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Financial Results for the Fiscal Year ended February 29, 2020

April 10, 2020

Company name	**Aeon Co., Ltd.**
Listings	The First Section of Tokyo Stock Exchange
Security code	8267
URL	http://www.aeon.info/en/
Representative	Akio Yoshida, President
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Scheduled dates:

Ordinary general meeting of shareholder	May 22, 2020
Commencement of dividend payments	April 30, 2020
Submission of statutory financial report	May 25, 2020

Supplementary materials to the financial results	Available
Fiscal year-end earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Fiscal Year ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(1) Operating Results (Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended February 29, 2020	8,604,207	1.0	215,530	1.5	205,828	(4.3)	26,838	13.5
Year ended February 28, 2019	8,518,215	1.5	212,256	0.9	215,117	0.6	23,637	(3.6)

Note: Comprehensive income: Fiscal Year ended February 29, 2020: 60,292 million yen (64.7%)
Fiscal Year ended February 28, 2019: 36,604 million yen (-70.6%)

	Earnings per share	Earnings per share – fully diluted	Return on equity	Ordinary profit to total assets
	yen	yen	%	%
Year ended February 29, 2020	31.88	31.83	2.5	2.0
Year ended February 28, 2019	28.11	27.62	2.1	2.2

Reference: Equity in gains (losses) of equity-method affiliates:
Year ended February 29, 2020: 3,295 million yen
Year ended February 28, 2019: 2,532 million yen

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 29, 2020	11,062,685	1,849,278	9.6	1,264.63
February 28, 2019	10,045,380	1,875,364	10.9	1,299.32

Reference: Total equity: February 29, 2020: 1,064,515 million yen February 28, 2019: 1,093,635 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.
Note: Aeon has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter of the fiscal year ended February 29, 2020. This accounting standard has been retroactively applied to the figures for the previous fiscal year.

(3) Cash Flow Position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Cash and cash equivalents at end of period
	million yen	million yen	million yen	million yen
Year ended February 29, 2020	624,660	(341,492)	51,164	1,141,171
Year ended February 28, 2019	469,874	(662,416)	143,792	814,479

2. Dividends

Record date or period	Dividend per share					Total dividends paid (full year)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total			
	yen	yen	yen	yen	yen	million yen	%	%
Year ended Feb. 28, 2019	-	17.00	-	17.00	34.00	28,620	121.0	2.5
Year ended Feb. 29, 2020	-	18.00	-	18.00	36.00	30,406	112.9	2.8
Year ending Feb. 28, 2021 (forecast)	-	18.00	-	18.00	36.00		-	

3. Forecast of Consolidated Earnings for the Fiscal Year ending February 28, 2021
(March 1, 2020 to February 28, 2021)

(Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Six months ending Aug. 31, 2020	-	-	-	-	-	-	-	-	-
Full year	8,000,000 to 8,400,000	(7.0) to (2.4)	50,000 to 100,000	(76.8) to (53.6)	TBD		TBD		TBD

Note: 1. Aeon has not disclosed earnings forecasts for the first six months.
2. Aeon expects the impact of the novel coronavirus on its businesses to continue until the end of the fiscal year ending February 28, 2021. Although infections in Japan are expected to peak during the first half of the current fiscal year, Aeon expects the impact on consumer sentiment to continue until the fiscal year-end. Aeon anticipates a generally similar timeline in the overseas areas where the Group does business as well.
On the basis of this assumption, taking into account possible extensions of the duration or geographical extent of restrictions under state of emergency declarations, Aeon has expressed its operating revenue and operating profit forecasts as ranges, instead of specific figures. Also, although regulatory authorities may announce a flexible

policy on accounting standards in response to the impact of the novel coronavirus no such decisions have yet been made, and Aeon has not yet produced forecasts for ordinary profit and profit attributable to owners of the parent. When more rational projections become possible as the situation returns to normal, Aeon will promptly revise the forecasts for operating revenue and operating profit and announce forecasts for ordinary profit and profit attributable to owners of the parent.

***Notes**

(1) Changes affecting the consolidation status of significant subsidiaries during the period: None

(2) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:
1) Changes in accordance with amendments to accounting standards: Yes
2) Changes other than the above 1): None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

Note: For details, see "Changes in Accounting Policy" on page 25.

(3) Number of shares issued (common stock)
1) Number of shares issued at end of period (treasury stock included):
February 29, 2020: 871,924,572 shares
February 28, 2019: 871,924,572 shares
2) Number of shares held in treasury at end of period:
February 29, 2020: 30,162,176 shares
February 28, 2019: 30,227,327 shares
3) Average number of shares outstanding during the period:
Fiscal Year ended February 29, 2020: 841,731,857 shares
Fiscal Year ended February 28, 2019: 840,914,879 shares

* For the number of shares serving as basis for calculation of earnings per share (consolidated), see "Per Share Information" on page 33.

For Reference

1. Non-consolidated Financial Results for the Fiscal Year ended February 29, 2020 (March 1, 2019 to February 29, 2020)

(1) Operating Results (Percentage figures represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit (loss) attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Year ended February 29, 2020	59,238	5.0	40,008	5.6	22,234	26.0	27,916	58.0
Year ended February 28, 2019	56,424	(4.0)	37,899	(2.8)	17,643	(5.7)	17,668	4.3

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Year ended February 29, 2020	33.16	33.15
Year ended February 28, 2019	21.01	21.00

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
February 29, 2020	1,529,735	677,544	44.3	804.41
February 28, 2019	1,468,621	670,871	45.7	796.52

Reference: Total equity: February 29, 2020: 677,188 million yen February 28, 2019: 670,490 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.

Note: Aeon has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter of the fiscal year ended February 29, 2020. This accounting standard has been retroactively applied to the figures for the previous fiscal year.

***Audit Status**

This report is not subject to audit by certified public accountant and audit firm.

***Appropriate Use of Earnings Forecasts and Other Important Information**

(Note on the forward-looking statements)

The above forecasts, which constitute forward-looking statements, are based on information available to the Company as of the date of the release of this document. Actual results may differ materially from the above forecasts due to a range of factors.

For the forecasts herein, please refer to "(3) Outlook for the Fiscal Year ending February 28, 2021" on page 13.

Accompanying Materials

Contents

1. Review of Operating Results and Financial Statements 2
(1) Analysis of Operating Results 2
(2) Analysis of Financial Condition 12
(3) Outlook for the Fiscal Year ending February 28, 2021 13
(4) Dividend Policy and Dividends for the Fiscal Year ended February 29, 2020, and the Fiscal Year ending February 28, 2021 13
2. Management Strategies and Policies 14
(1) Basic Policy on Management 14
(2) Medium-term Management Strategy 14
3. Basic Policy Regarding Selection of Accounting Standards 14
4. Consolidated Financial Statements and Main Notes 15
(1) Consolidated Balance Sheet 15
(2) Consolidated Statement of Income and Consolidated Statement of Comprehensive Income 18
(3) Consolidated Statement of Changes in Equity 21
(4) Consolidated Statement of Cash Flows 23
(5) Notes on the Consolidated Financial Statements 25
(Notes on the Going-concern Assumption) 25
(Changes in Accounting Policy) 25
(Changes to Presentation of Consolidated Statement of Income) 25
(Additional Information) 25
(Segment and Other Information) 26
(Per Share Information) 33
(Material Subsequent Events) 34

1. Review of Operating Results and Financial Statements
(1) Analysis of Operating Results

1) Summary of Operating Results

For the fiscal year ended February 29, 2020 (March 1, 2019-February 29, 2020), Aeon Co., Ltd. (hereinafter "Aeon") posted record-high consolidated operating revenue and operating profit. Consolidated operating revenue was 8,604,207 million yen (up 1.0% year on year), operating profit was 215,530 million yen (up 1.5% year on year), ordinary profit was 205,828 million yen (down 4.3% year on year), and profit attributable to owners of parent was 26,838 million yen (up 13.5% year on year). Ordinary profit also rose when excluding the impact of the adjustment due to improper accounting treatment and errors from past fiscal years discovered at a subsidiary of consolidated subsidiary Aeon Delight Co., Ltd. that Aeon recognized as a lump-sum loss in the first quarter (March 1 to May 31, 2019). A breakdown of operating profit by segment shows that profit increased in the Health and Wellness Business and Shopping Center Development Business, which are profit pillars, and in the International Business, which continues to show a recovery in operating results. Although the spread of the novel coronavirus had an impact on some aspects of overseas business operations beginning in late January, such as suspension of operation of the specialty store zones of shopping malls and reduction of business hours at general merchandise stores in the Hubei area of China, since the accounting period for Chinese subsidiaries ends in December, the operating results of Chinese subsidiaries from January onward are not included in the fiscal 2019 consolidated operating results, except for a few companies included in the consolidated operating results through February. In Japan, a sudden increase in demand from late January onward for face masks and other sanitary items as a means of preventing infection, stockpiling of food in late February due to the school closure request and promotion of teleworking, and a rush to buy paper products and other goods led to growth in sales of these product categories at the Group's general merchandise stores, supermarkets, and drugstores.

Details on the accounting treatment issue at the Aeon Delight Co., Ltd. subsidiary have been posted on the Aeon Delight website (https://www.aeondelight.co.jp/english/ir/). An overview of the consolidated business results after excluding the financial effect of the accounting treatment issue has been presented as reference information in Brief Summary Fiscal Year Ended February 29, 2020 (https://www.aeon.info/en/ir/library/report/).

