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Financial Results for the Nine Months ended November 30, 2020

January 13, 2021

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Listings The First Section of Tokyo Stock Exchange
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Scheduled dates:

Submission of statutory quarterly financial report	January 14, 2021
Commencement of dividend payments	-
Supplementary materials to the quarterly results	Available
Quarterly earnings results briefing	Yes (targeted at institutional investors and analysts)

(Amounts rounded down to the nearest million)

1. Consolidated Financial Results for the Nine Months ended November 30, 2020 (March 1, 2020 to November 30, 2020)

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Nine months ended November 30, 2020	6,392,538	0.1	68,111	(33.9)	58,997	(36.8)	(62,590)	-
Nine months ended November 30, 2019	6,387,005	0.8	103,081	(5.4)	93,373	(15.3)	(6,343)	-

Note: Comprehensive income: Nine Months ended November 30, 2020: -39,912 million yen (-%)
Nine months ended November 30, 2019: 25,471 million yen (79.2%)

	Earnings per share	Earnings per share – fully diluted
	yen	yen
Nine Months ended November 30, 2020	(74.09)	-
Nine months ended November 30, 2019	(7.54)	-

Note: 1. Even though the Company has dilutive shares, earnings per share - fully diluted for the nine months ended November 30, 2020 is not indicated because a net loss per share was recorded for the period.

(2) Financial Position

	Total assets	Net assets	Total equity ratio	Net assets per share
	million yen	million yen	%	yen
November 30, 2020	11,287,906	1,748,599	8.7	1,156.93
[excl. Financial Services]	[5,638,420]	[1,397,691]	[15.7]	-
February 29, 2020	11,062,685	1,849,278	9.6	1,264.63
[excl. Financial Services]	[5,665,381]	[1,498,689]	[17.2]	-

Reference: 1. Total equity: November 30, 2020: 977,945 million yen February 29, 2020: 1,064,515 million yen
Total equity = Shareholders' equity plus total accumulated other comprehensive income.
2. The figures in square brackets represent consolidated financial position excluding the Financial Services Business.

2. Dividends

Record date or period	Dividend per share				
	End-first quarter	End-second quarter	End-third quarter	Fiscal year-end	Annual total
	yen	yen	yen	yen	yen
Year ended February 29, 2020	-	18.00	-	18.00	36.00
Year ending February 28, 2021	-	18.00	-		
Year ending February 28, 2021 (forecast)				18.00	36.00

Note: No changes were made to the latest release of dividend forecasts.

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
Full year	8,500,000	(1.2)	120,000 to 150,000	(44.3) to (30.4)	100,000 to 120,000	(51.4) to (41.7)	TBD		TBD

Note: No changes were made to the latest release of earnings forecasts.

*Notes

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

(2) Use of accounting methods specific to preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and retrospective restatement:

1) Changes in accordance with amendments to accounting standards: None
2) Changes other than the above 1): None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(4) Number of shares issued (common shares)

1) Number of shares issued at end of period (treasury shares included):
November 30, 2020: 871,924,572 shares
February 29, 2020: 871,924,572 shares
2) Number of shares held in treasury at end of period:
November 30, 2020: 26,630,956 shares
February 29, 2020: 30,162,176 shares
3) Average number of shares outstanding during the period:
Nine Months ended November 30, 2020: 844,809,895 shares
Nine months ended November 30, 2019: 841,723,953 shares

The Company's stock held by the Employee Stock Ownership Plan Trust (November 30, 2020: 4,654,600 shares, February 29, 2020: 5,626,400 shares) is included in the number of shares held in treasury.

***Quarterly review status**

This report is exempt from the quarterly review by certified public accountant or 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. Please refer to “(3) Consolidated Earnings Forecast” on page 9 in section “1. Review of Operating Results and Financial Statements” in the Accompanying Materials for the assumptions underlying the forecasts and notes concerning their appropriate use.

Accompanying Materials

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

1) Summary of Operating Results

For the first nine months of the fiscal year ending February 28, 2021 (March 1, 2020 - November 30, 2020), Aeon Co., Ltd. (hereinafter "Aeon") posted consolidated operating revenue of 6,392,538 million yen (up 0.1% compared to the first nine months of the previous fiscal year), operating profit of 68,111 million yen (down 33.9%), ordinary profit of 58,997 million yen (down 36.8%), and loss attributable to owners of parent of 62,590 million yen (a profit decrease of 56,247 million yen). In the third quarter of the fiscal year (September 1, 2020 - November 30, 2020), operating revenue exceeded the level of the year-earlier period when record high operating revenue was posted, while operating profit also marked a new record high.

