our malls and drive greater sales growth. The Company will also improve operating efficiency by taking advantage of the economies of scale of our more than 150 malls in Japan and implementing measures for low-cost operations to grow profitability. These measures include reducing electricity consumption through new energy-saving equipment.

New Japanese Business Locations (Malls) Scheduled to Open During the Fiscal Year Ending February 2020

Name of Mall	Location	Opening Date
AEON Fujiidera Shopping Center	Osaka Prefecture	FY2019

OPA Co., Ltd. is renovating locations to transition away from apparel-heavy sales, working to attract trendy specialty stores that will generate more customer traffic at existing facilities.

New Japanese Business Locations (Urban Shopping Centers) Scheduled to Open During the Fiscal Year Ending February 2020

Name of Mall	Location	Opening Date
(Tentative name) Oita OPA	Oita Prefecture	FY2019

Financial Forecast

The Company projects consolidate earnings of ¥326,000 million in operating revenue, ¥62,000 million in operating income, ¥54,000 million in ordinary income, and ¥33,700 million in net income attributable to owners of parent.

Our consolidated financial statements for the fiscal year ending February 2020 will reflect the adoption of International Financial Reporting Standard (IFRS) 16 Leases. Accordingly, our current consolidated earnings forecasts for the year ending February 2020 are based on this standard.

(2) Environmental Conservation and Social Contribution Activities

AEON MALL Co., Ltd. has established policies for corporate activities related to society, the environment, and ethics. The AEON MALL Corporate Social Responsibility Council meets on a monthly basis to manage the implementation of these policies. The Council is responsible for timely decisions in managing the progress of and solving issues related to CSR activities.

Measures to Address Environmental Issues

As part of our environmental conservation activities to reduce CO_2 emissions, we have installed solar power generation equipment in 71 Japanese malls and 15 overseas malls as of the end of the current consolidated fiscal year (Note 1). We have also installed energy-saving LED lights in certain facilities. We installed an approximate 1MKW rooftop solar power generation system and a high-efficiency chiller in our AEON MALL Sen Sok City facility, which opened in May 2018. Our goal here is to reduce CO_2 emissions by approximately 1,564 tons per year. The combination of this solar power system and high-efficiency chiller has also been adopted as a fiscal 2016 Joint Crediting Mechanism project by the Japanese Ministry of Environment (Note 2).

We have also made progress in installing electric vehicle charging stations as a step in preserving the environment and promoting a sustainable society. In 2017, we declared our participation as the first Japanese company to join EV100 (Note 3). As of the end of the current consolidated fiscal year, we have installed 2,332 EV charging stations across 158 malls worldwide. We will continue to install EV charging stations and adopt other leading-edge technologies that minimize our impact on the environment. In this way and others, we will create mechanisms to protect local ecosystems and build communities that exist in harmony with nature. Further, we strive to play our part in the recycling-based society. One way in which we do this is through a zero emissions program that recycles all waste generated by our malls.

The AEON Group has conducted tree planting activities consistently since 1991 as one specific example of the AEON basic principle. In this project, we work together with customers to plant trees that are most compatible with the local environment.

As of February 2019, the AEON Group has planted nearly 11.9 million trees on cumulative basis. For our part, AEON MALL Co., Ltd. sponsored tree planting events at seven new malls opened around the world during fiscal 2018, accounting for 124,000 new trees.

Measures to Address Social Issues

As of the end of the current consolidated fiscal year, we have opened 25 AEON Yume-Mirai Nursery Schools (Note 4) to support our employees who work and raise children. We will continue to support group company employees and others with children by helping reduce wait time for childcare center openings.

AEON MALL strives to create localized malls that serve as community centers offering useful functions. Two examples are polling stations offered for early voting and our work with the Scout Association of Japan to offer disaster-prevention programs throughout Japan.

Most of our malls in Japan have signed agreements with local governments to participate in disaster prevention activities, offering another layer of protection for local citizens. Every AEON MALL location conducts regular practical disaster training, which includes the participation of specialty store employees. In these and other ways, we strengthen the community’s ability to prevent and respond to emergencies.

For greater customer convenience, we provide community infrastructure within our malls. This includes post offices, branch locations for city offices, libraries, health clinics, financial services, and more.

Further, we work with the Japan Red Cross Society to sponsor blood donation activities. In December 2018,

student volunteers from the Japan Red Cross Society conducted a blood drive at 40 malls across Japan, called the *Japan Student Christmas Blood Donation Campaign*.

The AEON Joining Hands Project supports recovery activities in the areas affected by the Great East Japan Earthquake. Here, AEON employees volunteer in ongoing tree planting activities and other services to help speed recovery.

The Aeon 1% Club is an entity through which AEON MALL and major AEON Group companies donate one percent of pre-tax income for social contribution activities. In addition to our participation in the Aeon 1% Club, we continue to support those who teach traditional culture, crafts, and skills, serving a national fund raiser.

Independent Certifications
AEON MALL Kurashiki (Okayama Pref.), AEON MALL Morioka (Iwate Pref.), and AEON MALL Nogata (Fukuoka Pref.) worked in cooperation with AEON REIT Investment Corporation to obtain DBJ Green Building Certification (Note 5). AEON MALL Kurashiki received five stars, the highest level of certification offered, in recognition as a property with the best class environmental and social awareness. AEON MALL Morioka and AEON MALL Nogata received four stars as properties with exceptionally high environmental and social awareness. To date, AEON MALL boasts a total of nine facilities that have received DBJ Green Building Certification.

THE OUTLETS HIROSHIMA (Hiroshima Pref.) created a tiered forest consisting of a canopy layer, a bush layer, and a grass layer of plant life. In March 2019, the facility received certification from the Association for Business Innovation in harmony with Nature and Community® (Note 6). Meanwhile, AEON MALL Zama (Kanagawa Pref.) received the same certification, marking nine facilities in total with approval from the Association for Business Innovation in harmony with Nature and Community®.

Third-Party Evaluations
In FY2018, AEON MALL was recognized as a Green Star company for management policy and execution and measurement, recognized as outstanding for our approach to the environment and sustainability. This marks the fourth consecutive year we have received this award under the GRESB (Note 7) real-estate assessment system. Further, AEON MALL received an A rating for GRESB Disclosure Assessment, an assessment of corporate ESG disclosures first introduced in 2017.

The Company also received recognition for our initiatives and information disclosure regarding climate change, scoring a B from the Carbon Disclosure Project (Note 8). A score of B is the third-highest of eight evaluation stages and represents the best marks the Company has scored to date.

The Company is working to increase the ratio of women in management, creating a workplace environment that enables women to be more active and continuing long-term careers. Our efforts include systems for work-child care balance, tracking work hours to reduce overtime, and assessing performance based on efficiency. For the third consecutive year, AEON MALL has been selected as a *Nadeshiko Brand*(Note 9), an honor which recognizes publicly traded companies that encourage the participation of women in the workplace.

AEON MALL Zama was awarded the Kanagawa Global Environment Award and the Barrier-Free Community Award. The Kanagawa Global Environment Award recognizes groups and individuals who engage in outstanding initiatives toward global environmental conservation. The Barrier-Free Community Award recognizes groups and individuals contributing to barrier-free living through facilities and other activities that consider the needs of the disabled, the elderly, and other individuals with special challenges.