Common Group Strategy:

- In accordance with basic agreements concerning mergers of supermarket operations in six regions of Japan concluded in October 2018, Aeon proceeded with management integration in each region. In March, Maxvalu Nishinihon Co., Ltd. made Marunaka Co., Ltd. and Sanyo Marunaka Co., Ltd. subsidiaries, marking the start of a new integrated management structure in the Chugoku and Shikoku regions. In the Tokai and Chubu regions, Maxvalu Tokai Co., Ltd. and Maxvalu Chubu Co., Ltd. merged in September. In Hokkaido, Aeon Hokkaido Corporation and Maxvalu Hokkaido Co., Ltd. concluded a merger agreement in April 2019 and merged in March 2020. In the Tohoku region as well, Aeon Co., Ltd. made Maxvalu Tohoku Co., Ltd. (hereinafter "Maxvalu Tohoku") a wholly owned subsidiary, and Maxvalu Tohoku then merged with AEON Retail Co., Ltd., Tohoku Company and started business operations as Aeon Tohoku Co., Ltd. In the Kinki region, The Daiei, Inc. and Kohyo Co., Ltd. merged in March 2020. In the Kyushu region, Aeon Kyushu Co., Ltd., Maxvalu Kyushu Co., Ltd., and Aeon Store Kyushu Co., Ltd. plan to merge. The integrated companies in each region will aim to become the companies that contribute the most to their local communities while responding to the diversification of food preferences, such as preferences for low-priced food, healthy food, and local food, increasing demand for time-saving foods and ingredients, intensification of competition in increasingly borderless food markets, and changes in the labor environment.

- In July, Aeon entered into a partnership agreement on disaster response with the Cabinet

Office. Conclusion of this agreement has made it possible to utilize space at Aeon store parking lots and other facilities as forward bases for support teams. Also, Aeon has entered into agreements on mutual assistance in the event of a disaster with electric power companies in each region, making it possible for Aeon to provide the power companies with relief supplies and space to set up recovery bases when a major disaster occurs and for the power companies to supply electricity to temporary evacuation sites Aeon has prepared on store premises at the request of local municipalities. After Typhoon Faxai struck the Boso Peninsula in September, Aeon supported recovery activities by providing parking lots at Aeon Mall Kisarazu and Aeon Mall Narita for use in setting up electric power recovery bases.

- In August, Aeon and Welcia Holdings Co., Ltd. established ÆON Révecosme Co., Ltd. as a joint venture to exclusively distribute Yves Rocher, the French botanical beauty care brand. Founded in France in 1959 and operating more than 6,700 stores in some 90 countries, Yves Rocher offers affordably priced, high-quality cosmetics made using naturally derived raw materials that are suitable for everyday use. The joint venture aims to utilize Aeon's store network to sell Yves Rocher products at some 2,000 stores nationwide by fiscal 2025, starting with introduction at some 100 Welcia stores, Aeon general merchandise stores, and other stores in the Greater Tokyo area beginning in November.

- In November, Aeon entered into an exclusive partnership agreement in Japan with Ocado Solutions, a subsidiary of Ocado Group PLC, the fastest-growing online supermarket operator in the U.K. Under the agreement, Aeon will construct a highly efficient operation by establishing central Customer Fulfilment Centres in 2023 and aim to be a next-generation online supermarket capable of meeting customer needs for delivery of "anything, anytime, anywhere" through a superb app interface.

- Aeon has set out a policy of reorganizing the Group business structure and is proceeding with strategic liquidation and reorganization of Group companies. In December, Aeon decided to terminate the business operated by consolidated subsidiary Talbots Japan Co., Ltd. on May 31, 2020. In March 2020, Aeon announced the termination of the business operated by consolidated subsidiary Claire's Nippon Co., Ltd. Also in March 2020, a tender offer for consolidated subsidiary Zwei Co., Ltd. was launched, and if the tender offer is completed, Zwei Co., Ltd. is expected to be excluded as a consolidated subsidiary.

- In January, Aeon announced a change in representative executive officers (change of president). In conjunction with organizational reforms decided in February, Aeon is undertaking renewal of the organizational structure from the start of fiscal 2020, the 51st year since Aeon's establishment, with the aim of achieving sustained growth in the Group's collective capabilities through management speed suited to new environmental changes and an autonomous operations approach that emphasizes diversity.

2) Business Segment Information

Results by business segment are as follows. From the fiscal year under review, Aeon has revised the business segments presented as reportable segments. Comparisons and analysis for the fiscal year are based on the revised segments.

GMS Business

The GMS (General Merchandise Store) Business posted operating profit of 7,223 million yen (down 37.3% year on year) on operating revenue of 3,070,521 million yen (down 0.3% year on year) for the fiscal year.

Aeon Retail Co., Ltd. (hereinafter "Aeon Retail") refurbished 33 existing stores and opened 9 new stores during the period. Aeon Style Okayama Aoe (Okayama Prefecture), which opened in July with "one-stop shop" and "speedy" as its key concepts, features a variety of specialty shops, such as Reward Kitchen, which provides carefully selected ready-to-eat items served in a

face-to-face buffet style to support the daily lifestyles of busy double-income families and singles, the first iC innercasual store to open in the Chugoku-Shikoku region, and Glam Beautique, a beauty and health specialty shop located next to Salu Station, which provides customers with easy and convenient skin and health condition checks. Ahead of the October consumption tax hike, in September Aeon Retail increased sales of products in high demand before the tax increase, such as furniture, appliances, home renovation-related goods and services, and other high-ticket items and beauty care-related products. In November, the month following the tax hike, the company focused on stimulating consumption through initiatives such as holding the Black Friday Sale, a large-scale sales promotion event. In addition, in February 2020 Aeon Retail announced the full-scale launch in March 2020 of a new initiative to introduce a new style of shopping that eliminates the need to line up at cash registers, and expansion of the initiative during fiscal 2020 to some 20 stores, mainly Aeon and Aeon Style stores in Tokyo, Chiba, and Kanagawa. The initiative involves allowing customers to use dedicated loaned smartphones to scan product barcodes and pay at dedicated cash registers, which makes it possible to shop with no waiting lines or waiting time at cash registers. In the future, the company plans to link the initiative to greater shopping enjoyment and enhanced convenience for customers by adding a product recommendation function, offering menu suggestions to customers shopping for food, announcing bargain products, and by developing a dedicated Regi Go app.

Aeon Hokkaido Corporation (hereinafter "Aeon Hokkaido"), which aspires to be the most trusted company in Hokkaido, implemented refurbishments costing approximately 1.1 billion yen during the period to increase same-store earnings, mainly at stores located in outlying areas. At Aeon Kushiro (Kushiro Town) and Aeon Yunokawa (Hakodate City), the company introduced tenants opening their first stores in the respective areas and also expanded food courts. At the directly operated sales areas, the company expanded the offering of locally procured products and developed food zones that offer speedy, convenient shopping and respond to customer health consciousness trends. By refurbishing the entire stores in this way, both directly operated sales areas and tenants, the company worked to increase their value as the No. 1 shopping centers in their respective areas. Aeon Hokkaido also worked to strengthen its offering of products suited to customer needs, and among health and wellness products that respond to growing health consciousness, sales of women's athleisure (athletic/leisure) apparel, men's sports inner garments, organically grown fruits and vegetables, and bed mattresses and other household and recreational merchandise were strong, with sales of these product lines growing 3.9% year on year.

Supermarket Business

The Supermarket Business posted operating revenue of 3,224,363 million yen (down 0.3% year on year) and operating profit of 21,507 million yen (down 14.6%) for the fiscal year.

Maxvalu Kyushu Co., Ltd. opened 6 new stores and refurbished 11 existing stores during the period. In September, the company took over management of stores previously operated by Red Cabbage Co., Ltd., which operated a supermarket business in Northern Kyushu and Yamaguchi Prefecture, and opened Red Cabbage Mirai Nagasaki Cocowalk (Nagasaki Prefecture). In store refurbishment activities, to respond to the diversifying needs of local customers, the company expanded its offering of regional and locally procured products, mainly fresh foods, and introduced semi-automatic self-checkout registers and drawer-type display fixtures that facilitate reduction of in-store work and alleviation of labor shortages. Also, the company increased the number of stores that provide products from Shunsen Kobo (a marine products packaging center in Fukuoka) in an effort to increase product line standardization, differentiation, and freshness and realize low-cost operation and improve store earning capacity by reducing in-store work and mitigating labor shortages.

Maxvalu Tokai Co., Ltd.'s (hereinafter "Maxvalu Tokai") store coverage area expanded to seven prefectures, with a focus on Shizuoka and Aichi Prefectures, as a result of the merger with Maxvalu Chubu Co., Ltd. in September. At a sale held to commemorate the merger, the company provided product offerings that took advantage of benefits of the merger, focused on original commemorative products, bonus-pack products, and special-price products. Also,

Maxvalu Tokai worked to strengthen special promotion days by increasing the number of stores participating in promotions previously implemented by the two companies, such as Tuesday and Wednesday promotions, which are flat-price sales, and Super Max Day on the tenth of each month. As a result of these initiatives, same-store sales in Japan during the fourth quarter (December 1, 2019 to February 29, 2020) were strong, growing 2.7% year on year. The company opened three new stores after the merger: Maxvalu Yokkaichi Tomari (Mie Prefecture) and Maxvalu Otsukyo (Shiga Prefecture) in November and Maxvalu Well-D Nagaizumi (Shizuoka Prefecture) in December.

Health and Wellness Business

The Health and Wellness Business recorded operating profit of 35,029 million yen (up 33.3% year on year) on operating revenue of 883,220 million yen (up 11.2%) for the fiscal year.

Welcia Holdings Co., Ltd. (hereinafter "Welcia Holdings") and its consolidated subsidiaries actively implemented the Welcia Model, which is built on the four pillars of drugstore and pharmacy, late-night operations, counseling, and nursing. Same-sale stores were generally strong, thanks in part to growth in prescription drug sales as a result of expansion of the number of stores offering prescription drugs (1,442 stores as of February 29, 2020). Welcia Holdings also focused on cost control with an emphasis on personnel expenses, product development with health as the key development theme, activities aimed at reducing the use of plastic shopping bags, and other initiatives.

In addition, to solidify the business foundation in urban areas, Welcia Holdings promoted business efficiency improvement by implementing a reorganization in which consolidated subsidiary Welcia Yakkyoku Co., Ltd. absorbed IPPONDO Co., Ltd. in March and B.B.ON Co., Ltd. in September. The company increased the number of group stores to 2,012 as of February 29, 2020 through the opening of 129 new stores group-wide, mainly in the high-priority Tohoku and Kinki regions, and the addition of 31 stores of Kanamitsu Yakuhin Co., Ltd., which became a subsidiary in June.

Financial Services Business

The Financial Services Business earned operating profit of 70,464 million yen (down 0.5% year on year) on operating revenue of 484,719 million yen (up 11.0%) for the fiscal year.