Due to the worldwide spread of the novel coronavirus (COVID-19), activity restrictions were imposed in Japan and overseas, including a state of emergency declaration in Japan, and this had a significant impact on operating results in the first quarter. However, operating performance gradually recovered thereafter, with revenue increasing and the decline in profit contracting in the second quarter. In the third quarter, the Supermarket Business and the Health and Wellness Business both maintained strong performance, while profitability in the GMS (General Merchandise Store) Business and Financial Services Business started to improve. In addition, a blockbuster movie helped draw in customers, which supported a significant improvement in operating performance in both the Shopping Center Development Business and the Services and Specialty Store Business. This resulted in the abovementioned record-high operating revenue and operating profit in the third quarter, while third-quarter ordinary profit and profit attributable to owners of parent both exceeded that of the year-earlier period.

Common Group Strategy:

- In November 2020, Aeon revised the AEON COVID-19 Protocol for Infectious Disease Control, which was instituted in June 2020. This protocol established standards for epidemic prevention measures. The November revision added measures related to the introduction of equipment to ventilate facilities and air-cleaning systems to prevent infection via airborne droplets, and also added provisions regarding eradicating the risk of infection from employees in our facilities as well as measures to prevent secondary infections should a primary infection occur. The purpose of the protocol is to contribute to the realization of a society in which epidemic prevention is a part of daily life, protect the health and lifestyles of customers and employees, and ensure safe and secure lifestyles for people in local communities together with our customers by implementing epidemic prevention measures on an ongoing basis, not as a temporary initiative. Aeon will continue working to reduce transmission risk, and build safe and secure store and workplace environments by combining a wide range of infectious disease control initiatives.

- In October, Aeon commenced a full-fledged rollout of the Vegetive series of plant-based alternative foods at approximately 2,000 stores nationwide, including Aeon and Aeon Style Stores. The products in the series are produced using plant-based ingredients to replace a variety of different ingredients. These plant-based ingredients center on plant-based proteins, which have a low impact on the environment, including in terms of the greenhouse gases emitted during production, and the amount of grains and water required in the production process. This series includes foods that are both healthy and eco-friendly, and meets the needs of customers looking to proactively introduce into their diets plant-based foods, such as soymilk yogurt made from soymilk fermented with lactic acid bacteria instead of milk, and soybean hamburger steak made from soybean ingredients instead of meat.

- In accordance with basic agreements concerning supermarket management integration in six regions of Japan concluded in 2018, Aeon integrated management of supermarkets in the Chugoku and Shikoku regions and the Tokai and Chubu regions in fiscal 2019. In fiscal 2020, Aeon has completed management integration in all regions of Japan by integrating management in the Hokkaido, Tohoku, Kinki, and Kyushu regions. Specifically, management integration was carried out at Aeon Hokkaido Corporation and Maxvalu Hokkaido Co., Ltd. in Hokkaido and at Maxvalu Tohoku Co., Ltd. and AEON Retail Co., Ltd. Tohoku Company in the Tohoku region in March. In the Kinki region, The Daiei, Inc. made Kohyo Co., Ltd. a subsidiary. In the Kyushu region, management of Aeon Kyushu Co., Ltd., Maxvalu Kyushu Co., Ltd., and Aeon Store Kyushu Co., Ltd. was integrated in September. In the Chugoku and Shikoku region, to further reorganize stores, in October Maxvalu Nishinihon Co., Ltd. concluded an agreement to merge Marunaka Co., Ltd. and Sanyo Marunaka Co., Ltd. (which were converted into subsidiaries in March 2019), in March 2021. The integrated companies in each region will aim to become the companies that contribute the most to their local communities by responding to: Diversification of food preferences, such as preferences for local food, low-priced food, and healthy food; even greater consciousness of safety and security; intensification of competition in the food market with e-commerce companies, convenience stores, and other providers; and changes in the labor environment.

- In September, Ministop Co., Ltd. announced that it would fundamentally overhaul the content of franchise agreements between member stores and the headquarters, and that from September 2021 it would begin operating under the new “MINISTOP Partnership Agreements”. Based on the idea that a true partnership involves member stores and the headquarters working together and sharing business profits earned through working together, the framework for bearing costs and allocating profits will be changed from the conventional franchise agreements that have member stores cover store operating expenses such as waste disposal and personnel expenses, to an agreement in which business profits are shared between the member stores and the headquarters. The company will continue to respond to the changing times and operating environment, work proactively to meet demands in the emerging new era, establish a new business model for the convenience store business, and fulfill its corporate social responsibilities.

- In October, Aeon announced that BIG-A CO. LTD. and A·Colle Co., LTD., companies involved in the Discount Store Business, would carry out a management integration in March 2021. The management integration of the two companies is aimed at accelerating their dominance of the small-scale discount store business in the Greater Tokyo Area and building a new growth strategy in order to respond to changes in the business environment, such as the emerging “new normal” and changing work styles spurred by the COVID-19 pandemic, increasing numbers of budget-minded consumers, and intensifying price competition. To win the support of customers with overwhelmingly low prices, efforts will be made to establish low-cost management through consolidating procurement, integrating logistics, pursuing horizontal expansion of logistics-linked low-cost operations, and consolidating headquarters functions.