AEON MALL Okayama (Okayama Pref.) measures the waste generated by each tenant, separating and recycling trash appropriately under the guidance of a dedicated staff person. The mall received an award for outstanding performance from Okayama City under the waste reduction and resource development for business program.

(Notes) 1. Includes 70 malls managed and operated under contract with AEON Retail Co., Ltd. The accounting period for companies outside Japan ends December 31; however, figures used are as of the end of the Japanese fiscal year.

2. The Joint Crediting Mechanism (JCM) is a program organized by the Japanese government. This program contributes to the global spread of advanced Japanese low-carbon technologies and initiatives to reduce greenhouse gases and encourage sustainable development among emerging economies. These efforts are assessed according to the quantitative volume of emissions reductions, helping Japan accomplish its greenhouse gas reduction targets.

3. An initiative to promote electric vehicles. The program launch was announced by The Climate Group, an international environmental non-governmental organization working to reduce greenhouse gas emissions, during Climate Week NYC, held from September 18-24, 2017 in New York City. EV100 is an international business initiative for corporate promotion of the use of electric vehicles and environmental improvement. The Company has been an official member since November 10, 2017.

4. This figure includes seven AEON Yume-Mirai nursery schools located on AEON Group company facilities.

5. DBJ Green Building Certification is program operated by Development Bank of Japan Inc. The certification for real estate evaluates buildings based on environmental functions, comfort, risk management, neighbor/community impact, and cooperation with stakeholders.

6. A system in which efforts in the creation of biodiversity-friendly green areas are objectively evaluated and certified by the Association for Business Innovation in Harmony with Nature and the Community (ABINC®), based on the Guidelines for Sustainable Business Sites created and registered by the Japan Business Initiative for Biodiversity (JBIB).

7. The Global Real Estate Sustainability Benchmark (GRESB) is a benchmark measuring the sustainability performance of real estate companies and real estate fund managers based on surveys conducted by GRESB B.V., which has been founded primarily by pension funds in Europe.

8. CDP is an international NGO promoting climate change information disclosure. The entity represents more than 800 institutional investors accounting for US$1 trillion. CDP conducts annual survey of the world’s largest corporations, more than 6,800 of which answered the fiscal 2018 CDP survey.

9. The Nadeshiko Brand is a joint program between the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange. The aim of the Nadeshiko Brand is to select and announce certain listed companies that are outstanding in terms of encouraging the empowerment of women in the workplace as attractive securities investment opportunities to investors who put emphasis on improving corporate value over the medium and long term, in an aim to promote investment in such enterprises and accelerate efforts encouraging women’s success in the workplace.

(3) Consolidated Financial Position

1) Assets, Liabilities and Net Assets

Assets

Total assets amounted to ¥1,203,211 million, up ¥79,430 million compared to the end of the prior consolidated fiscal year. This increase was mainly due to the acquisition of property, plant and equipment of ¥157,521 million related to the acquisition of land for development. This increase was partly offset by depreciation in the amount of ¥42,640 million and ¥31,680 million in sales of property, plant and equipment.

Liabilities

Total liabilities stood at ¥809,151 million, up ¥70,932 million from the end of the prior consolidated fiscal year. This increase was mainly due to an increases in bonds (including current portion of bonds) of ¥80,000 million, long-term debt (including current portion) of ¥26,225 million, deposits received of ¥4,076 million, and deposits received from specialty stores of ¥3,317 million. At the same time commercial paper decreased by a net ¥5,000 million, while accounts payable-other (including other current liabilities) related to capital equipment for new mall openings and income taxes payable decreased ¥38,929 million and ¥798 million, respectively.

Net assets

Net assets totaled ¥394,059 million, up ¥8,498 million compared to the end of the prior consolidated fiscal year. This result was mainly due to an increase in retained earnings from net income attributable to owners of parent of ¥33,538 million, partly offset by dividend payments of ¥8,642 million and a decrease of ¥14,974 million in foreign currency translation adjustments.

2) Cash Flows

Cash and cash equivalents (“Cash”) as of the consolidated fiscal year amounted to ¥55,414 million, up ¥1,191 million compared to the end of the prior consolidated fiscal year.

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

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥90,600 million, compared to cash flows of ¥80,616 million in the prior consolidated fiscal year. This result was mainly due to income before income taxes and other adjustments of ¥47,683 million (¥45,061 million in the year-ago period), depreciation and amortization of ¥42,640 million (¥38,443 million in the year-ago period), and an increase in deposits received from specialty stores of ¥3,597 million (versus ¥3,045 million in the year-ago period). At the same time, income taxes paid amounted to ¥17,194 million, compared to ¥15,956 million in the year-ago period.

Cash flows from investing activities

Net cash used in investing activities amounted to ¥176,189 million, compared to ¥142,009 million in the prior consolidated fiscal year. This result was mainly due to payments for facilities at malls opened during the prior consolidated fiscal year (AEON MALL Tokushima, AEON MALL Matsumoto) and malls opened during the current consolidated fiscal year (AEON MALL Zama, THE OUTLETS HIROSHIMA, AEON MALL Iwaki Onahama, AEON MALL Tsu-Minami), as well as cash outlays of ¥207,522 million in purchase of property, plant and equipment associated with land for development (¥186,525 million in the year-ago period). These cash outlays were somewhat offset by proceeds from the sale of property, plant and equipment of ¥36,287 million (¥40,293 million in the year-ago period) and lease deposits from lessees in the amount of ¥14,914 million (¥13,975 million in the year-ago period).

Cash flows from financing activities

Net cash provided by financing activities amounted to ¥91,199 million, compared to net cash provided of ¥44,841 in the prior consolidated fiscal year. This result was mainly due to proceeds from issuance of bonds in the amount of ¥80,000 million (¥50,000 million in the year-ago period) and proceeds from long-term debt of ¥61,159 million (¥48,290 million in the year-ago period). During the same period, the Company made cash outlays for repayments of long-term debt of ¥35,759 million (¥52,563 million in the year-ago period), ¥5,000

million in repayments of short-term loans and commercial paper (¥11,000 million in the year-ago period), and payments of dividends in the amount of ¥8,642 million (¥6,708 million in the year-ago period).

(Reference) Changes in Cash Flow Indicators

	Fiscal year ended February 28, 2018	Fiscal year ended February 28, 2019
Equity ratio (%)	33.2	31.9
Equity ratio based on market capitalization (%)	45.3	34.3
Ratio of interest-bearing debt to cash flow (annual)	5.0	5.6
Interest coverage ratio (times)	30.5	28.8

(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 long-term debt, commercial paper, bonds and long-term debt, 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.

(4) Basic Policy on Income Distribution, Dividends for Fiscal Years Ending February 2019 and February 2020

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 25 percent.

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, 2019, our board of directors resolved to pay year-end dividends of ¥19 per share, an increase of ¥1 in line with our initial plan. In combination with our interim dividend of ¥19 per share, our annual dividend for the fiscal year amounted to ¥38 per share, ¥3 higher than the prior fiscal year. This dividend payment represents a 25.8 percent payout ratio on a consolidated basis.