In its domestic business operations, Aeon Financial Service Co., Ltd. (hereinafter "AFS") issued the Aeon Card (Toy Story design) in July, the Maruetsu Card in September, Aeon Card (Keyakizaka 46) in November, and the Sumitomo Realty & Development Shopping City Aeon Card in February, to expand its customer base through cardholder acquisition in the Greater Tokyo area and the acquisition of young cardholders. In addition, it was able to acquire many new customers in a campaign conducted from July to September in conjunction with measures to promote cashless payment. With regard to issuance of Aeon Card invoices, the company began provision as a basic service of Web-based statements that can be confirmed using Aeon Wallet, the official Aeon Card smartphone app, and on the Kurashi no Money Site portal website, beginning with November's monthly account debiting. This enhances convenience by enabling the timely transmission of credit card use information and coupon information to customers and reduces environmental impact through CO_2 emissions reduction.

The AFS Group, which has long supported asset formation for a more prosperous future for customers by means such as offering NISAs (Nippon Individual Savings Accounts) and installment-type NISAs, to which preferential tax treatment apply, and introducing the iDeCo long-term asset formation plan and foreign-currency deposits, also introduced in September the asset formation and management simulation tool Port Navi at all Group bank branches. The Group has begun providing services that make possible optimal proposals aligned with customer asset formation needs and their plans for the future, by for example preparing more than 60 types of model portfolio.

In its international operations, AFS expanded its business by providing services that meet customer needs and seeking to boost customer loyalty, mainly in Thailand and Malaysia, by stepping up issuance of credit cards and provision of loans for medium-income and high-income persons. In Thailand, it acquired new health-conscious customer segments through issuance in

September of the VISA Olympic Themed Card Issued by AEON, which offers card use privileges such as sports gym use. Also, credit card transaction volume grew steadily at local subsidiary Aeon Thana Sinsap (Thailand) plc., which strengthened its card use promotion measures by starting offering year-round card use privileges at eating and drinking establishments, such as cafes frequented by young people. In Malaysia as well, through measures such as promoting use of the Aeon Member Plus Card, which combines both e-money and reward card functions in a smartphone app, local subsidiary Aeon Credit Service (M) Berhad further promoted cardholder base sharing with local Aeon Group retail companies and worked to develop and expand the customer base through retailing and financial services that leverage the Aeon Group's brand power.

As a result of these initiatives, transaction volume grew and revenue increased accompanying new cardholder acquisition. On the other hand, profit decreased due to factors such as an increase in advertising expenses accompanying measures to promote cashless payment in the domestic business coupled with factors in the overseas business, including deterioration of the economic environment caused by the trade friction between the U.S. and China and demonstrations in Hong Kong, an increase in the provision of allowance for doubtful accounts as a result of accumulation of normal receivables in Malaysia, where IFRS 9 "Financial Instruments" was introduced, and the impact of improper accounting in past years that came to light at Aeon Credit Service (Philippines) Inc., a consolidated subsidiary in the Philippines.

Shopping Center Development Business

The Shopping Center Development Business earned operating profit of 63,279 million yen (up 13.8% year on year) on operating revenue of 371,926 million yen (up 3.2%) for the fiscal year.

In its domestic business, Aeon Mall Co., Ltd. (hereinafter "Aeon Mall") is enhancing its competitive advantage in the shopping mall market in Japan by increasing the number of area No. 1 malls, or malls that enjoy the most customer support in their respective service areas. During the fiscal year, it completed floor expansion of 4 existing shopping centers and refurbished 11 shopping centers in Japan. Aeon Mall Takaoka (Toyama Prefecture) was reborn as one of the largest malls in the Hokuriku region following floor expansion work and refurbishment of some 50% of its total floor space in September. A collection of large fashion specialty stores and the latest experience-based amusement facilities were introduced in a new wing along with a new 900-seat food court, which together with the food court in the existing wing, gives the mall one of the largest total food court areas in the region with a total of 1,400 seats. Aeon Mall reopened Aeon Fujiidera Shopping Center (Osaka Prefecture) as a new mall in September. The mall, which first opened in 1973 and closed for rebuilding in 2014, reopened with 65 specialty shops focused on customers' daily needs, with an emphasis on a gourmet zone consisting of food specialty shops offering fresh meat, fish, produce, confectionery, and ready-to-eat items as well as a food court. The mall also engages in initiatives in collaboration with the local government, including installation of a library book return box and a city government information board.

Aeon Mall's overseas operations achieved growth in revenue and profit in both China and the ASEAN region. In China, there is an increasing number of three- to four-year-old malls where tenant contract renewals and rent revisions will be soon be carried out. Renewal of the malls, involving the introduction of fresh new specialty store tenants, is timed to coincide with this. Aeon Mall renewed five existing malls during the fiscal year. Also, accompanying progress with a market dominance store-opening strategy centered on four areas—Beijing-Tianjin-Shandong, Jiangsu-Zhejiang, Hubei, and Guangdong—Aeon Mall's brand power and customer-drawing power have increased. This has further increased branding benefits, such as the ability to attract excellent specialty shops and obtain leases with more advantageous terms and conditions. The company opened a new mall in November: Aeon Mall Qingdao Xihaian Xinqu (Qingdao City, Shandong Province), the company's second mall in Shandong Province and first in Qingdao City. The new mall has added state-of-the-art digital functions, such as the introduction of facial recognition payment systems at specialty shops. In Vietnam, in December the company opened Aeon Mall Ha Dong (Hanoi City), its fifth mall in Vietnam and second in Hanoi. At the mall, some 40% of the 220 stores are name-brand stores opened for the first time

in Vietnam, for the first time in Hanoi, or for the first time at a shopping mall. The mall offers locally popular fashion brands in addition to global fashion brands and supports the nurturing of Vietnamese brands by featuring a zone consisting of stores that sell brands created by young fashion designers.

Services and Specialty Store Business

The Services and Specialty Store Business posted operating profit of 5,124 million yen (down 74.1% year on year) on operating revenue of 739,599 million yen (down 3.8%) for the fiscal year.

In pursuit of further growth, Aeon Delight Co., Ltd. (hereinafter "Aeon Delight") aspires to be an environmental value creation company that resolves social issues and has made safety and security, labor shortages, and the environment the three pillars of its growth strategy in Asia. As a safety and security initiative, in response to the novel coronavirus, which is currently spreading worldwide, Aeon Delight is strengthening measures to help prevent the spread of infection in compliance with guidelines from the Ministry of Health, Labour and Welfare and other authorities, placing the highest priority on the safety of workers, including facility users and partner company employees. As an initiative to address labor shortages, for the purpose of providing optimal solutions to issues such as facilities management-related labor saving, the company developed an integrated facilities management service that uses an open network system and began provision of the service at Aeon Fujiidera Shopping Center (Osaka Prefecture), which opened in September. As an environmental initiative, Aeon Delight is participating in verification tests on renewable energy power wheeling utilizing blockchain technology in cooperation with partner companies. It developed a framework to enable power wheeling within the local community by installing solar panels at Aeon Mall Urawa Misono (Saitama Prefecture) and installing terminals that identify renewable energy at Aeon Mall Urawa Misono and at multiple Ministop stores and private homes and began verification testing in October.

At Aeon Fantasy Co., Ltd. (hereinafter "Aeon Fantasy"), the medals division, which was selected as a strategic division during the fiscal year in domestic operations, achieved strong sales year round thanks to measures including the introduction of popular game machines, such as original Kids Mass Medal machines, and a price structure review conducted for each store. Same-store amusement machine sales increased 3.2% year on year on strong performance from two mainstay divisions: The medals division and the prizes division, which saw solid sales of movie-related merchandise. Aeon Fantasy opened 15 Toys Spot Palo capsule toy specialty stores as a new initiative, and sales increased steadily due to introduction of the company's original large game machines and original capsule toys. Through these initiatives, Aeon Fantasy's domestic operations achieved increases in revenue and profit. Although the company's China operations showed a recovery trend due to measures including switching to redemption method machines (which enable the exchange of points for prizes in accordance with game results) implemented as a business reform initiative, refurbishment of indoor playground facilities, opening of stores under more stringent criteria, and the closing of unprofitable stores, the company temporarily suspended operation at all stores in China from late January onward due to the spread of the novel coronavirus. Although the company's ASEAN operations were affected by the pandemic, political demonstrations, and intensification of competition in the Philippines, Indonesia, and Malaysia, profitability improved in Thailand and Vietnam as a result of strong same-store sales coupled with store refurbishment and the closing of unprofitable stores.

International Business

(Aeon's consolidated financial statements for the International Business reflect results mainly for January through December).

The International Business posted operating profit of 10,386 million yen (up 218.7% year on year) on operating revenue of 439,202 million yen (up 0.4%).

In Malaysia proactive introduction of low-priced clothing products during the Chinese New Year sales season and a successful flat-price sale held from the beginning of the year

contributed to a sales increase. In November, AEON Taman Maluri Shopping Centre (Kuala Lumpur), Aeon Co. (M) Bhd.'s flagship shopping center, was directly connected to the subway station Maluri Station and reopened following floor expansion. The specialty store zone features a greatly expanded selection of restaurants and fast food outlets to meet the growing needs of customers for dining out. Aeon Taman Maluri, an anchor store at the shopping center, was reborn as the first Aeon Style store in the ASEAN region.

In Vietnam, Aeon Mall Ha Dong (Hanoi City), Aeon's fifth mall in Vietnam, opened in December. At Glam Beautique, a beauty and health specialty shop opening for the first time in Hanoi, specialist skin consultants possessing product knowledge and advanced techniques offer customers assistance with health maintenance and beauty.

The first and second Aeon Malls in Cambodia, Aeon Mall Phnom Penh (Phnom Penh City) and Aeon Mall Sen Sok City (Phnom Penh City), held anniversary festivals in July and June, respectively. The festivals attracted large numbers of customers, and sales exceeded targets at both malls. As a result of these and other initiatives, revenue and profit from operations in the ASEAN region increased during the fiscal year.