- Aeon has set out a policy of reorganizing the Group business structure and is proceeding with the strategic liquidation and consolidation of Group companies. As part of this effort, in April, Aeon sold its entire shareholding in Zwei Co., Ltd. and terminated the business operated by Talbots Japan Co., Ltd. in May. In October, Aeon terminated the businesses operated by Claire’s Nippon Co., Ltd., and also sold its entire shareholding in Aeon Forest Co., Ltd., which operates The Body Shop in Japan.

2) Business Segment Information
Results by business segment are as follows. From the first quarter of the fiscal year under review, Aeon has revised the business segments presented as reportable segments. Comparisons and analysis for the first nine months of the fiscal year are based on the revised segments.

GMS Business
The General Merchandise Store (GMS) Business posted an operating loss of 42,689 million yen (a profit decrease of 24,562 million yen year on year) on operating revenue of 2,255,634 million yen (down 0.9% year on year) for the first nine months of the fiscal year.

Aeon Retail Co., Ltd. continued to work on capturing demand arising from the COVID-19 pandemic. In terms of store development, in November the company held the grand opening of Aeon Style Fujimino (Saitama Prefecture), a store designed in response to the "new normal" based on the concept "Healthy bodies and minds. A store helping to enrich people's lifestyles". In terms of products, there were strong sales of an autumn/winter series of HOME COORDY items designed to meet stay-at-home demand, including cold-weather accessories and a tall kotatsu (heated table) suitable for use when working from home, as well as "two-color pots", which help make cooking at home more fun. In addition, Sporsium, which offers sports-related items, was expanded nationwide, and by expanding sales areas for jogging/walking-related products and at-home fitness products like yoga mats, same-store sales in this category grew more than 30% year on year. Also, in response to the growing desire of consumers to protect their wellbeing amid the impacts of the pandemic, from early November Aeon Retail began selling up to approximately 700 different daily necessities, including food and daily consumables, at special low prices. This year's Black Friday Sale, which marked the fifth time we have held such sales, was extended to a 10-day period in order to avoid attracting large concentrated crowds, while there were also reservation-only sale events and an e-commerce sale held in advance. Also, stores expanded sales of fresh food from around Japan, such as tuna, red sea bream, and Japanese black beef, in order to help producers who have seen a drop in demand and to provide reasonably priced high-quality food that gives people the feeling of eating at a restaurant while at home as people refrain from going out to eat. As a result of these efforts, revenue during the period was strong. In terms of services, online supermarket demand is experiencing a sharp increase, and Aeon Retail has proceeded with diversification of ways customers can take delivery of orders by increasing the number of stores that offer a service for customers to pick up online purchases at dedicated counters, lockers, or parking lots to 196 stores as of the end of November. Customer demand for non-contact and non-face-to-face services have similarly increased during the COVID-19 crisis. Regi Go is a service that meets this demand by allowing customers themselves to use smartphones to scan items and pay for them at dedicated cash registers, and the number of stores offering this service increased to 20 stores as of the end of November. In October, Aeon Style Ariake Garden (Tokyo) launched a variety of digital technology-based initiatives on a trial basis as a model store combining physical and digital retail approaches, including digital sales promotion utilizing shelf edge video displays that can stream videos on store shelves and on the Regi Go security gates, as well as creating new customer contact points and providing an enjoyable and comfortable shopping environment, such as through age verification using cameras and AI technology. In addition to these initiatives, Aeon Retail worked proactively to improve operational efficiency through controlling expenses, reducing inventories, and other such means, which resulted in a year-on-year improvement in operating profitability in the third quarter of the fiscal year.

In March, Aeon Hokkaido Corporation (hereinafter "Aeon Hokkaido") carried out a management integration with Maxvalu Hokkaido Co., Ltd., and made a fresh start as the new Aeon Hokkaido. Aeon Hokkaido engaged in development of local production areas and products through the Food Products Development Department, which was established in order to promote the expansion and enhancement of the private-brand food product range. In the nine-month period, the department developed approximately 650 items unique to the region, such as grilled

Atka mackerel fish flakes and Donan Red Croquettes. Aeon Hokkaido also held an “Aeon Dosan Day” and domestic produce fairs during the period, at which it offered a selection of products from regions across Japan to enable people to experience a feeling of traveling while at home, and supported local produce by collaborating with the media to convey to people in the region the appeal of food products in Hokkaido, a prefecture which is facing a range of difficulties due to the pandemic. In addition to these efforts, Aeon Hokkaido responded to the increased demand for at-home meals due to the COVID-19 pandemic, and food section sales were strong. Sales in the bicycle-related category also grew as a result of efforts to strengthen sales of bicycle-related products, including the increase in the number of stores offering indoor cycling products as a new way for people to stay healthy amid the COVID-19 pandemic. In online sales, in addition to responding to the increased online supermarket demand amid the pandemic, Aeon Hokkaido worked to bolster online sales, including opening a limited-time-only online store featuring approximately 1,500 skincare and cosmetics products in September, as well as opening a limited-time-only online store offering up to approximately 170 toys, resulting in a roughly 50% year-on-year increase in sales in the online sales business. As a result of these initiatives and the management integration, Aeon Hokkaido posted increased sales and profit.