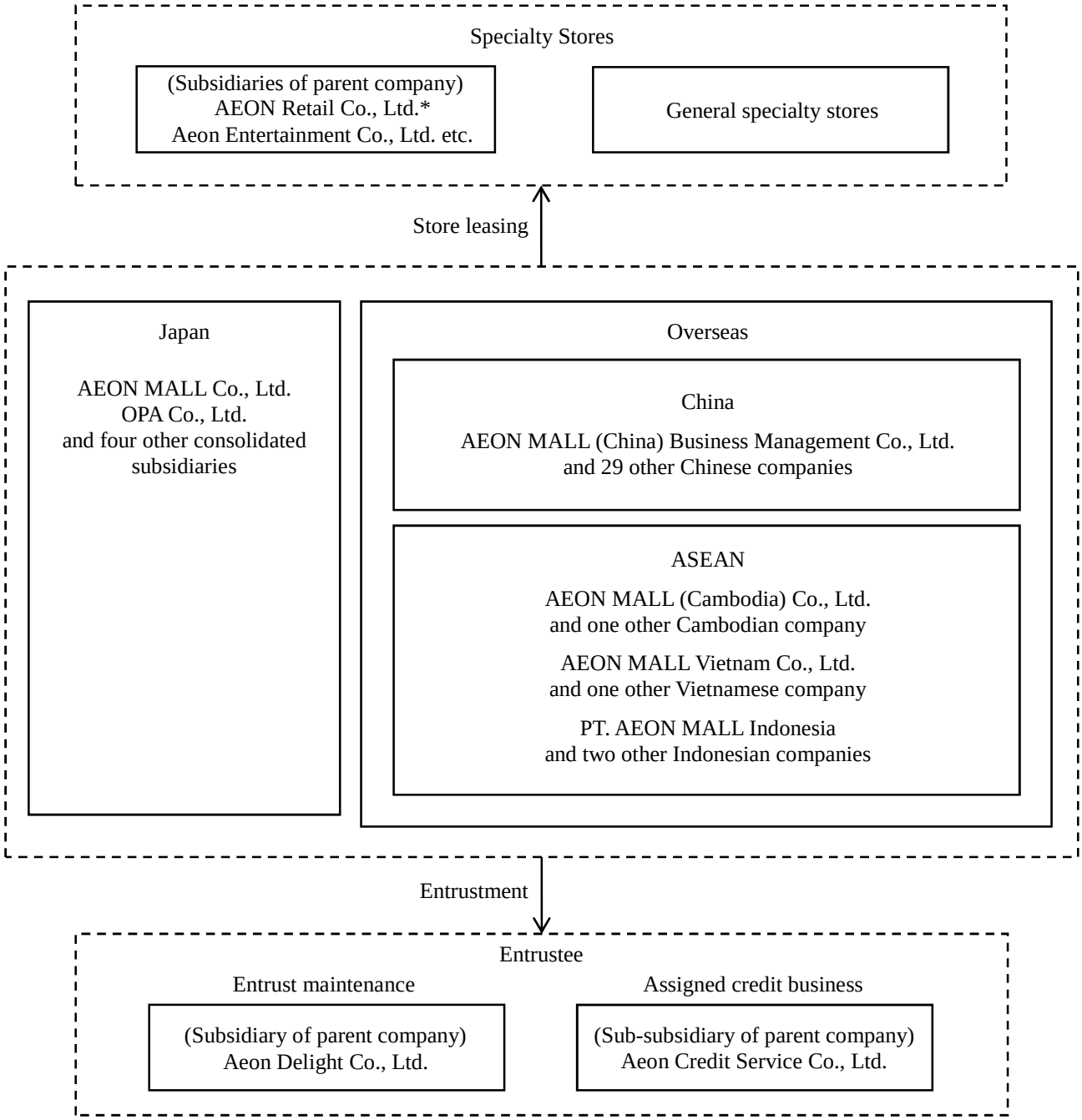
The Company plans to pay an annual dividend of ¥40 per share for the fiscal year ending February 28, 2020, up ¥2 from the fiscal year under review. We forecast our consolidated dividend payout ratio to be 27.0 percent.

2. State of the Corporate Group

The AEON Mall Group consists of parent AEON MALL Co., Ltd. (shopping mall operations) and 42 consolidated subsidiaries, including OPA Co., Ltd., AEON MALL, four other Japanese subsidiaries, AEON MALL (China) Business Management Co., Ltd., 29 other subsidiaries in China, two subsidiaries in Cambodia, two subsidiaries in Vietnam, and three subsidiaries in Indonesia. Among consolidated subsidiaries, OPA Co., Ltd. is engaged in urban shopping center operations, while the remaining 41 subsidiaries are engaged in shopping mall operations.

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 retail operator) and other companies within the AEON Group.

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



*AEON Mall manages and operates 70 large-scale commercial facilities under contract with AEON Retail Co., Ltd.

3. Management Policies

(1) Basic Management Policies

AEON MALL Co., Ltd. is a Life Design Developer (note), creating the future of community living as we pursue our basic principle that the customer comes first.

In pursuit of this philosophy, we develop malls localized to the characteristics of each community we serve in Japan and around the world. In this way, we contribute to better individual lifestyles and community growth.

Further, the Company has defined a long-term vision for fiscal 2025 through which we will pursue our management philosophy and achieve business growth in response to changes in our business environment.

Vision for 2025
(1) Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
(2) Make AEON MALL a leading global commercial developer with consolidated operating income of ¥100 billion.
(3) Conduct floor space expansions and renovations in Japan to become the dominant mall in each area.
(4) Target overseas operating income of ¥35 billion (operating margin 20%) across 70 malls, operating at the same level of efficiency and scale as our directly managed domestic operations.

We are making steady progress under this long-term vision, executing our medium-term management plan (FY2017 through FY2019) to maximize future cash flows and raise our corporate value.

(Note) Life Design is the process of designing future living across the many life stages of our local customers, providing functions beyond the traditional framework of commercial facilities. Life Design extends beyond shopping to include personal interactions, cultural education, and more.

(2) Target Performance Indicators

AEON MALL Co., Ltd. has defined return on invested capital of 6%, equity ratio of 30%, and net debt-equity ratio of 1.0 times as key management indicators. We observe these indicators as reflections of profitability and financial strength.

The Company recorded the following indicators for the fiscal year ended February 2019:

Return on Invested Capital: 4.4%
Equity Ratio: 31.9%
Net Debt-Equity Ratio: 1.1 times

(Note) Return on Invested Capital: Operating Income x (1-Effective Tax Rate) / Average Equity for the Fiscal Year + Average Interest-Bearing Debt for the Fiscal Year)
Equity Ratio: Equity / Total Assets
Net Debt-Equity Ratio: (Interest-Bearing Debt - Cash and Deposits) / Equity

Our consolidated financial statements for the fiscal year ending February 2020 will reflect the adoption of International Financial Reporting Standard (IFRS) 16 Leases with respect to our overseas consolidated subsidiaries. We will disclose the impact of the adoption of this reporting standard on our performance indicators as soon as we have made the appropriate calculations.