In China, sales were strong at Beijing Aeon Co., Ltd. and Qingdao Aeon Dongtai Co., Ltd. thanks to sales promotions timed to coincide with the peak in demand during the Lunar New Year holiday, the time of year when sales are highest. Beginning with a digital coupon campaign at Aeon Hubei Co., Ltd., Group companies in China proceeded with conversion to digital sales promotions involving delivery of coupons and sale information to smartphones. In July, Group companies held a joint Japan fair at which they increased the number of participating Japanese manufacturers above the prior-year result and newly set up tourism and local products promotion corners for five Japanese prefectures in cooperation with the Japanese Embassy. The fair contributed to substantial sales growth. Sales increased as a result of enhancement of the selection of Christmas items sold online and the start of sales of seasonal products ahead of competitors during the Christmas sales season in December and the holding of sushi-making classes and other customer-drawing events for children. In addition to these measures to boost sales, efficient management of expenses resulted in profitability improvement from international operations in China for the fiscal year.

3) Implementation of Corporate Governance During the Period

Aeon pursues management based on Basic Principles that incorporates a group-wide perspective, management that is transparent, sustainable, and stable, and ceaseless innovation with customers as the core and has adopted a company with a nomination committee and other committees system as the optimal corporate governance structure to put these into practice. In this way, Aeon segregates management oversight and business execution and has instituted a governance system that realizes expeditious management decision-making through delegation of significant authority to executive officers. Aeon established the Nomination Committee, Compensation Committee, and Audit Committee each consisting of a majority of outside directors, to ensure management transparency and objectivity. Furthermore, Aeon further increases management transparency and fairness by appointing outside directors as chairpersons of the Nomination Committee, Compensation Committee, and Audit Committee.

Also, as a pure holding company, Aeon is formulating Group management policies that transcend the framework of the Group's individual businesses or companies and is working to optimize allocation of management resources and generate cross-business synergies.

Status of Implementation of the Board of Directors and Each Committee

(*Denotes outside director)

	Meetings Held	Members	Main Functions
Board of Directors	8	Chairperson: Hiroshi Yokoo Motoya Okada, Akinori Yamashita, *Yukako Uchinaga, *Toru Nagashima, *Takashi	● Oversee the work performance of the directors and executive officers. ● Make decisions on matters

		Tsukamoto, *Kotaro Ohno, *Peter Child	stipulated under Article 416 of the Companies Act as well as matters that cannot be entrusted to the executive officers.
Audit Committee	9	Chairperson: *Kotaro Ohno *Yukako Uchinaga, *Toru Nagashima, *Takashi Tsukamoto	● Audit the work performance of the directors and executive officers. ● Decide the content of proposals to nominate, dismiss, or forgo the reappointment of the accounting auditor, which are submitted to the General Meeting of Shareholders.
Nomination Committee	4	Chairperson: *Yukako Uchinaga *Kotaro Ohno, *Peter Child, Motoya Okada	● Decide the content of proposals for the nomination or dismissal of directors, which are submitted to the General Meeting of Shareholders.
Compensation Committee	2	Chairperson: *Toru Nagashima, *Takashi Tsukamoto, *Peter Child, Motoya Okada	● Decide individual compensation, etc. received by directors and executive officers.

4) Fulfillment of Corporate Social Responsibility During the Fiscal Year

To promote management that respects humanity, one of the Aeon Basic Principles, in 2018 Aeon revised the AEON Basic Policy on Human Rights. In the revised policy, Aeon has clearly indicated that it supports the UN's Guiding Principles on Business and Human Rights and that the policy covers business partners and all other stakeholders involved in Aeon's business activities and stipulated that Aeon will develop a process for identifying and curbing the negative impacts of Aeon's business activities on human rights and aim to realize a society in which human rights are respected. Also, accompanying the revision of the AEON Basic Policy on Human Rights, Aeon has reviewed and revised the social priority issues in the Aeon Sustainability Principle. In 2019, Aeon revised the AEON Supplier Code of Conduct, placing emphasis on ensuring that each party in the supply chain does its part in human rights management.

Aeon Sustainability Principle
Aeon aims to realize a sustainable society and ensure Group growth based on our basic principle of "pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core." In conducting activities, we will think globally and advance activities locally from both environmental and social viewpoints in actively pursuing sustainability with many different stakeholders.

Environment Priority Issues	Society Priority Issues
・Realization of decarbonized society ・Conservation of biodiversity ・Better use of resources	・Creating products and stores that meet society's expectations ・Implementing fair business practices based on respect for human rights ・Collaborating with communities

Toward Realization of a Sustainable Society

- In March 2018 Aeon instituted Aeon Decarbonization Vision 2050, an initiative to help realize a decarbonized society aimed at reducing net store emissions of CO_2 etc. to zero by 2050 and set an interim target of reducing CO_2 emissions by 35% compared to the fiscal 2010 level by 2030 and is now promoting energy conservation and proceeding with conversion to renewable energy. In fiscal 2019, Aeon introduced purchase power agreement (PPA) models to increase the use of solar power. Furthermore, Aeon announced its endorsement of the recommendations of the Task Force on Climate-Related Financial Disasters (TCFD) concerning the impact of climate change on business and examined and disclosed scenario analyses, risk and opportunity assumptions, and measures to ensure business continuity. In recognition of these initiatives, Aeon was selected as a Climate Change A List company (the highest rating) by CDP, an NGO that conducts international environment-related surveys and discloses environmental information.

- To promote recycling of resources, under Aeon Group's Food Waste Reduction Targets, Aeon aims to reduce food waste by half by 2025 and implement a food resource recycling model at 10 or more locations across Japan by 2020. To that end, Aeon has set up a promotion organization in each area and is engaging in recycling efforts. In December 2019, Aeon became the first retailer in Asia to participate in an initiative proposed by the World Resources Institute (a U.S.-based think tank that engages in policy research and technology development relating to the global environment and development), with the aim of reducing food waste by half throughout the supply chain and launched a project in Japan together with 21 Japanese food manufacturers. Aeon has had a policy prohibiting free-of-charge distribution of single-use plastic bags at general merchandise stores and supermarkets in effect since 2007. Now, Aeon has announced that in April it will expand implementation of this policy to other store formats and companies, such as My Basket, an operator of small supermarkets in urban areas, and drugstore operator Welcia; will discontinue free-of-charge distribution of plastic bags at all directly operated sales floors, such as general merchandise store clothing sections; and will seek, before a law making it mandatory to charge for plastic bags goes into effect, to popularize the idea of adopting a lifestyle in which the disposal of resources after a single use is avoided.

- With regard to community collaboration initiatives, Aeon has continuously engaged in activities together with customers to support organizations benefitting their communities. Aeon promotes the Happy Yellow Receipt Campaign, which donates goods to organizations worth 1% of collected shopping receipts, and is expanding the regional WAON card program, which supports local community development with a portion of the WAON e-money used. Aeon has also entered into comprehensive partnership agreements with local governments around Japan to support community safety, security, and vitalization and help raise the level of citizen services.

- The Aeon Environmental Foundation, established in 1990 under the Aeon Basic Principles, has provided assistance and support to organizations that engage in tree-planting activities and environmental activities all over the world; publicly honored organizations and individuals that have contributed to biodiversity conservation; engaged in environmental education to foster environmental leaders; and pursued collaborative projects with

universities, governments, academic research institutions, and international specialist organizations around the world.

- Out of a desire to utilize profits received from customers to benefit society, major Aeon Group companies contribute 1% of their pretax profits to the Aeon 1% Club Foundation. Cumulative financial assistance to the foundation, which engages in activities for the sound development of youths, promotion of friendship with foreign countries, and sustainable development of local communities, has reached approximately 29,000 million yen since its establishment in 1989.

Activities to Assist with Post-Disaster Recovery

- In response to 2019's Typhoon Faxai, which struck Japan's Boso Peninsula, and Typhoon Hagibis, which struck eastern Japan, both causing enormous damage, Aeon delivered relief supplies, engaged in disaster-relief fundraising, supported employee volunteer activities, and held sales to support and encourage disaster-stricken areas, all with the aim of helping affected areas recover as rapidly possible. Also, Aeon donated more than 175 million yen to ten prefectures affected by the disasters, consisting of funds raised from customers and contributions from the Aeon 1% Club Foundation. Furthermore, as an initiative to prepare for business continuity in order to fulfill Aeon's role as a lifeline that supports communities when a major natural disaster occurs, Aeon entered into a partnership agreement on disaster response with the Cabinet Office in July 2019 and has entered into agreements on mutual assistance in the event of a disaster with electric power companies in each region. After Typhoon Faxai struck the Boso Peninsula, under one such agreement Aeon supported recovery activities by providing parking lots at malls for use in setting up electric power grid restoration bases.

Great East Japan Earthquake Reconstruction Support Activities

- Under the slogan "Nigiwai Tohoku - Join Hands and Foster the Power of Hometown", Aeon is implementing various initiatives toward reconstruction and revitalization of the Tohoku region and creation of prosperity in the aftermath of the Great East Japan Earthquake, such as efforts to increase sales of local products, assistance activities and tree-planting together with local residents, and strengthening of disaster preparedness measures at commercial facilities. In July 2019, in accordance with a memorandum of understanding concerning commercial environment development with the town of Namie in Fukushima Prefecture, Aeon opened Aeon Namie to help people who have returned to Namie and resumed their lives and people who continue to live in other areas but want to return home to return to their former way of life in their hometown.

(2) Analysis of Financial Condition

Consolidated Assets, Liabilities, Net Assets, and Cash Flows (millions of yen)

	Fiscal year to end-February,			
	2020	2019	2018	2017
Total assets	11,062,685	10,045,380	9,452,756	8,750,856
Interest-bearing debt	3,006,690	2,552,589	2,344,381	2,257,094
Breakdown:				
Interest-bearing debt of financial subsidiaries	1,064,956	905,802	809,773	823,800
Interest-bearing debt excluding that of financial subsidiaries	1,941,734	1,646,787	1,534,608	1,433,294
Net assets	1,849,278	1,875,364	1,916,737	1,862,410
Cash and cash equivalents, ending balance	1,141,171	814,479	870,013	802,099
Cash flow from operating activities	624,660	469,874	463,911	294,893
Cash flow from investing activities	(341,492)	(662,416)	(427,854)	(267,710)
Cash flow from financing activities	51,164	143,792	28,641	81,450

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets as of February 29, 2020 were 11,062,685 million yen, an increase of 1,017,305 million yen, or 10.1%, from the end of the previous fiscal year (February 28, 2019). The increase is mainly attributable to, in current assets, increases of 369,608 million yen in cash and deposits, mainly at financial subsidiaries, 165,087 million yen in notes and accounts receivable-trade, 83,966 million yen in loans and bills discounted for banking business, and in non-current assets, an increase of 303,448 million yen in property, plant and equipment due to factors including the impact of the opening of new shopping centers and the application of IFRS 16 at overseas subsidiaries.