Supermarket Business

The Supermarket Business posted operating profit of 36,129 million yen (a profit increase of 31,597 million yen year on year) on operating revenue of 2,474,911 million yen (up 3.0% year on year) for the first nine months of the fiscal year.

The United Super Markets Holdings Group (hereinafter “U.S.M. Holdings”) has worked to strengthen its measures to prevent COVID-19 infection in stores and is implementing a variety of measures enabling it to fulfill its responsibility as part of the lifeline infrastructure of local communities. In terms of digitalization initiatives, the use of Scan & Go Ignica, a payment service that facilitates simple, secure, effortless shopping using customers’ own smartphones without waiting in line at cash registers, was expanded among stores of Kasumi Co., Ltd., and introduced at stores of both Maruetsu, Inc. and Maxvalu Kanto. U.S.M Holdings also expanded Online Delivery, a service that allows customers to order products using smartphones and pick them up at stores or designated delivery destinations within the service area. The company also expanded the rollout of the Ignica signage service, an advertisement distribution and marketing service that utilizes AI digital signage technology. On the product front, U.S.M. Holdings bolstered the development of Eatime private brand food products, with a total of 104 products now sold under the brand as of the end of the third quarter. On the expense reduction side, the company introduced full-self-checkout registers and semi-self-checkout registers and worked to enhance productivity, and also made progress on revising the allocation of personnel at the headquarters and stores, along with other initiatives.

Maxvalu Tokai Co., Ltd. (hereinafter “Maxvalu Tokai”) held a festival from September 1 marking the first anniversary of its management integration with Maxvalu Chubu Co., Ltd., and attracted customers with original first anniversary commemorative products produced leveraging the growth in size resulting from the integration, products with increased volume, and specially priced items. The company also launched the Mie Prefecture Arigato and Aichi Prefecture Arigato campaigns in order to expand the rollout of locally-produced products cherished by local residents and to strengthen partnerships with local communities. In these campaigns, in addition to promoting local consumption of local products through the sale of items associated with each prefecture, Maxvalu Tokai also donated a portion of the proceeds to the governments of each prefecture for them to use in environmental projects and initiatives to improve people’s health. In response to diversifying customer consumption trends, in addition to increasing the number of online supermarket delivery centers, the Maxvalu Okazaki Miaicho Store (Aichi Prefecture) launched a service allowing customers to pick up ordered products at the store’s checkout counters, as well as a drive-thru pickup service. Additionally, in September, the Maxvalu Gokiso Store (Aichi Prefecture) introduced a product delivery service utilizing the Uber Eats food

delivery platform on a trial basis, while the Maxvalu Issha Store (Aichi Prefecture) introduced the same service in November.

Health and Wellness Business

The Health and Wellness Business recorded operating profit of 31,744 million yen (up 39.8% year on year) on operating revenue of 716,026 million yen (up 10.4%) for the first nine months of the fiscal year.

At Welcia Holdings Co., Ltd. (hereinafter "Welcia Holdings") and its consolidated subsidiaries, although business was affected by the COVID-19 pandemic, efforts were made to continue operations and provide products and services while implementing measures to prevent infection and ensure high hygiene standards. Despite the impact from the decline in demand for cosmetics and makeup products due to people working from home and refraining from going out, merchandise sales were strong because of higher demand for items such as food and products to prevent infection. With regard to prescription drugs, in addition to the impact from drug price revisions, there was an impact from the decline in the number of prescriptions filled as less people are undergoing medical examinations and prescription unit prices increased due to the increase in long-term prescriptions as a result of people refraining from going out amid the COVID-19 pandemic, but sales remained strong due to the increase in the number of stores dispensing prescription drugs (1,595 stores as of November 30, 2020, an increase of 153 stores compared to February 29, 2020). With respect to SG&A expenses, Welcia Holdings worked to control expenses, especially personnel expenses, through efforts such as increasing the operating efficiency of stores by promoting thorough store labor-hour management through labor-hour control and automating ordering. Also, Welcia Holdings increased the number of group stores to 2,202 as of November 30, 2020 through the proactive opening of new stores and M&A. As a result of these initiatives, Welcia Holdings posted increased revenue and profit.