(3) Medium-Term Management Strategies and Priorities

We have defined five initiatives through which we will build a resilient foundation delivering sustainable growth and high profitability: (1) Capture growth opportunities in Asia; (2) Develop latent sources of domestic demand; (3) Become the overwhelmingly dominant mall in each region; (4) Capture urban growth opportunities; and (5) Implement an optimal financing mix and build organizational structures that support growth.

(i) Capture Growth Opportunities in Asia
Specialty store sales in China and ASEAN continue to show double-digit growth. We will develop our businesses in these regions as our growth drivers for the foreseeable future. In conjunction with growing the number of malls we operate, we will also move forward measures to become the dominant presence in each area. As our existing malls become more profitable, new malls are becoming more profitable at earlier stages, contributing to future profits.

We will continue to open malls that dominate the competitive landscape in China and ASEAN. Our focus in China will be building new walls in Hubei Province and other interior regions that demonstrate higher economic growth compared to China's coastal areas. In ASEAN, we will press forward in growing our businesses in Vietnam, Cambodia, and Indonesia. In particular, we plan to accelerate small openings in key areas of the growing Vietnamese market.

As we open new malls and improve our brand recognition, we expect to achieve further profits by attracting more customers and improving the terms of our tenant leases. At the same time, we intend to expand floor space and conduct renovations timed strategically with the conclusion of lease agreements with specialty stores.

Further, we plan to improve the speed of our decision-making and secure higher growth by improving our expertise in management and operations as a result of opening more locations overseas. We will also strive to localize mall management and cultivate human resources capable of working on a global scale. We believe these efforts will result in a strong foundation driving profit growth overseas.

(ii) Develop Latent Sources of Domestic Demand
We intend to generate new demand in Japan by addressing a greater range of consumer segments, responding to local community needs across a wider range of customer age groups.

We will reach deeper into existing market areas by playing a stronger role in providing more functions to the community to our malls, serving as an important member of the community. Examples of our efforts here include unique mall-based activities tailored to the community, as well as public functions meeting the diverse needs of local citizens, including government offices, post offices, and libraries. We will also work to create stronger relationships with local community groups.

In addition to our traditional family target segment, we intend to target seniors and other age groups. AEON MALL aspires to be a space for customers to find happiness. We are rolling out Happiness Mall initiatives to build stronger communities based on four pillars: Health, Wellness, Community, and Opportunity.

At the same time, we plan to strengthen our ability to attract customers through a number of tactical measures. These measures include leveraging social media, adapting digital technology to small infrastructure, introducing popular leading specialty stores from overseas, and working closely with specialty store companies in mall operations.

(iii) Become the Overwhelmingly Dominant Mall in Each Region
Competition among malls in Japan is intensifying, partly due to the popularity of e-commerce. We must establish an overwhelmingly dominant position in each region as our industry experiences a shakeout. To achieve this position, we plan to create competitive advantages in Japan through aggressive expansions and renovations of existing malls as well as through the introduction of new malls in unserved areas, selected carefully through in-depth area marketing.

As consumer needs continue to diversify, we must do more than rely on traditional mall formats. Accordingly, we intend to develop new formats offering an integrated approach, including regional innovative commercial facilities.

We will work together with specialty store companies to help them address labor shortages and other issues. Our efforts will include raising employee satisfaction through on-site daycare facilities and upgraded employee

break rooms.

Through our efforts, we believe we will secure our position as the overwhelmingly dominant malls in each region of Japan, enjoying high market share, the ability to attract customers, and support from our specialty store tenants.

(iv) Capture Urban Growth Opportunities

OPA Co., Ltd. develops urban shopping centers in Japan. The company plans to improve profits through new shopping centers and greater efficiency at existing facilities through major renovations, including scrap-and-build projects. The company will build greater brand recognition as a new OPA.

(v) Implement Optimal Financing Mix and Build Organizational Structures That Support Growth

AEON MALL is building a solid financial base to support our medium- to long-term growth strategy. We are doing this through better asset and investment efficiencies, as well as maximized cash flows. We promote diversity in management to cultivate an inclusive diverse human resources approach that drives corporate growth. At the same time, we are strengthening management systems and governance, sharing our business expertise developed in Japan and fostering faster decision-making.

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, 2018	As of February 28, 2019
Assets		
Current assets		
Cash and deposits	54,586	56,823
Notes and accounts receivable–trade	6,801	7,426
Prepaid expenses	4,053	4,151
Deferred tax assets	1,501	1,510
Deposits to associated companies	*2 630	—
Other current assets	34,041	34,224
Allowance for doubtful receivables	(23)	(34)
Total current assets	101,590	104,102
Fixed assets		
Property, plant and equipment		
Building and structures	*1 783,236	*1 875,910
Accumulated depreciation	(231,396)	(263,253)
Buildings and structures, net	*1 551,839	*1 612,656
Machinery and transportation equipment	5,248	5,613
Accumulated depreciation	(1,471)	(1,697)
Machinery and transportation equipment, net	3,777	3,916
Furniture and fixtures	37,481	39,794
Accumulated depreciation	(26,725)	(29,004)
Furniture and fixtures, net	10,756	10,790
Land	*1 237,897	*1 297,196
Construction in progress	69,936	15,977
Other	520	536
Accumulated depreciation	(461)	(480)
Other, net	59	56
Total property, plant and equipment	874,267	940,593
Intangible assets	3,812	3,638
Investments and other assets		
Investment securities	2,567	2,359
Long-term loans	50	39
Long-term prepaid expenses	77,065	87,882
Deferred tax assets	10,226	11,910
Lease deposits paid	53,334	52,061
Other non-operating profits	902	639
Allowance for doubtful receivables	(36)	(15)
Total investments and other assets	144,110	154,877
Total fixed assets	1,022,190	1,099,108
Total assets	1,123,781	1,203,211

(Million yen)

	As of February 28, 2018	As of February 28, 2019
Liabilities		
Current liabilities		
Notes and accounts payable–trade	17,859	19,977
Commercial paper	11,000	6,000
Bonds due within one year	—	15,000
Current portion of long-term debt	*1 29,746	*1 24,015
Income taxes payable	8,677	7,879
Deposits received from specialty stores	38,614	41,931
Deposits received	6,841	5,043
Allowance for employee bonus	1,458	1,525
Allowance for director and corporate auditor performance-based remuneration	107	110
Provision for loss on store closing	1,054	612
Notes payable—construction	53,683	26,902
Electronically recorded obligations—construction	25,002	11,804
Accounts payable—construction	7,683	8,732
Other current liabilities	*1 18,933	*1 17,388
Total current liabilities	220,661	186,923
Long-term liabilities		
Straight bonds	170,000	235,000
Long-term debt	*1 195,002	*1 226,960
Deferred tax liabilities	448	410
Accrued retirement benefits to employees	1,046	1,133
Asset retirement obligations	11,814	16,226
Lease deposits from lessees	*1 134,766	*1 138,842
Other, net	4,480	3,655
Total long-term liabilities	517,558	622,228
Total liabilities	738,219	809,151
Net assets		
Shareholders' equity		
Common stock	42,271	42,313
Capital surplus	40,555	40,597
Retained earnings	281,477	306,373
Treasury stock, at cost	(2)	(4)
Total shareholders' equity	364,302	389,280
Accumulated other comprehensive income		
Net unrealized gain on available-for-sale securities	1,452	1,312
Foreign currency translation adjustment	8,727	(6,247)
Remeasurements of defined benefit plans	(909)	(951)
Total accumulated other comprehensive income	9,270	(5,887)
Stock acquisition rights	141	91
Non-controlling interests	11,847	10,574
Total net assets	385,561	394,059
Total liabilities and net assets	1,123,781	1,203,211