Consolidated liabilities as of February 29, 2020 were 9,213,407 million yen, an increase of 1,043,391 million yen, or 12.8%, from February 28, 2019. The increase is mainly attributable to increases of 341,266 million yen in deposits for banking business and 269,173 million yen in bonds (including the current portion of bonds) as well as an increase of 286,891 million yen in lease obligations (current and non-current liabilities) due to factors including the application of IFRS 16 at overseas subsidiaries.

Consolidated net assets as of February 29, 2020 were 1,849,278 million yen, a decrease of 26,086 million yen, or 1.4%, from February 28, 2019.

Consolidated Cash Flows

Cash and cash equivalents

The balance of cash and cash equivalents as of February 29, 2020 was 1,141,171 million yen, an increase of 326,692 million yen, or 40.1%, from February 28, 2019.

Cash flow from operating activities

Net cash provided by operating activities was 624,660 million yen, an increase in cash provided of 154,785 million yen, or 32.9%, year on year. The increase in cash provided is mainly attributable to increases of 145,607 million yen in notes and accounts payable – trade and 76,549 million yen in other assets and liabilities, which offset a decrease of 94,496 million yen in deposits for banking business.

Cash flow from investing activities

Net cash used in investing activities was 341,492 million yen, a decrease in cash used of 320,923 million yen, or 48.4%, year on year. The decrease in cash used is mainly attributable to decreases of 393,636 million yen in acquisition of securities for banking business and 51,887 million yen in purchase of non-current assets, which offset a decrease of 182,459 million in proceeds from sales and redemption of securities in banking business.

Cash flow from financing activities
Net cash provided by financing activities was 51,164 million yen, a decrease in cash provided of 92,628 million yen, or 64.4%, year on year. The decrease in cash provided is mainly attributable to decreases of 126,243 million in short-term bank loans and commercial papers and 109,077 million yen in proceeds from long-term loans payable and an increase of 99,663 million in redemption of bonds, which offset an increase of 264,487 million yen in proceeds from issuance of bonds.

(3) Outlook for the Fiscal Year Ending February 28, 2021 (Risks Relating to the Novel Coronavirus)
Consolidated Operating Results Forecast (millions of yen)

	Fiscal year to end-February,	
	2021 (forecast)	2020 (actual)
Operating revenue	8,000,000 to 8,400,000	8,604,207
Operating profit	50,000 to 100,000	215,530

Aeon expects the impact of the novel coronavirus on its businesses to continue until the end of the fiscal year ending February 28, 2021. Although infections in Japan are expected to peak during the first half of the current fiscal year, Aeon expects the impact on consumer sentiment to continue until the fiscal year-end. Aeon anticipates a generally similar timeline in the overseas areas where the Group does business as well.

On the basis of this assumption, taking into account possible extensions of the duration or geographical extent of restrictions under state of emergency declarations, Aeon has expressed its operating revenue and operating profit forecasts as ranges, instead of specific figures. Also, although regulatory authorities may announce a flexible policy on accounting standards in response to the impact of the novel coronavirus, no such decisions have yet been made, and Aeon has not yet produced forecasts for ordinary profit and profit attributable to owners of the parent.

When more rational projections become possible as the situation returns to normal, Aeon will promptly revise the forecasts for operating revenue and operating profit and announce forecasts for ordinary profit and profit attributable to owners of the parent.

(4) Dividend Policy and Dividends for the Fiscal Year ended February 29, 2020 and the Fiscal Year ending February 28, 2021
1) Basic Medium- to Long-Term Policy
Aeon considers maintaining an optimal balance between providing shareholder returns and improving corporate value through medium- to long-term growth a key management priority and believes in returning profits to shareholders, whom it considers partners in business management.

(Dividends)
Aeon will implement a dividend policy that takes into consideration consolidated earnings results from the perspective of how to reward shareholders appropriately for capital invested. Specifically, Aeon has set a target of a consolidated dividend payout ratio of 30% while maintaining its annual dividend payment at or above the prior-year level and will strive for further earnings growth and shareholder returns.

(Use of internal reserves)
Aeon will utilize internal reserves as funds for growth investments essential for future business development and meet shareholder expectations through corporate value enhancement achieved from medium- to long-term growth.

2) Dividends for the Fiscal Year Ended February 29, 2020 and Starting Date for Dividend Payments

By resolution of the Board of Directors at a meeting held on April 10, 2020, the year-end dividend payment from retained earnings for the fiscal year ended February 29, 2020 will be 18 yen per share (consisting of an ordinary dividend of 17 yen and a commemorative dividend of 1 yen). The total annual dividend for the fiscal year will therefore be 36 yen per share, including the interim payment of 18 yen per share (consisting of an ordinary dividend of 17 yen and a commemorative dividend of 1 yen). The starting date for dividend payments (effective date) is Thursday, April 30, 2020.

3) Dividend Forecast for the Fiscal Year Ending February 28, 2021
In accordance with the basic policy outlined above, Aeon plans to pay an ordinary dividend for the fiscal year ending February 28, 2021 of 36 yen per share, consisting of an interim payment of 18 yen per share and a year-end payment of 18 yen per share.

2. Management Strategies and Policies

(1) Basic Policy on Management

Aeon's unchanging fundamental management principles are the pursuit of peace, respect for humanity, and contributions to local communities—with the customer's point of view as the core. On the basis of this philosophy, and from the viewpoint "everything we do, we do for our customers," Aeon closely watches market and customer changes and is pursuing corporate value enhancement with the aim of being a corporate group that contributes to sustainable growth and local communities from a long-term perspective.

From the viewpoint of corporate social responsibility (CSR), Aeon has instituted the Aeon Code of Conduct, a set of behavior guidelines and standards for decision-making for all Group employees to follow in their daily work activities. Aeon is instilling this code throughout the Group. On the basis of this code, Aeon will strive to achieve long-term prosperity and growth by building excellent relationships with its customers, shareholders, business partners, local communities, and employees, while continuing to offer products and services that satisfy customers.

(2) Medium-term Management Strategy

Aeon Group's Sustainable Growth

In recent years, customer preferences and needs have increasingly diversified in ways including health orientation, low-price orientation, and growing interest in ethical consumption that takes into consideration the global environment and local communities. Also, the market presence of companies that principally engage in e-commerce businesses is further strengthening, and competition is intensifying. In this environment, to rapidly respond to customer changes as a corporate group with an everlasting innovative spirit, Aeon will implement a shift in direction toward regional, digital, and Asia markets, and a shift in investments to support this change of direction, as set forth as the direction for innovation, and will continue innovation with the aim of becoming the number-one company in each region and business field.

Promoting Diversity and Health Management

Aeon respects differences in the values and beliefs of individual employees and promotes diversity management to enable diverse personnel to actively contribute. Since its founding, in accordance with the belief that employees are its most important management resource, Aeon has continuously promoted sharing of best practices and measures to raise the awareness of managers and undertaken expansion of childcare facilities at worksites to enable diverse personnel to demonstrate their abilities in good health. In recognition of these initiatives, in February 2020 Aeon was certified as a 2020 Company with Excellent Health Management (White 500) for a fourth consecutive year and in March 2020 was selected for a third consecutive year as a Nadeshiko Brand company (a listed company recognized for excellence at empowering women).

3. Basic Policy Regarding Selection of Accounting Standards

The Aeon Group uses Japan accounting standards for its financial reporting.

Regarding the adoption of International Financial Reporting Standards (IFRS), Aeon will take appropriate measures in consideration of various developments in and outside Japan.

4. Consolidated Financial Statements and Main Notes
(1) Consolidated Balance Sheet

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
	Amount	Amount
Assets		
Current assets		
Cash and deposits	852,382	1,221,991
Call loans	27,138	53,773
Notes and accounts receivable - trade	1,461,616	1,626,704
Securities	428,657	462,062
Inventories	598,420	575,748
Operating loan	393,914	433,808
Loans and bills discounted for banking business	1,965,353	2,049,319
Other	335,513	404,271
Allowance for doubtful accounts	(104,335)	(114,328)
Current assets	5,958,661	6,713,352
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,549,236	1,555,080
Tools, furniture and fixtures, net	224,925	221,896
Land	890,857	926,900
Leased assets, net	73,515	89,198
Construction in progress	51,887	41,590
Other, net	449	259,654
Property, plant and equipment	2,790,872	3,094,320
Intangible assets		
Goodwill	147,727	133,989
Software	88,989	105,477
Leased assets	27,101	26,530
Other	37,304	35,890
Intangible assets	301,123	301,888
Investments and other assets		
Investment securities	231,120	229,916
Net defined benefit asset	19,552	11,975
Deferred tax assets	155,129	159,727
Guarantee deposits	424,362	414,576
Deposits for stores in progress	2,378	2,189
Other	172,734	143,542
Allowance for doubtful accounts	(10,554)	(8,803)
Investments and other assets	994,722	953,124
Non-current assets	4,086,718	4,349,333
Assets	10,045,380	11,062,685

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable - trade	914,150	1,068,427
Deposits for banking business	3,443,053	3,784,320
Short-term loans payable	385,634	253,395
Current portion of long-term loans payable	230,054	303,055
Current portion of bonds	96,312	75,633
Current portion of bonds with subscription rights to shares	29,946	-
Commercial papers	92,079	168,131
Lease obligations	13,908	54,146
Income taxes payable	56,526	55,363
Provision for bonuses	33,078	31,475
Provision for loss on store closing	10,882	8,245
Provision for point card certificates	20,943	24,319
Notes payable - facilities	68,999	58,171
Other	611,585	714,536
Current liabilities	6,007,156	6,599,221
Non-current liabilities		
Bonds payable	489,661	779,513
Long-term loans payable	1,127,742	1,040,774
Lease obligations	63,128	309,782
Deferred tax liabilities	37,323	37,444
Provision for directors' retirement benefits	911	882
Provision for loss on store closing	2,958	2,923
Provision for contingent loss	62	53
Provision for loss on interest repayment	3,842	4,965
Provision for loss on future collection of gift certificates	5,154	5,455
Net defined benefit liability	28,311	25,496
Asset retirement obligations	94,955	97,369
Long-term guarantee deposited	265,622	261,653
Other	43,184	47,872
Non-current liabilities	2,162,859	2,614,186
Liabilities	8,170,015	9,213,407