Financial Services Business

The Financial Services Business posted operating profit of 26,127 million yen (down 34.1% year on year) on operating revenue of 361,262 million yen (up 2.4%) for the first nine months of the fiscal year.

Aeon Financial Service Co., Ltd. (hereinafter "AFS") worked on structural reinforcement to safeguard business continuity amid the COVID-19 crisis. To this end AFS leveraged Aeon Group's retail business and e-commerce channels, which offer food products and daily goods essential for living, as well as AFS's unique customer base with its strengths based on partnerships with large blue-chip companies such as major public transportation agencies, and also continued to work on digitalization, increasing business efficiency, and workstyle reforms through the introduction of teleworking and other measures.

Aeon Bank Ltd. increased the number of installed video teller machines and expanded the online reservation system and online financial consultation services as initiatives to facilitate non-face-to-face and contact-free services, as well as to minimize the time customers need to spend in branches. In addition the bank advanced efforts to introduce a housing loan service that enables customers to complete the entire loan application procedure, right through to completion of the loan agreement, at home via online application, telephone, and mail. Due to the bank's initiatives such as screening loan applications even on weekends and holidays, as well as strengthening marketing, the number of applications received increased and the loan balance grew despite the impact of the COVID-19 pandemic.

This year marks Aeon Card's 20th anniversary, and from November we launched an Aeon Card 20th anniversary campaign focused on expanding the customer base and increasing shopping transaction volume. Regarding credit card shopping, although there was still an impact on the use of credit cards for automobile-related purchases, such as gasoline and electronic toll collections, as well as for public transportation- and travel-related use, credit card shopping transaction volume was high for Aeon Group, which accounts for a large proportion of the total

transaction volume, and was also high for supermarkets and drugstores. In addition, transaction volume at home improvement stores and large consumer electronics retailers was strong, and transaction volume in the nine-month period recovered to roughly the same level as in the year-earlier period.

In AFS's international operations, in Thailand, card transaction volume was low at department stores and travel agencies due to the impact of activity restrictions, but card shopping transaction volume increased for necessities such as food and daily consumables. AFS also carried out a joint campaign with a major e-commerce channel, resulting in a recovery trend in transaction volume. With respect to cash advances and personal loans, AFS increased credit limits for customers with the ability to repay loans, and implemented a campaign encouraging dormant members to use these services. In Malaysia, by the middle of September AFS had eased its loan screening standards back to the prior-year levels for all loan products except auto loans, and transaction volumes are on a recovery trend.

Shopping Center Development Business

The Shopping Center Development Business earned operating profit of 23,998 million yen (down 45.2% year on year) on operating revenue of 236,754 million yen (down 14.2%) for the first nine months of the fiscal year.

In its domestic business, in response to the state of emergency declared in April, Aeon Mall Co., Ltd. (hereinafter "Aeon Mall") temporarily closed all 164 facilities nationwide. Subsequently, Aeon Mall resumed operations at all of its facilities by the end of May. In reopening, Aeon Mall implemented measures to prevent the spread of infection and ensure safety and peace of mind, such as installing AI-based temperature screening equipment at entrances and creating better air circulation inside mall buildings by bringing in more outside air. To meet needs in the new normal emerging amid the pandemic, Aeon Mall introduced fresh types of entertainment, such as drive-in movies and drive-in public viewings. Also, in June, Aeon Mall completely overhauled the Aeon Mall app and supported the specialty store business by providing services suited to changes in customer behaviors, such as providing information helping customers to avoid peak store visit times, and information about quiet times of the day for restaurants. During the Aeon Mall Black Friday event held in November, in addition to the annual sale, Aeon Mall carried out special activities utilizing both offline and online channels, including "live commerce" events and raffles that customers participated in using the Aeon Mall app. Aeon Mall refurbished eight malls and also carried out refurbishment and floor space expansion of Aeon Mall Takasaki (Gunma Prefecture) and Aeon Mall Kochi (Kochi Prefecture).

Although Aeon Mall temporarily closed as many as 11 of the 21 malls operated in China in mid-February, malls were reopened in stages, and specialty store operation at all malls had resumed by April. Aeon Mall implemented measures in response to changes in consumption behavior and government stimulus policies. These included the March start-up of a platform for "live commerce" (a new sales technique that fuses live video streaming and e-commerce), a delivery campaign for online purchases and restaurants, and the opening of night markets in large parking lot areas. In addition, the company reopened cinemas at all malls in early August, after having been closed in accordance with government orders. As a result of these initiatives, Aeon Mall posted year-on-year increases in both operating revenue and operating profit in its China business during the third quarter of the fiscal year. In Vietnam, although the specialty stores of four malls were temporarily closed beginning in late March because of government regulations, stores at all malls reopened in late April. A subsequent COVID-19 outbreak in July temporarily impacted operations, but thanks to stringent measures to contain the virus, sales at specialty stores in all four existing malls in September through November exceeded the levels of the same period of the previous year.