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

(Consolidated Statements of Income)

(Million yen)

Year ended	February 28, 2018	February 28, 2019
Operating revenue		
Rental income	288,111	312,976
Operating costs		
Cost of rental income	212,042	232,831
Gross profit	76,068	80,144
Selling, general and administrative expenses		
Employees' salaries and bonuses	6,656	6,995
Provision for employees' bonuses	737	709
Provision for director and auditor performance-based remuneration	105	102
Retirement benefit expenses	245	293
Statutory welfare benefit expense	1,804	1,930
Travel expenses	1,473	1,459
Rent	1,276	778
Sales commission	2,197	2,378
Depreciation and amortization	1,011	977
Other selling, general and administrative expenses	11,348	11,530
Total selling, general and administrative expenses	26,857	27,157
Operating income	49,211	52,987
Non-operating profits		
Interest income	672	838
Dividend income	31	63
Compensation paid by departing tenants	1,158	1,441
Gain on valuation of derivatives	―	141
Compensation income	1,256	1,291
Insurance income	402	132
Other non-operating profits	330	421
Total non-operating profits	3,851	4,330
Non-operating expenses		
Interest expenses	2,641	3,335
Loss on valuation of derivatives	184	―
Foreign exchange losses	154	235
Other non-operating profits	1,060	1,540
Total non-operating expenses	4,039	5,111
Ordinary income	49,022	52,206

(Million yen)

Year ended	February 28, 2018	February 28, 2019
Extraordinary gains		
Gain on sale of fixed assets	*1 7,133	*1 4,608
Subsidy income	616	—
Other extraordinary losses	40	—
Total extraordinary gains	7,790	4,608
Extraordinary losses		
Loss on sale of fixed assets	*2 3,255	*2 1
Loss on retirement of fixed assets	*3 1,050	*3 1,149
Impairment loss	*4 5,639	*4 7,754
Provision for loss on store closing	442	—
Loss on cancellation of lease contract	948	—
Other extraordinary losses	416	226
Total extraordinary losses	11,752	9,132
Income before income taxes	45,061	47,683
Income tax – current	16,700	16,328
Income tax – deferred	(1,899)	(1,721)
Total income taxes	14,800	14,607
Net income	30,260	33,075
Net income attributable to non-controlling interests	(281)	(462)
Net income attributable to owners of parent	30,542	33,538

(Consolidated Statements of Comprehensive Income)

(Million yen)

Year ended	February 28, 2018	February 28, 2019
Net income	30,260	33,075
Other comprehensive income		
Net unrealized gain on available-for-sale securities	287	(140)
Foreign currency translation adjustment	480	(15,777)
Remeasurements of defined benefit plans	(28)	(42)
Total other comprehensive income	*1 739	*1 (15,961)
Comprehensive income	31,000	17,114
Comprehensive income (loss) attributable to		
Comprehensive income attributable to owners of parent	31,455	18,381
Comprehensive income attributable to non-controlling interests	(455)	(1,266)

(3) Statements of Changes in Shareholders' Equity

Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of fiscal year	42,256	42,030	257,643	(0)	341,930
Changes during period					
Issue of new shares	14	14			29
Cash dividends			(6,708)		(6,708)
Net income attributable to owners of parent			30,542		30,542
Purchase of treasury stock				(2)	(2)
Change in ownership interest of parent due to transactions with non-controlling interests		(1,489)			(1,489)
Net change in items other than shareholders' equity					
Total of changes	14	(1,474)	23,833	(2)	22,371
Balance at end of fiscal year	42,271	40,555	281,477	(2)	364,302

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain for available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	1,165	7,858	(881)	8,142	135	5,994	356,203
Changes during period							
Issue of new shares							29
Cash dividends							(6,708)
Net income attributable to owners of parent							30,542
Purchase of treasury stock							(2)
Change in ownership interest of parent due to transactions with non-controlling interests							(1,489)
Net change in items other than shareholders' equity	287	869	(28)	1,127	5	5,852	6,986
Total of changes	287	869	(28)	1,127	5	5,852	29,357
Balance at end of fiscal year	1,452	8,727	(909)	9,270	141	11,847	385,561

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

(Million yen)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity
Balance at beginning of fiscal year	42,271	40,555	281,477	(2)	364,302
Changes during period					
Issue of new shares	42	42			84
Cash dividends			(8,642)		(8,642)
Net income attributable to owners of parent			33,538		33,538
Purchase of treasury stock				(1)	(1)
Change in ownership interest of parent due to transactions with non-controlling interests					—
Net change in items other than shareholders' equity					
Total of changes	42	42	24,895	(1)	24,978
Balance at end of fiscal year	42,313	40,597	306,373	(4)	389,280

	Accumulated other comprehensive income				Stock acquisition rights	Non-controlling interests	Total net assets
	Net unrealized gain for available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of fiscal year	1,452	8,727	(909)	9,270	141	11,847	385,561
Changes during period							
Issue of new shares							84
Cash dividends							(8,642)
Net income attributable to owners of parent							33,538
Purchase of treasury stock							(1)
Change in ownership interest of parent due to transactions with non-controlling interests							—
Net change in items other than shareholders' equity	(140)	(14,974)	(42)	(15,157)	(50)	(1,272)	(16,480)
Total of changes	(140)	(14,974)	(42)	(15,157)	(50)	(1,272)	8,498
Balance at end of fiscal year	1,312	(6,247)	(951)	(5,887)	91	10,574	394,059

(4) Consolidated Statements of Cash Flows

(Million yen)

Year ended	February 28, 2018	February 28, 2019
Cash flows from operating activities		
Income before income taxes	45,061	47,683
Depreciation and amortization	38,443	42,640
Impairment loss	5,639	7,754
Increase (decrease) in provision for loss on store closing	125	(442)
Increase (decrease) in allowance for doubtful accounts	(1,190)	(9)
Increase (decrease) in provision for employees' bonus	64	67
Increase (decrease) in provision for director and auditor performance-based remuneration	31	3
Increase (decrease) in net defined benefit liability	(13)	8
Interest and dividend income	(704)	(902)
Interest expenses	2,641	3,335
Loss on retirement of fixed assets	1,128	1,229
Loss (gain) on sales of fixed assets	(3,877)	(4,606)
Decrease (increase) in receivables–trade accounts	(766)	(1,117)
Decrease (increase) in other current assets	(4,193)	(20)
Increase (decrease) in payables–trade accounts	2,264	3,192
Increase (decrease) in consumption tax payable	(2,203)	1,035
Increase (decrease) in deposits received from specialty stores	3,045	3,597
Increase (decrease) in other current liabilities	1,648	(3,994)
Other, net	11,388	10,573
Subtotal	98,534	110,029
Interest and dividends received	642	914
Interest paid	(2,604)	(3,148)
Income taxes paid	(15,956)	(17,194)
Net cash provided by (used in) operating activities	80,616	90,600