(Millions of yen)

	As of February 28, 2019	As of February 29, 2020
	Amount	Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	302,636	307,089
Retained earnings	561,135	541,180
Treasury shares	(36,290)	(42,455)
Shareholders' equity	1,047,490	1,025,822
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	47,391	55,054
Deferred gains or losses on hedges	(2,542)	(4,149)
Foreign currency translation adjustment	2,155	(2,064)
Remeasurements of defined benefit plans	(859)	(10,147)
Total accumulated other comprehensive income	46,145	38,693
Subscription rights to shares	1,960	1,706
Non-controlling interests	779,768	783,056
Net assets	1,875,364	1,849,278
Liabilities and net assets	10,045,380	11,062,685

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

Consolidated Statement of Income

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
	Amount	Amount
Operating revenue		
Net sales	7,452,464	7,505,415
Operating revenue from financial services business	391,363	436,936
Other operating revenue	674,388	661,855
Operating revenue	8,518,215	8,604,207
Operating costs		
Cost of sales	5,392,966	5,431,856
Operating cost from financial services business	34,767	36,917
Operating cost	5,427,734	5,468,774
Gross profit	2,059,497	2,073,558
Operating gross profit	3,090,481	3,135,433
Selling, general and administrative expenses		
Advertising expense	188,760	207,802
Provision of allowance for doubtful accounts	50,126	64,440
Employees' salaries and bonuses	1,002,740	1,015,292
Provision for bonuses	33,078	31,475
Legal and employee benefits expenses	173,797	174,737
Utilities expenses	152,694	148,861
Depreciation	231,590	274,323
Repair and maintenance	152,383	155,587
Rents	444,569	393,413
Amortization of goodwill	15,150	14,309
Other	433,332	439,658
Selling, general and administrative expenses	2,878,224	2,919,902
Operating profit	212,256	215,530
Non-operating income		
Interest income	3,257	3,589
Dividend income	2,421	2,545
Share of profit of entities accounted for using equity method	2,532	3,295
Income from unredeemed gift vouchers	3,725	4,035
Penalty income from leaving tenants	2,671	4,020
Reversal of allowance for doubtful accounts	773	914
Gain on collection of guarantee deposits	1,594	2,757
Other	10,771	10,256
Non-operating income	27,748	31,414
Non-operating expenses		
Interest expenses	16,409	31,813
Other	8,477	9,302
Non-operating expenses	24,887	41,115
Ordinary profit	215,117	205,828
Extraordinary income		
Gain on sales of non-current assets	26,258	29,785
Gain on sale of investment securities	204	10,102
Insurance income	8,935	3,040
Other	3,270	6,097
Extraordinary income	38,669	49,025
Extraordinary losses		

Loss on sales of non-current assets	887	668
Impairment loss	62,724	58,267
Provision for loss on store closing	8,878	6,146
Loss on retirement of non-current assets	3,119	5,295
Other	10,092	9,812
Extraordinary losses	85,703	80,189
Profit before income taxes	168,083	174,664
Income taxes		
Current	89,629	98,509
Deferred	(9,800)	1,217
Income taxes	79,829	99,726
Profit	88,253	74,937
Profit attributable to non-controlling interests	64,615	48,099
Profit attributable to owners of parent	23,637	26,838

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
	Amount	Amount
Profit	88,253	74,937
Other comprehensive income		
Valuation difference on available-for-sale securities	(29,511)	7,123
Deferred gains or losses on hedges	842	(4,769)
Foreign currency translation adjustment	(19,635)	(7,995)
Remeasurements of defined benefit plans, net of tax	(3,060)	(9,752)
Share of other comprehensive income of entities accounted for using equity method	(283)	748
Other comprehensive income	(51,648)	(14,645)
Comprehensive income	36,604	60,292
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	(19,858)	19,386
Comprehensive income attributable to non-controlling interests	56,463	40,905

(3) Consolidated Statement of Changes in Equity

Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	220,007	306,464	574,409	(38,962)	1,061,920
Cumulative effects of changes in accounting policies			(9,971)		(9,971)
Restated balance	220,007	306,464	564,438	(38,962)	1,051,948
Changes of items during period					
Dividends of surplus			(26,935)		(26,935)
Profit (loss) attributable to owners of parent			23,637		23,637
Purchase of treasury shares				(29)	(29)
Disposal of treasury shares			(4)	2,701	2,697
Change in ownership interest of parent due to transactions with non-controlling interests		(3,828)			(3,828)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	(3,828)	(3,302)	2,672	(4,458)
Balance at end of period	220,007	302,636	561,135	(36,290)	1,047,490

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	77,701	(3,013)	13,356	1,597	89,641	1,921	763,254	1,916,737
Cumulative effects of changes in accounting policies							(18,269)	(28,240)
Restated balance	77,701	(3,013)	13,356	1,597	89,641	1,921	744,985	1,888,496
Changes of items during period								
Dividends of surplus								(26,935)
Profit (loss) attributable to owners of parent								23,637
Purchase of treasury shares								(29)
Disposal of treasury shares								2,697
Change in ownership interest of parent due to transactions with non-controlling interests								(3,828)
Net changes of items other than shareholders' equity	(30,309)	471	(11,200)	(2,457)	(43,496)	39	34,783	(8,673)
Total changes of items during period	(30,309)	471	(11,200)	(2,457)	(43,496)	39	34,783	(13,131)
Balance at end of period	47,391	(2,542)	2,155	(859)	46,145	1,960	779,768	1,875,364

Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)

(Millions of yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Shareholders' equity
Balance at beginning of period	220,007	302,636	561,135	(36,290)	1,047,490
Cumulative effects of changes in accounting policies			(17,331)		(17,331)
Restated balance	220,007	302,636	543,804	(36,290)	1,030,159
Changes of items during period					
Dividends of surplus			(29,462)		(29,462)
Profit (loss) attributable to owners of parent			26,838		26,838
Purchase of treasury shares				(13,013)	(13,013)
Disposal of treasury shares		6,231		6,848	13,080
Change in ownership interest of parent due to transactions with non-controlling interests		(1,779)			(1,779)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	4,452	(2,624)	(6,165)	(4,337)
Balance at end of period	220,007	307,089	541,180	(42,455)	1,025,822

	Accumulated other comprehensive income					Subscription rights to shares	Non-controlling interests	Net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	47,391	(2,542)	2,155	(859)	46,145	1,960	779,768	1,875,364
Cumulative effects of changes in accounting policies							(12,359)	(29,690)
Restated balance	47,391	(2,542)	2,155	(859)	46,145	1,960	767,409	1,845,674
Changes of items during period								
Dividends of surplus								(29,462)
Profit (loss) attributable to owners of parent								26,838
Purchase of treasury shares								(13,013)
Disposal of treasury shares								13,080
Change in ownership interest of parent due to transactions with non-controlling interests								(1,779)
Net changes of items other than shareholders' equity	7,663	(1,607)	(4,220)	(9,287)	(7,451)	(253)	15,647	7,941
Total changes of items during period	7,663	(1,607)	(4,220)	(9,287)	(7,451)	(253)	15,647	3,604
Balance at end of period	55,054	(4,149)	(2,064)	(10,147)	38,693	1,706	783,056	1,849,278

(4) Consolidated Statement of Cash Flows

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
	Amount	Amount
Cash flows from operating activities		
Profit (loss) before income taxes	168,083	174,664
Depreciation	247,136	292,747
Amortization of goodwill	15,150	14,309
Increase (decrease) in allowance for doubtful accounts	10,689	8,543
Increase (decrease) in provision for loss on interest repayment	743	1,122
Increase (decrease) in provision for bonuses	1,669	(1,389)
Increase (decrease) in net defined benefit liability	(289)	(4,059)
Decrease (Increase) in net defined benefit asset	(4,232)	(5,388)
Interest and dividend income	(5,678)	(6,134)
Interest expenses	16,409	31,813
Foreign exchange losses (gains)	1,383	(1,385)
Share of (profit) loss of entities accounted for using equity method	(2,532)	(3,295)
Gain on sales of non-current assets	(26,258)	(29,785)
Loss on sales and retirement of non-current assets	6,408	7,452
Impairment loss	62,724	58,267
Gain on negative goodwill	-	(1,333)
Loss (gain) on sales of short-term and long-term investment securities	(646)	(10,088)
Decrease (increase) in notes and accounts receivable – trade	(153,680)	(172,577)
Decrease (increase) in inventories	837	22,263
Decrease (increase) in operating loans receivable	(38,344)	(41,057)
Decrease (increase) in cash loans and bills discounted for banking business	(146,327)	(84,124)
Increase (decrease) in notes and accounts payable - trade	11,472	157,079
Increase (decrease) in deposits for banking business	435,763	341,266
Increase/decrease in other assets/liabilities	(59,834)	16,715
Other, net	20,864	(15,924)
Subtotal	561,511	749,702
Interest and dividend income received	7,776	7,855
Interest expenses paid	(16,262)	(31,998)
Income taxes paid	(83,151)	(100,899)
Net cash provided by (used in) operating activities	469,874	624,660

(Millions of yen)