Services and Specialty Store Business

The Services and Specialty Store Business posted an operating loss of 14,733 million yen (a profit decrease of 17,253 million yen year on year) on operating revenue of 474,727 million yen (down 15.2% year on year) for the first nine months of the fiscal year.

Aeon Delight Co., Ltd. (hereinafter "Aeon Delight") set up a COVID-19 response headquarters covering Japan, China, and the ASEAN region at the beginning of February. Aeon Delight continuously provided sanitary materials, such as industrial-grade masks, gloves, alcohol, and acrylic partitions to Aeon Group stores. In addition, as a part of the establishment of new standards for facility management incorporating infectious disease control measures, Aeon Delight is testing various measures to strengthen prevention of contact infection and improve ventilation within facilities, while the company has also established New Standard Cleaning (hereinafter "NSC"), a new cleaning method that creates a sanitary environment with a scientific evidence-based approach, and began providing the NSC service in September. In providing NSC, the company has created its own original education program based on the knowledge cultivated through sanitary cleaning services incorporating infection control that it has been providing to hospitals over the years, as well as the latest developments in research in the field of infection control science. The NSC service is provided by cleaning staff who have completed this specialized education program. The company worked to expand the platform for providing this service, and there were 1,100 employees providing the NSC service as of the end of November 2020.

Cox Co., Ltd., a clothing and miscellaneous goods specialty store, released a new lineup of relaxation wear and loungewear in response to stay-at-home demand amid the COVID-19 pandemic. In addition, as masks have become a daily necessity amid the new normal that is currently establishing itself, in June the company launched sales of masks that seek to be fashionable as well as functional, positioning masks as fashion items. In September, the company opened fashion mask specialty store Mask.com on a limited-time basis in the Yaesu Shopping Mall underneath Tokyo Station, and subsequently opened limited-time stores in Yurakucho, Shinjuku, and Haneda Airport in Tokyo, as well as Nagoya. The increase in mask-related product sales resulting from these efforts drove revenue. Mask sales significantly boosted the company's presence, and the company revamped its online store in October, making it easier to navigate and buy products, and more user-friendly. This led to a 110.8% year-on year increase in online shopping sales, and despite the COVID-19 pandemic, the company's sales in the first nine months of the current fiscal year were nearly on par with sales in the year-earlier period, providing the driving force to achieve an increase in operating profit.

International Business

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

The International Business posted operating profit of 3,221 million yen (down 44.7% year on year) on operating revenue of 316,297 million yen (down 3.4% year on year).

At Aeon Co. (M) Bhd. (hereinafter "Aeon Malaysia"), although January sales increased substantially year on year thanks to a successful early start during the Chinese New Year sales season, business activities were subsequently impacted due to the spread of COVID-19. Amid this situation, Aeon Malaysia implemented new initiatives, such as a drive-through pick-up service for customers to pick up products ordered online in store parking lots, a service where personal shoppers buy products on behalf of customers, and a motorbike delivery service for seniors.

Aeon Vietnam Co., Ltd., which has worked continuously to strengthen its response to social events, promoted sales of priority merchandise during the Tet (the Vietnamese Lunar New Year) sales season, one of the most important sales seasons of the year. During the season, sales of Lunar New Year-related products were particularly strong, mainly ao dai (a traditional Vietnamese garment) in the apparel category and gift items and fresh foods in the food category. Subsequently, although sales were affected most in April, when a lockdown was imposed due to

the spread of COVID-19, sales in July recovered to a level above the previous year, due to the success of a large discount event and other initiatives as a part of a sale implemented as a measure to encourage consumption and help support customers. The number of customers then temporarily declined in August due to the impacts of a second COVID-19 outbreak, but the number of customers, particularly shoppers buying food, gradually recovered in September, and sales during the Harvest Moon sales significantly exceeded that of the previous year.

In China, sales promotions timed to coincide with the peak in demand during the Chinese New Year holiday, the time of year when sales are highest, fueled strong sales, with sales during the Chinese New Year period increasing 5% year on year. After the Chinese New Year, although sales of apparel as well as household and recreational products declined due to the spread of COVID-19, food sales grew substantially due to more opportunities for people to eat meals at home and bulk-buying of groceries. Because infection was subsequently contained, sales in April and May exceeded the prior-year level, but sales were then impacted by changes in shopping behavior, including the further shift to online shopping and the rapid expansion of bulk-buying, as well as the spreading once again of COVID-19 infections in some regions starting in June. In response to the changes in shopping behavior, the Aeon app service was introduced for all stores in China, and we worked to offer information and services drawing on Aeon's strength of possessing brick-and-mortar stores, and substantially expanded the introduction of self-checkout registers.