(Million yen)

Year ended	February 28, 2018	February 28, 2019
Cash flows from investing activities		
Purchase of property, plant and equipment	(186,525)	(207,522)
Proceeds from sales of property, plant and equipment	40,293	36,287
Purchase of intangible assets	(629)	(715)
Purchase of long-term prepaid expenses	(3,575)	(9,578)
Collection of loans	82	79
Payment of lease deposits to lessors	(1,830)	(4,449)
Reimbursement of lease deposits to lessors	5,429	5,705
Repayment of lease deposits from lessees	(9,558)	(10,496)
Proceeds from lease deposits from lessees	13,975	14,914
Time deposits	(2,181)	(2,341)
Withdrawal of time deposits	2,510	1,901
Other non-operating profits	0	26
Net cash provided by (used in) investing activities	(142,009)	(176,189)
Cash flows from financing activities		
Increase (decrease) in short-term debt and commercial paper	11,000	(5,000)
Proceeds from long-term debt	48,290	61,159
Repayment of long-term debt	(52,563)	(35,759)
Proceeds from issuance of bonds	50,000	80,000
Redemption of bonds	(10,000)	—
Proceeds from share issuance to non-controlling shareholders	5,039	—
Purchase of treasury stock	(2)	(1)
Dividends paid	(6,708)	(8,642)
Dividends paid to non-controlling interests	(6)	(6)
Other	(209)	(550)
Net cash provided by (used in) financing activities	44,841	91,199
Foreign currency translation adjustments on cash and cash equivalents	1,182	(4,418)
Net increase (decrease) in cash and cash equivalents	(15,369)	1,191
Cash and cash equivalents at beginning of the period	69,593	54,223
Cash and cash equivalents at end of the period	*1 54,223	*1 55,414

(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: 42

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., OPA Co., Ltd.

AEON MALL (Guangzhou Zengcheng) Business Management Co., Ltd. was established during the current consolidated fiscal year. Accordingly, this entity has been included in the scope of consolidation.

2. Matters concerning consolidated subsidiary fiscal years

Overseas subsidiaries end their fiscal years on December 31.

We prepare our consolidated financial statements using the 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.

3. 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

Available-for-sale securities with market value

Stated at market value, determined by the market price as of the fiscal year-end and other means, with all valuation gains and losses reported in net assets and the cost of securities sold is determined by the moving-average method.

Available-for-sale securities without market value

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

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) 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 auditor performance-based remuneration

The Company provides an allowance for director and 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) 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.

(7) 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

Interest rate swaps are conducted for the purpose of hedging against the risk of fluctuations in interest rates.

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.

(8) 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.

(9) Other important matters concerning the preparation of consolidated financial statements

Accounting treatment of consumption taxes

Financial statements are prepared exclusive of consumption taxes.

Changes in accounting policies

The Company has applied IFRS 15 (Revenue from Contracts with Customers) at overseas consolidated subsidiaries beginning with the current consolidated fiscal year. The application of this accounting standard has no material effect on the Company's consolidated financial statements.

Accounting standards not yet applied

Consolidated subsidiaries overseas

- Leases (IFRS 16)

1. Overview
   This accounting standard has been revised. The revisions mainly relate to having the lessee recognize assets and liabilities for all leases as a rule.
2. Scheduled date of adoption
   We plan to adopt IFRS 16 beginning with the fiscal year ending February 29, 2020.
3. Impact of account standards adoption standards
   The Company is assessing the impact of adoption of these accounting standards as of the time of preparation of these consolidated financial statements.

Notes

Consolidated balance sheets

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

(Assets pledged as collateral) (Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)	Year Ended February 28, 2019 (As of February 28, 2019)
Buildings and structures	38,721	36,614
Land	2,418	2,418
Total	41,140	39,033

(Liabilities backed by above collateral) (Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)	Year Ended February 28, 2019 (As of February 28, 2019)
Current portion of long-term debt	957	957
Other current liabilities (Current portion of lease deposits from lessees)	75	75
Long-term debt	26,435	25,478
Lease deposits from lessees	1,056	980
Total	28,524	27,492

*2 Deposits to associated companies (Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)	Year Ended February 28, 2019 (As of February 28, 2019)
Deposits to associated companies	630	―

(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, 2018 (March 1, 2017 to February 28, 2018)		Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	
AEON MALL Tsukuba (Tsukuba City, Ibaraki Prefecture)	7,125	Takasaki OPA (Takasaki City, Gunma Prefecture)	3,080
		Sendai Amamiya (Sendai City, Miyagi Prefecture)	1,422
		AEON MALL Kofu Showa (Nakakomagun Showacho, Yamanashi Prefecture)	103
Other	8	Other	1
Total	7,133	Total	4,608

*2. Losses on sale of fixed assets consist of the following items (Million yen)

Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)		Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	
AEON MALL Wakayama (Wakayama City, Wakayama Prefecture)	3,221		
AEON MALL Miyakonojo-Ekimae (Miyakonojo City, Miyagi Prefecture)	18		
Other	15	Other	1
Total	3,255	Total	1

*3. Losses on disposal of fixed assets consist of the following items (Million yen)

Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)		Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)	
Building and structures	169	Building and structures	435
Furniture and fixtures	34	Furniture and fixtures	34
Demolition and removal expenses	804	Demolition and removal expenses	623
Other	42	Other	54
Total	1,050	Total	1,149

*4. Impairment losses

The AEON MALL Group incurred an impairment loss in the following asset groups during the previous fiscal year (March 1, 2017 to February 28, 2018).

Location	Use	Type	Amount (million yen)
Hokkaido Prefecture	Store	Buildings, etc.	1,462
Ibaraki Prefecture	Store	Buildings, etc.	884
Tokyo Prefecture	Store	Buildings, etc.	41
Kanagawa Prefecture	Store	Buildings, etc.	962
Kyoto Prefecture	Store	Buildings, etc.	402
Osaka Prefecture	Store	Buildings, etc.	320
Hyogo Prefecture	Store	Buildings, etc.	1,564

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually.

Profitability declined significantly at certain malls (excluding certain malls in Hyogo Pref.). Accordingly, the Company reduced book values to their respective recoverable values. The write-down was posted as an *impairment loss* under extraordinary losses. Recoverable value is measured mainly based on value in use. However, as no future cash flows are expected, the value in use has been measured as zero.

The impairment losses above consist of losses of ¥4,731 million on building and structures, ¥366 million on furniture and fixtures, ¥239 million on long-term prepaid expenses, and ¥134 million on other.

As certain malls in Hyogo Pref. have been closed, the entire book values in question have been written off, with the amount recognized as *impairment losses* under extraordinary losses.