	Year ended February 28, 2019	Year ended February 29, 2020
	Amount	Amount
Cash flows from investing activities		
Purchase of securities	-	(1,398)
Proceeds from sales and redemption of securities	767	1,498
Acquisition of securities for banking business	(925,257)	(531,621)
Proceeds from sales and redemption of securities in banking business	691,300	508,841
Purchase of non-current assets	(469,650)	(417,762)
Proceeds from sales of non-current assets	99,022	87,002
Purchase of investment securities	(27,414)	(3,590)
Proceeds from sales of investment securities	3,332	20,439
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,819)	(1,693)
Payments for guarantee deposits	(50,314)	(20,162)
Proceeds from collection of guarantee deposits	30,424	29,798
Proceeds from guarantee deposits received	26,298	21,400
Repayments of guarantee deposits received	(23,097)	(25,002)
Other, net	(11,008)	(9,243)
Net cash provided by (used in) investing activities	(662,416)	(341,492)
Cash flows from financing activities		
Increase (decrease) in short-term bank loans and commercial papers	68,551	(57,691)
Proceeds from long-term loans payable	340,684	231,606
Repayments of long-term loans payable	(284,538)	(239,228)
Proceeds from issuance of bonds	102,116	366,603
Redemption of bonds	(26,562)	(126,225)
Purchase of treasury shares	(29)	(13,013)
Proceeds from share issuance to non-controlling shareholders	4,195	2,255
Repayments to non-controlling shareholders	(219)	(6,006)
Repayments of lease obligations	(16,587)	(73,331)
Cash dividends paid	(26,935)	(29,462)
Dividends paid to non-controlling interests	(23,274)	(23,229)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	6,982
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(6,441)	(5,890)
Other, net	12,835	17,795
Net cash provided by (used in) financing activities	143,792	51,164
Effect of exchange rate change on cash and cash equivalents	(6,785)	(7,639)
Net increase (decrease) in cash and cash equivalents	(55,533)	326,692
Cash and cash equivalents, beginning of period	870,013	814,479
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	-
Cash and cash equivalents, end of period	814,479	1,141,171

(5) Notes on the Consolidated Financial Statements

Notes and other supplementary information for the consolidated balance sheet, the consolidated statement of income and consolidated statement of comprehensive income, the consolidated statement of changes in equity, and the consolidated statement of cash flows are omitted from this report.

(Notes on the Going-concern Assumption)

Not applicable

(Changes in Accounting Policy)

From the beginning of the first quarter of the fiscal year ended February 29, 2020, foreign consolidated subsidiaries and some other Aeon Group companies have adopted IFRS 16 Leases. In conjunction with this, for lessee lease transactions, right-of-use (ROU) assets and lease obligations were recognized for all leases in principle, and depreciation on ROU assets and interest expenses for lease obligations have been recorded. With the adoption of IFRS 16 Leases, these companies applied transitional measures that recognize the cumulative effects of adoption of IFRS 16 as of the date of adoption, as is permitted for first-time adopters.

As a result of this change, at the beginning of the first quarter of the fiscal year ended February 29, 2020, among others ROU assets (included in "other" under property, plant and equipment) and lease obligations (under current liabilities and non-current liabilities) increased 282,733 million yen and 291,079 million yen respectively, while retained earnings and non-controlling interests decreased 17,331 million yen, and 12,359 million yen respectively. In addition, compared with figures under the previous accounting policy, operating profit for the year ended February 29, 2020 increased 11,155 million yen, while ordinary profit and profit before income taxes each decreased 4,159 million yen.

For reference, this change has little impact on per share information for the year ended February 29, 2020.

(Changes to Presentation of Consolidated Statement of Income)

With the adoption of the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other related standards from the beginning of the first quarter of the fiscal year ended February 29, 2020, deferred tax assets are presented under "investments and other assets," and deferred tax liabilities are presented under "non-current liabilities."

(Additional Information)

1. Improper and Erroneous Accounting Treatment at a Consolidated Subsidiary (Kajitaku Co., Ltd.)

   On June 27, 2019, consolidated subsidiary Aeon Delight Co., Ltd. received a report on improper accounting at its consolidated subsidiary Kajitaku Co., Ltd. ("Final Report on the Investigation on Kajitaku Co., Ltd.'s Inappropriate Accounting") from a Special Investigation Committee.

   The cumulative financial effects of improper and erroneous accounting treatment conducted by Kajitaku in past fiscal years were recognized as a lump sum in the Consolidated Statement of Income for the year ended February 29, 2020, and under "Services and Specialty Store" in "3. Operating revenue, income/loss, assets, liabilities and other items by reportable segment" in the "Segment Information" section for the same period.

   As a result, in the Consolidated Statement of Income, operating revenue decreased 14,613 million yen, operating profit decreased 14,544 million yen, ordinary profit decreased 14,549 million yen, and profit attributable to owners of parent decreased 7,920 million yen. In the Segment Information section, "Revenue attributable to customers" and "Total operating revenue" for "Services and Specialty Store" each decreased 13,937 million yen, and "Segment income (loss)" for "Services and Specialty Store" decreased 14,544 million yen.

2. Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts

On February 10, 2020, the Company reintroduced the Employee Stock Ownership Plan Trust ("ESOP Trust") incentive scheme that provides the Company's work force with ownership interest in the Company with the aim of further enhancing corporate value over the mid to long term.

The ESOP Trust has adopted the gross accounting method, and the Company's stock held by the ESOP Trust was included in treasury shares under net assets. At the end of the fiscal year ended February 29, 2020, the book value of treasury shares and long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross accounting method were 12,999 million yen (5,626,400 shares) and 13,000 million yen, respectively.

(Segment and Other Information)

[Segment Information]

1. Overview of Reportable Segments

Aeon has adopted the "nomination committee and other committees system" as its governance model. Under the system, operational supervision and operational execution functions are explicitly divided and allocated to individual directors and executive officers. The system enables swift management decision-making by delegating significant authority to executive officers to enable them to achieve medium- and long-term targets.

Aeon's reportable segments are components of its operations about which segment-specific financial statements are available. These segments are subject to periodic examinations to enable Aeon's management to decide how to allocate resources and assess performance.

Led by Aeon Co., Ltd, a pure holding company, the Group companies conduct various business operations centering on the Group's core retail store operations, including general merchandise stores, financial services operations, shopping center development operations, and services and specialty store operations.

The main operations in each reportable segment and other businesses are thus as follows.

The GMS Business includes general merchandise stores (GMS), specialty stores that sell packaged lunches and ready-to-eat meals.

The Supermarket Business includes supermarkets, discount stores, convenience stores and small-scale supermarkets

The Health & Wellness Business includes drugstores, pharmacies and other related businesses.

The Financial Services Business includes credit card, fee-based services, and banking businesses.

The Shopping Center Development Business includes development and leasing of shopping centers and malls.

The Services and Specialty Store Business includes facilities management services, amusement services, food services, and specialty stores that sell family casual apparel, women's apparel, footwear, and others.

International Business includes retail stores in the ASEAN region and China.

Other Businesses include mobile marketing business, digital and other related businesses.

2. Changes in Reportable Segments

In line with organizational changes, from the fiscal year ended February 29, 2020, the Company has reclassified some of the functional companies included in "Adjustments" to include them in "International" business and "Other." For reference, segment information for the previous fiscal year, was prepared based on the current segmentation.

In addition, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other related standards from the beginning of the first quarter of the fiscal year ended February 29, 2020. This accounting standard has been retroactively applied to segment assets figures for the previous fiscal year.

3. Operating revenue, income/loss, assets, liabilities and other items by reportable segment

Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Health & Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:						
(1) Revenue attributable to customers	2,851,900	3,221,964	793,547	391,363	279,365	585,824
(2) Intersegment revenue or transfers	228,729	13,099	415	45,201	80,893	182,724
Total	3,080,630	3,235,064	793,962	436,565	360,259	768,548
Segment income (loss)	11,515	25,195	26,269	70,839	55,590	19,762
Segment assets	1,418,264	1,149,050	377,100	5,181,017	1,397,461	390,815
Segment interest-bearing debt	347,701	253,184	56,799	905,802	610,494	78,717
Other items:						
Depreciation	52,417	50,393	13,277	26,506	57,056	18,044
Share of profit (loss) of entities accounted for using equity method	114	663	556	1,969	-	(555)
Impairment loss	23,456	20,022	3,027	56	9,179	5,907
Investment in entities accounted for using equity method	1,818	20,008	4,155	36,018	-	2,051
Increase in property, plant and equipment and intangible assets	85,525	69,153	25,624	36,036	170,773	23,178

	Reportable segment		Other	Total	Adjustments *1, 2	Reported in the consolidated financial statements*3
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	434,291	8,558,257	2,521	8,560,778	(42,562)	8,518,215
(2) Intersegment revenue or transfers	3,300	554,365	48,771	603,137	(603,137)	-
Total	437,591	9,112,622	51,293	9,163,916	(645,700)	8,518,215
Segment income (loss)	3,259	212,431	667	213,098	(842)	212,256
Segment assets	318,690	10,232,399	51,387	10,283,786	(238,406)	10,045,380
Segment interest-bearing debt	70,874	2,323,574	24,092	2,347,667	204,922	2,552,589
Other items:						
Depreciation	18,639	236,335	7,351	243,687	3,449	247,136
Share of profit (loss) of entities accounted for using equity method	(673)	2,074	-	2,074	457	2,532
Impairment loss	829	62,479	56	62,535	189	62,724
Investment in entities accounted for using equity method	0	64,051	-	64,051	4,949	69,001
Increase in property, plant and equipment and intangible assets	29,865	440,157	6,126	446,284	2,687	448,971

Notes: 1. Main components of the minus 42,562 million yen in adjustments for operating revenue attributable to customers are as follows:

(a) Minus 80,596 million yen in adjustments to service transactions reported in the reportable segment information, and

(b) 37,917 million yen in “operating revenues from equity-method affiliates” of Group companies attributable to Aeon Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

2. Main components of the minus 842 million yen in adjustments for segment income are as follows:

(a) 2,427 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,

(b) Minus 604 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and

(c) Minus 2,553 million yen in intersegment transaction eliminations

3. Segment income adjustments are based on operating profit (loss) reported in the Consolidated Statement of Income for the corresponding period.

Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Health & Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:						
(1) Revenue attributable to customers	2,831,842	3,212,842	882,857	436,936	290,482	561,001
(2) Intersegment revenue or transfers	238,678	11,520	363	47,782	81,444	178,597
Total	3,070,521	3,224,363	883,220	484,719	371,926	739,599
Segment income (loss)	7,223	21,507	35,029	70,464	63,279	5,124
Segment assets	1,428,143	1,189,877	436,870	5,813,931	1,593,193	393,273
Segment interest-bearing debt	329,516	245,736	52,250	1,065,476	772,761	76,847
Other items:						
Depreciation	50,566	55,120	14,598	34,625	74,074	19,812
Share of profit (loss) of entities accounted for using equity method	147	523	487	2,062	-	(253)
Impairment loss	17,597	21,977	4,151	398	6,729	4,892
Investment in entities accounted for using equity method	1,918	31,846	4,560	36,385	-	1,729
Increase in property, plant and equipment and intangible assets	115,566	80,465	27,276	44,130	119,580	20,853

	Reportable segment		Other	Total	Adjustments *1, 2	Reported in the consolidated financial statements*3
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	435,321	8,651,284	3,260	8,654,544	(50,337)	8,604,207
(2) Intersegment revenue or transfers	3,881	562,268	49,362	611,631	(611,631)	-
Total	439,202	9,213,553	52,623	9,266,176	(661,968)	8,604,207
Segment income (loss)	10,386	213,016	1,789	214,805	724	215,530
Segment assets	445,947	11,301,237	56,175	11,357,412	(294,726)	11,062,685
Segment interest-bearing debt	217,385	2,759,973	22,765	2,782,738	223,952	3,006,690
Other items:						
Depreciation	32,735	281,533	7,613	289,147	3,600	292,747
Share of profit (loss) of entities accounted for using equity method	1	2,967	-	2,967	327	3,295
Impairment loss	1,623	57,370	868	58,239	27	58,267
Investment in entities accounted for using equity method	0	76,440	-	76,440	5,209	81,649
Increase in property, plant and equipment and intangible assets	27,568	435,440	10,615	446,055	4,650	450,706

Notes: 1. Main components of the minus 50,337 million yen in adjustments for operating revenue attributable to customers are as follows:

(a) Minus 90,472 million yen in adjustments to service transactions reported in the reportable segment information, and

(b) 40,104 million yen in “operating revenues from equity-method affiliates” of Group companies attributable to Aeon Group merchandise supply that is part of head office functions and does not fall into any of the business segments.

2. Main components of the 724 million yen in adjustments for segment income are as follows:

(a) 2,098 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,

(b) Minus 157 million yen in income of Group companies attributable to Aeon Group merchandise supply that does not fall into any of the business segments, and

(c) Minus 1,162 million yen in intersegment transaction eliminations

3. Segment income adjustments are based on operating profit (loss) reported in the Consolidated Statement of Income for the corresponding period.

[Related Information]

Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)

1. Information by merchandise and service

The information is omitted here because the same information is presented in the "Segment Information" above.

2. Information by geographic area

(1) Operating revenue

(Millions of yen)

Japan	ASEAN	China	Other	Total
7,757,433	365,741	278,952	116,088	8,518,215

Note: Operating revenues are based on the location of customers and classified into countries or regions.

(2) Property, buildings and equipment

(Millions of yen)

Japan	ASEAN	China	Other	Total
2,441,024	259,233	81,690	8,923	2,790,872

3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the operating revenue on the Consolidated Statement of Income.

Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)

1. Information by merchandise and service

The information is omitted here because the same information is presented in the "Segment Information" above.

2. Information by geographic area

(1) Operating revenue

(Millions of yen)

Japan	ASEAN	China	Other	Total
7,832,102	390,512	276,514	105,078	8,604,207

Note: Operating revenues are based on the location of customers and classified into countries or regions.

(2) Property, buildings and equipment

(Millions of yen)

Japan	ASEAN	China	Other	Total
2,489,046	347,393	244,072	13,807	3,094,320

3. Information by major customer

The information is omitted here because no customer accounts for more than 10% of the operating revenue on the Consolidated Statement of Income.

[Impairment loss on non-current assets by reportable segment]

Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)

The information is omitted here because the same information is presented in the "Segment Information" above.

Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)

The information is omitted here because the same information is presented in the "Segment Information" above.

[Amortization for and unamortized balance of goodwill by reportable segment]

Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Health & Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Amortization for the fiscal year ended Feb. 28, 2019	2,242	2,387	3,986	2,796	2,628	887
Balance at Feb. 28, 2019	15,836	29,012	55,803	17,301	20,908	8,208

	Reportable segment		Other	Adjustments	Total
	International	Total			
Amortization for the fiscal year ended Feb. 28, 2019	197	15,126	-	23	15,150
Balance at Feb. 28, 2019	620	147,691	-	35	147,727

Year ended February 29, 2020 (March 1, 2019– February 29, 2020)

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Health & Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Amortization for the fiscal year ended Feb. 29, 2020	2,242	2,313	4,147	1,910	2,628	849
Balance at Feb. 29, 2020	13,593	26,712	52,215	15,413	18,279	7,325

	Reportable segment		Other	Adjustments	Total
	International	Total			
Amortization for the fiscal year ended Feb. 29, 2020	193	14,285	-	23	14,309
Balance at Feb. 29, 2020	436	133,977	-	11	133,989

[Gain on negative goodwill by reportable segment]

Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)

Not applicable

Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)

Not applicable

(Per Share Information)

	Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)	Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)
Net assets per share (yen)	1,299.32	1,264.63
Earnings per share (yen)	28.11	31.88
Earnings per share - fully diluted (yen)	27.62	31.83

(Note) Data for calculation

1. Net assets per share

	February 28, 2019	February 29, 2020
Total net assets on the consolidated balance sheets (millions of yen)	1,875,364	1,849,278
Net assets attributable to common shares (millions of yen)	1,093,635	1,064,515
Main component of difference: Non-controlling interests (millions of yen)	779,768	783,056
Number of common shares issued (thousands of shares)	871,924	871,924
Number of common shares in treasury (thousands of shares)	30,227	30,162
Number of common shares used for calculation of net assets per share (thousands of shares)	841,697	841,762

2. Earnings per share and earnings per share - fully diluted

	Year ended February 28, 2019 (March 1, 2018 – February 28, 2019)	Year ended February 29, 2020 (March 1, 2019 – February 29, 2020)
Profit (loss) attributable to owners of parent (millions of yen)	23,637	26,838
Amount not attributable to common shareholders (millions of yen)	-	-
Profit (loss) attributable to common shares of parent (millions of yen)	23,637	26,838
Average number of common shares outstanding (thousands of shares)	840,914	841,731
Main components of adjustment for profit (loss) attributable to owners of parent used to calculate earnings per share - fully diluted (millions of yen) Changes in equity interest resulting from issuance of subscription rights to shares by consolidated subsidiaries	(402)	(35)
Adjustment for profit (loss) attributable to owners of parent (millions of yen)	(402)	(35)
Increase in the number of common shares used to calculate earnings per share - fully diluted (thousands of shares)	296	267
Residual securities not included in the calculation for earnings per share - fully diluted because they have no dilutive effect	-	-

Note. 1. The average number of common shares outstanding for the fiscal year ended February 29, 2020 does not include the Company's common shares held by the Employee Stock Ownership Plan Trust (the number of shares that trust held as of February 28, 2019 was zero shares; as of February 29, 2020, 5,626 thousand shares). The average number of common shares held by the trust was 753 thousand shares for the fiscal year ended February 28, 2019, and 230 thousand shares for the fiscal year ended February 29, 2020.

(Material Subsequent Events)

1. Acquisition of shares by a consolidated subsidiary

On March 31, 2020, Aeon Financial Service Co., Ltd., a consolidated subsidiary of the Company, acquired shares of Allianz Life Insurance Japan Ltd. ("Allianz Life Insurance"), which was a Japanese subsidiary of the Allianz Group based in Germany, to make it a consolidated subsidiary based on a decision made at a Board of Directors meeting held on February 4, 2020, to acquire shares of Allianz Life Insurance through a third-party allotment subject to the approval of the relevant authorities.

(1) Purpose of the share acquisition

Allianz Life Insurance is a life insurance company with more than 20,000 existing policies[1] (as of March 31, 2019). As a part of its Group strategy, Aeon Financial Group is looking to enter the life insurance business in collaboration with Aeon Group companies with the aim of extending healthy life expectancies in Japan, which is seeing rapid population aging. Aeon believes this acquisition of Allianz Life Insurance's shares provides a valuable opportunity to gain the operational foundations required to begin engaging in life insurance business.

By linking the life insurance business with tangible and intangible products and services provided by Aeon Group companies and proposing ways to improve people's health in coordination with other Aeon Group companies, Aeon Financial Group expects to be able to support health-promotion activities to address early/pre-symptomatic disease and prevent illness.

The Aeon Financial Group will develop life insurance into one of its core businesses through the implementation of new strategies while protecting existing policyholders[2].

[1]: Allianz Life Insurance has suspended applications for new policies since January 2012.

[2]: This acquisition does not affect the terms and conditions of existing insurance policies.

(2) Name of acquired company and its business

Name:	Allianz Life Insurance Japan Ltd. Allianz Life Insurance is scheduled to change its name to Aeon Allianz Life Insurance Co., Ltd. on May 1, 2020.
Business:	Insurance
Capital:	34,399 million yen (as of March 31, 2020) (Of which, capital reserve: 17,199 million yen)

(3) Date of share acquisition

March 31, 2020

(4) The number of shares acquired, acquisition cost, and ownership ratio after the acquisition

Number of shares acquired:	32,400 shares
Acquisition cost:	3,240 million yen
Advisory fees, etc.:	420 million yen
Ownership ratio after the acquisition:	60.0%

(5) Financing and payment methods

Group capital was used.

2. Corporate bonds issued by a consolidated subsidiary

Aeon Mall Co., Ltd., a consolidated subsidiary of the Company, issued unsecured bonds.

The details are outlined below.

(1)	Name of bonds	Aeon Mall Co., Ltd. Unsecured Bonds (with special pari passu conditions among bonds) series 24
(2)	Total amount of bonds	30,000 million yen
(3)	Denomination per bond	1 million yen
(4)	Coupon rate	0.33%
(5)	Issue price	100 yen per face value of 100 yen
(6)	Date of issuance	March 31, 2020
(7)	Method and due date for the redemption	Bullet bond, where the entire face value is paid at once on the maturity date of March 31, 2025.
(8)	Collateral	No collateral or guarantee is pledged, and no assets are specifically reserved to secure the bonds.
(9)	Use of proceeds	The proceeds will be used for repayment of borrowings.