(2) Consolidated Financial Condition

Consolidated Assets, Liabilities, and Net Assets

Consolidated assets as of November 30, 2020 were 11,287,906 million yen, an increase of 225,220 million yen, or 2.0%, from the end of the previous fiscal year (February 29, 2020). The increase is mainly attributable to increases of 83,085 million yen in notes and accounts payable-trade, 124,193 million yen in securities, and 263,767 million yen in loans and bills discounted for banking business, which offset a decrease of 223,068 million yen in cash and deposits, mainly in finance subsidiaries.

Consolidated liabilities as of November 30, 2020 were 9,539,306 million yen, an increase of 325,899 million yen, or 3.5%, from February 29, 2020. The increase is mainly attributable to increases of 125,798 million yen in deposits for banking business, 203,645 million yen in short-term loans payable, as well as an increase of 97,714 million yen in reserve for insurance policy liabilities due to the effect of newly consolidated companies, which offset a decrease of 61,265 million yen in notes and accounts payable-trade, and a 60,490 million yen decline in commercial paper.

Consolidated net assets as of November 30, 2020 were 1,748,599 million yen, a decrease of 100,678 million yen, or 5.4%, from February 29, 2020.

(3) Consolidated Earnings Forecast

The consolidated earnings forecast for the year ending February 28, 2021 is unchanged from the forecast announced December 23, 2020.

*Since Aeon Co., Ltd. is a pure holding company, non-consolidated forecasts are not disclosed.

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

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
	Amount	Amount
Assets		
Current assets		
Cash and deposits	1,221,991	998,922
Call loans	53,773	29,481
Notes and accounts receivable - trade	1,626,704	1,709,790
Securities	462,062	586,256
Inventories	575,748	577,616
Operating loan	433,808	422,856
Loans and bills discounted for banking business	2,049,319	2,313,087
Other	404,271	427,777
Allowance for doubtful accounts	(114,328)	(138,638)
Current assets	6,713,352	6,927,150
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	1,555,080	1,531,159
Tools, furniture and fixtures, net	221,896	216,157
Land	926,900	936,425
Construction in progress	41,590	50,451
Other, net	348,853	338,626
Property, plant and equipment	3,094,320	3,072,819
Intangible assets		
Goodwill	133,989	127,055
Software	105,477	119,716
Other	62,421	61,012
Intangible assets	301,888	307,784
Investments and other assets		
Investment securities	229,916	246,010
Net defined benefit asset	11,975	15,893
Deferred tax assets	159,727	166,489
Guarantee deposits	414,576	412,012
Other	145,731	148,112
Allowance for doubtful accounts	(8,803)	(8,366)
Investments and other assets	953,124	980,152
Non-current assets	4,349,333	4,360,755
Assets	11,062,685	11,287,906

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
	Amount	Amount
Liabilities		
Current liabilities		
Notes and accounts payable – trade	1,068,427	1,007,162
Deposits for banking business	3,784,320	3,910,118
Short-term loans payable	253,395	457,041
Current portion of long-term loans payable	303,055	305,797
Current portion of bonds	75,633	67,015
Commercial papers	168,131	107,641
Income taxes payable	55,363	35,667
Provision for bonuses	31,475	54,074
Provision for loss on store closing	8,245	10,665
Provision for point card certificates	24,319	23,555
Other provision	1,126	1,077
Notes payable – facilities	58,171	45,945
Other	767,556	779,298
Current liabilities	6,599,221	6,805,063
Non-current liabilities		
Bonds payable	779,513	809,911
Long-term loans payable	1,040,774	1,046,014
Deferred tax liabilities	37,444	42,473
Provision for loss on store closing	2,923	2,504
Provision for loss on interest repayment	4,965	2,947
Other provision	7,557	6,152
Net defined benefit liability	25,496	24,743
Asset retirement obligations	97,369	101,040
Long-term guarantee deposited	261,653	258,323
Reserve for insurance policy liabilities	-	97,714
Other	356,489	342,416
Non-current liabilities	2,614,186	2,734,243
Liabilities	9,213,407	9,539,306

(Millions of yen)

	As of February 29, 2020	As of November 30, 2020
	Amount	Amount
Net assets		
Shareholders' equity		
Capital stock	220,007	220,007
Capital surplus	307,089	300,453
Retained earnings	541,180	448,034
Treasury shares	(42,455)	(37,186)
Shareholders' equity	1,025,822	931,309
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,054	70,332
Deferred gains or losses on hedges	(4,149)	(4,360)
Foreign currency translation adjustment	(2,064)	(9,925)
Remeasurements of defined benefit plans	(10,147)	(9,409)
Total accumulated other comprehensive income	38,693	46,636
Subscription rights to shares	1,706	1,628
Non-controlling interests	783,056	769,025
Net assets	1,849,278	1,748,599
Liabilities and net assets	11,062,685	11,287,906