This amount consists of ¥166 million in buildings and structures.

The AEON MALL Group incurred an impairment loss in the following asset groups during the fiscal year under review (March 1, 2018 to February 28, 2019).

Location	Use	Type	Amount (million yen)
Akita Prefecture	Store	Buildings, etc.	730
Tokyo Prefecture	Store	Buildings, etc.	9
Kanagawa Prefecture	Store	Buildings, etc.	8
Aichi Prefecture	Store	Buildings, etc.	88
Kyoto Prefecture	Store	Buildings, etc.	2
Osaka Prefecture	Store	Buildings, etc.	190
Hyogo Prefecture	Store	Buildings, etc.	6,725

The AEON MALL Group has defined individual shopping malls as the smallest unit for asset grouping. Idle assets are grouped individually.

Profitability declined significantly for the asset groups noted above. Accordingly, the Company reduced book values to their respective recoverable values. The write-down was posted as impairment losses under extraordinary losses. Recoverable value is measured mainly based on value in use or net realizable value.

We use a discount rate of 3.9 percent to calculate the future cash flows of value in use. No future cash flows are expected for certain facilities; therefore, the value in use has been measured as zero. Net realizable value is measured at the appraised value of the real estate in question.

The impairment losses above consist of losses of ¥7,188 million on building and structures, ¥245 million on furniture and fixtures, ¥276 million on long-term prepaid expenses, and ¥44 million on other.

Consolidated statements of comprehensive income

*1. Rearrangements, adjustments, and tax effects related to other comprehensive income (Million yen)

	Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)
Net unrealized gain on available-for-sale securities		
Amount accrued in the fiscal year	413	(202)
Amount rearranged or adjusted	-	-
Before tax effect adjustment	413	(202)
Tax effect	(125)	61
Net unrealized gain on available-for-sale securities	287	(140)
Foreign currency translation adjustment		
Amount accrued in the fiscal year	480	(15,777)
Amount rearranged or adjusted	-	-
Before tax effect adjustment	480	(15,777)
Tax effect	-	-
Foreign currency translation adjustment	480	(15,777)
Remeasurements of defined benefit plans, net of tax		
Amount accrued in the fiscal year	(182)	(234)
Amount rearranged or adjusted	141	156
Before tax effect adjustment	(40)	(77)
Tax effect	12	34
Remeasurements of defined benefit plans, net of tax	(28)	(42)
Total other comprehensive income	739	(15,961)

Statements of changes in shareholders' equity

Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)

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)	227,414,699	15,390	—	227,430,089
Total	227,414,699	15,390	—	227,430,089
Treasury stock				
Common stock (Note 2)	366	1,355	—	1,721
Total	366	1,355	—	1,721

(Notes) 1.An increase of 15,390 shares issued and outstanding resulted from the exercise of stock acquisition rights.
2. An increase in treasury stock resulted from the purchase of 1,355 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	—	—	—	—	—	141
Total		—	—	—	—	—	141

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 12, 2017	Common stock	3,070	13.50	February 28, 2017	May 1, 2017
Board of Directors meeting on October 4, 2017	Common stock	3,638	16.00	August 31, 2017	October 25, 2017

(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, 2018	Common stock	4,321	Retained earnings	19.00	February 28, 2018	May 1, 2018

Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)

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)	227,430,089	42,700	—	227,472,789
Total	227,430,089	42,700	—	227,472,789
Treasury stock, at cost				
Common stock (Note 2)	1,721	558	—	2,279
Total	1,721	558	—	2,279

(Notes) 1. An increase of 42,700 shares issued and outstanding resulted from the exercise of stock acquisition rights.

2. An increase in treasury stock resulted from the purchase of 558 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	—	—	—	—	—	91
Total		—	—	—	—	—	91

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, 2018	Common stock	4,321	19.00	February 28, 2018	May 1, 2018
Board of Directors meeting on October 10, 2018	Common stock	4,321	19.00	August 31, 2018	October 24, 2018

(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, 2019	Common stock	4,321	Retained earnings	19.00	February 28, 2019	April 26, 2019

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, 2018 (March 1, 2017 to February 28, 2018)	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)
Cash and deposits	54,586	56,823
Deposits to associated companies	630	―
Time deposits with a deposit term longer than three months	(992)	(1,409)
Cash and cash equivalents	54,223	55,414

2. Significant non-cash transactions

Year Ended February 2018 (March 1, 2017 to February 28, 2018)

Asset retirement obligations recorded during the fiscal year ended February 28, 2018 amounted to ¥1,187 million.

Year Ended February 2019 (March 1, 2018 to February 28, 2019)

Asset retirement obligations recorded during the fiscal year ended February 28, 2019 amounted to ¥5,634 million.

Lease transactions

As lessee

1. Finance leases

Finance leases for which ownership of the leased assets does not transfer to the lessee

Of those finance lease transactions not involving the transfer of ownership, lease transactions that initiated prior to February 20, 2009 were accounted for in a manner similar to accounting for ordinary rental transactions. Details are shown below.

(1) Amounts equivalent to the acquisition cost, accumulated depreciation and balance at fiscal year-end

(Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)		
	Acquisition cost	Accumulated depreciation	Year-end balance
Furniture and fixtures	35	34	1
Total	35	34	1

(Million yen)

	Year Ended February 28, 2019 (As of February 28, 2019)		
	Acquisition cost	Accumulated depreciation	Year-end balance
Furniture and fixtures	35	35	-
Total	35	35	-

(2) Amounts equivalent to balance of future lease obligations at fiscal year-end

(Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)	Year Ended February 28, 2019 (As of February 28, 2019)
Amounts equivalent to balance of future lease obligations at fiscal year-end		
Due within 1 year	1	-
Due after 1 year	-	-
Total	1	-

(3) Lease payments, amounts equivalent to depreciation expenses and interest payments

(Million yen)

	Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)
Lease payments	4	1
Depreciation expense	3	1
Interest payment	0	0

(4) Method for calculating equivalent depreciation

The Company calculates equivalent depreciation according to the straight-line method. The lease period is considered to be the service life of the property and residual value is assumed to be zero.

(5) Method for calculating equivalent interest

The Company calculates equivalent interest using the difference between equivalent acquisition cost and total lease payments to represent the equivalent of interest payments. The amount is allocated across the periods using the interest method.

Impairment losses

No impairment losses were allocated to leased assets.

2. Operating leases

Future lease payment obligations

As lessee

(Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)	Year Ended February 28, 2019 (As of February 28, 2019)
Due within 1 year	64,768	65,860
Due after 1 year	492,228	476,419
Total	556,997	542,280

(Note) During the previous consolidated fiscal year, ¥33,554 million (¥868 million of which is due within one year) of ¥556,997 million in future lease obligations has already been paid for land-use rights in China and Vietnam and rents for buildings in Indonesia. This amount is recorded in the Company's consolidated balance sheets under *long-term prepaid expenses*.

During the current consolidated fiscal year, ¥45,525 million (¥1,114 million of which is due within one year) of ¥542,280 million in future lease obligations has already been paid for land-use rights in China and Vietnam and rents for buildings in Indonesia. This amount is recorded in the Company's consolidated balance sheets under *long-term prepaid expenses*.

As lessor (Million yen)

	Year Ended February 28, 2018 (As of February 28, 2018)	Year Ended February 28, 2019 (As of February 28, 2019)
Due within 1 year	5,201	6,091
Due after 1 year	27,043	23,946
Total	32,244	30,037

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 rental properties, etc. (properties for lease owned by the Company; malls under master lease and property management agreements are not included; the same applies hereinafter) amounted to ¥38,189 million for the previous consolidated fiscal year (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 ¥3,251 million (posted under extraordinary gains). Leasing profit for the current consolidated fiscal year amounted to ¥36,824 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 ¥4,607 million (posted under extraordinary gains).

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, 2018 (March 1, 2017 to February 28, 2018)	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)
Balance sheet amount			
	Balance at the beginning of the term under review	751,886	866,036
	Change during term under review	114,149	70,797
	At end of term under review	866,036	936,833
Fair value at end of term under review		1,071,493	1,177,114

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

2. Of the changes during the prior consolidated fiscal year, the largest increase was due to property acquisitions (¥181,732 million), while the largest decreases were due to disposals and sales of fixed assets (¥30,943 million), depreciation (¥33,703 million), and foreign exchange losses (¥503 million). The largest increase during the current consolidated fiscal year was due to property acquisitions (¥162,092 million), while the largest decreases were due to disposal and sales of fixed assets (¥35,646 million), depreciation expense (¥38,800 million), and foreign exchange losses (¥11,512 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 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 three geographical reportable segments: Japan, China, and ASEAN.

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 reporting 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, 2018 (March 1, 2017 to February 28, 2018)

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount on Consolidated Financial Statements (Note 2)
Operating revenue						
Operating revenue to external customers	255,499	23,896	8,715	288,111	—	288,111
Internal operating revenue or transfer amount between segments	—	—	—	—	—	—
Total	255,499	23,896	8,715	288,111	—	288,111
Segment profit (loss)	50,074	(1,132)	248	49,190	20	49,211
Segment assets	831,635	157,296	132,545	1,121,477	2,303	1,123,781
Other items						
Depreciation and amortization (Note 3)	35,540	5,330	3,008	43,878	(20)	43,858
Impairment loss	5,639	—	—	5,639	—	5,639
Increase in property, plant and equipment and intangible assets (Note 3)	172,090	16,016	20,586	208,693	(242)	208,451

(Notes) 1. Adjustments are as follows:

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

(2) Adjustment to segment assets of ¥2,303 million include corporate assets not allocated to reportable segments of ¥3,716 million and the elimination of intersegment transactions.

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

(4) Adjustment to the increase in property, plant and equipment and intangible assets is an adjustment to unrealized gains related to fixed assets.

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

3. 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 28, 2019 (March 1, 2018 to February 28, 2019)

(Million yen)

	Japan	China	ASEAN	Total	Adjustments (Note 1)	Amount on Consolidated Financial Statements (Note 2)
Operating revenue						
Operating revenue to external customers	268,358	33,369	11,248	312,976	—	312,976
Internal operating revenue or transfer amount between segments	—	—	—	—	—	—
Total	268,358	33,369	11,248	312,976	—	312,976
Segment profit (loss)	52,415	(453)	999	52,961	25	52,987
Segment assets	894,146	147,224	155,860	1,197,231	5,980	1,203,211
Other items						
Depreciation and amortization (Note 3)	34,958	6,895	3,953	45,808	(25)	45,782
Impairment loss	7,754	—	—	7,754	—	7,754
Increase in property, plant and equipment and intangible assets (Note 3)	147,663	8,921	21,788	178,374	—	178,374

(Notes) 1. Adjustments are as follows:

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

(2) Adjustment to segment assets of ¥5,980 million include corporate assets not allocated to reportable segments of ¥7,836 million and the elimination of intersegment transactions.

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

(4) Adjustment to the increase in property, plant and equipment and intangible assets is an adjustment to unrealized gains related to fixed assets.

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

3. 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.

b. Related information

Year Ended February 2018 (March 1, 2017 to February 28, 2018)

1. Information by product and service

Omitted, as more than 90 percent 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	ASEAN	Total
715,442	57,988	100,835	874,267

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	33,116	Japan

Year Ended February 2019 (March 1, 2018 to February 28, 2019)

1. Information by product and service

Omitted, as more than 90 percent 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	ASEAN	Total
779,437	55,233	105,921	940,593

3. Information per major customer

Customer title or name	Operating revenue (million yen)	Name of related segment
AEON Retail Co., Ltd.	33,956	Japan

c. Information regarding impairment losses on fixed assets per reportable segment

Year Ended February 2018 (March 1, 2017 to February 28, 2018)

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

Year Ended February 2019 (March 1, 2018 to February 28, 2019)

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

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

Year Ended February 2018 (March 1, 2017 to February 28, 2018)

Omitted, as information is not material.

Year Ended February 2019 (March 1, 2018 to February 28, 2019)

Omitted, as information is not material.

e. Information regarding gain on negative goodwill per reporting segment

Year Ended February 2018 (March 1, 2017 to February 28, 2018)

Not applicable.

Year Ended February 2019 (March 1, 2018 to February 28, 2019)

Not applicable.

Per-share information

	Year Ended February 28, 2018 (March 1, 2017 to February 28, 2018)	Year Ended February 28, 2019 (March 1, 2018 to February 28, 2019)
Net assets per share	1,642.59 yen	1,685.46 yen
Net income per share	134.29 yen	147.45 yen
Diluted net income per share	134.25 yen	147.41 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, 2018 (March 1, 2017 to February 28, 2018)	Year Ended February 28, 2018 (March 1, 2018 to February 28, 2019)
Net income per share		
Net income attributable to owners of parent (million yen)	30,542	33,538
Amounts not attributable to shareholders of common stock (million yen)	—	—
Net income attributable to shareholders of common stock of parent (million yen)	30,542	33,538
Average number of common shares outstanding during the fiscal year	227,421,638	227,454,421
Diluted net income per share		
Adjustment of net income attributable to owners of parent (million yen)	—	—
Increase in number of common stock (shares)	80,978	65,162
(Stock acquisition rights included)	(80,978)	(65,162)
Outline of dilutive stock not included in calculation of diluted net income per share because it is anti-dilutive	――――	――――

Significant subsequent events

The Company issued unsecured bonds on March 29, 2019 based on a resolution of the Board of Directors dated February 19, 2019. The details are as outlined below.

Name of bonds	AEON MALL Co., Ltd Unsecured Bond Series 19 (with inter-bond pari passu clause)
Total amount of bonds	¥30,000 million
Amount of each bond	¥1 million
Coupon rate	0.30%
Issue price	¥100 per face value of ¥100
Date of issuance	March 29, 2019
Method and due date for the redemption	Bullet bond, where the entire face value is paid at once on the maturity date of March 29, 2024
Collateral	No collateral or guarantee is pledged and no assets are specifically reserved to secure the bonds.
Use of Proceeds	The proceeds will be used for repayment of commercial paper and for a portion of the repayment of debt.