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

Consolidated Statement of Income

(Millions of yen)

	Nine months ended November 30, 2019	Nine Months ended November 30, 2020
	Amount	Amount
Operating revenue		
Net sales	5,579,294	5,636,029
Operating revenue from financial services business	317,687	325,424
Other operating revenue	490,024	431,085
Operating revenue	6,387,005	6,392,538
Operating cost		
Cost of sales	4,048,192	4,112,017
Operating cost from financial services business	28,359	62,748
Operating cost	4,076,552	4,174,765
Gross profit	1,531,101	1,524,011
Operating gross profit	2,310,453	2,217,773
Selling, general and administrative expenses	2,207,371	2,149,661
Operating profit	103,081	68,111
Non-operating income		
Interest income	2,587	2,760
Dividend income	1,601	1,411
Share of profit of entities accounted for using equity method	2,383	3,223
Other	13,779	14,942
Non-operating income	20,352	22,338
Non-operating expenses		
Interest expenses	23,659	23,768
Other	6,400	7,683
Non-operating expenses	30,059	31,451
Ordinary profit	93,373	58,997
Extraordinary income		
Gain on sales of non-current assets	1,787	2,457
Subsidies for employment adjustment	-	2,170
Other	5,758	5,063
Extraordinary income	7,545	9,691
Extraordinary losses		
Impairment loss	10,705	11,600
Loss on retirement of non-current assets	3,618	1,553
Provision for loss on store closing	3,450	4,615
Loss on closing of stores	2,241	738
Infectious disease related cost	-	32,508
Other	5,632	8,428
Extraordinary losses	25,648	59,445
Profit before income taxes	75,270	9,243
Income taxes		
Current	63,915	60,395
Deferred	(13,075)	(8,692)
Income taxes	50,840	51,703
Profit (loss)	24,430	(42,460)
Profit attributable to non-controlling interests	30,773	20,130
Loss attributable to owners of parent	(6,343)	(62,590)

Consolidated Statement of Comprehensive Income

(Millions of yen)

	Nine months ended November 30, 2019	Nine months ended November 30, 2020
	Amount	Amount
Profit (loss)	24,430	(42,460)
Other comprehensive income		
Valuation difference on available-for-sale securities	17,478	17,071
Deferred gains or losses on hedges	(2,242)	(933)
Foreign currency translation adjustment	(14,093)	(14,923)
Remeasurements of defined benefit plans, net of tax	(387)	1,023
Share of other comprehensive income of entities accounted for using equity method	286	309
Other comprehensive income	1,041	2,547
Comprehensive income	25,471	(39,912)
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	1,190	(54,647)
Comprehensive income attributable to non-controlling interests	24,280	14,734

(3) Notes on the Consolidated Financial Statements

(Notes on the Going-concern Assumption)
Not applicable

(Notes on Significant Changes in the Amount of Shareholders' Equity)
Not applicable

(Additional Information)
(Transactions of Delivering the Company's Own Stock to Employees, etc. through Trusts)
The Company has introduced an 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 Company's stock held by the ESOP Trust is included in treasury shares under net assets with a book value of 10,754 million yen for 4,654,600 shares as of November 30, 2020. The book value of long-term loans payable (including the current portion) recorded in accordance with the adoption of the gross accounting method was 11,700 million yen.

(Segment Information)

I. Nine months ended November 30, 2019 (March 1 – November 30, 2019)

Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:						
(1) Revenue attributable to customers	2,096,114	2,394,965	648,575	317,687	215,048	423,504
(2) Intersegment revenue or transfers	180,524	8,611	272	35,181	60,843	136,172
Total	2,276,638	2,403,576	648,847	352,869	275,892	559,677
Segment income (loss)	(18,126)	4,531	22,714	39,663	43,784	2,520

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statement of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	324,695	6,420,591	2,351	6,422,942	(35,936)	6,387,005
(2) Intersegment revenue or transfers	2,683	424,290	37,625	461,916	(461,916)	-
Total	327,379	6,844,881	39,977	6,884,858	(497,852)	6,387,005
Segment income (loss)	5,822	100,911	2,096	103,008	73	103,081

Notes: 1. “Other” segment includes business segments not categorized as reportable segments such as digital business.

2. Main components of the minus 35,936 million yen in adjustments for revenue attributable to customers are as follows:
   (a) minus 66,673 million yen in adjustments to transactions reported in the reportable segment information, and
   (b) 30,649 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.

3. Main components of the 73 million yen in adjustments for segment income (loss) are as follows:
   (a) 1,784 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
   (b) minus 410 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 1,265 million yen in intersegment transaction eliminations.

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

II. Nine Months ended November 30, 2020 (March 1 – November 30, 2020)

1. Operating revenue and income/loss by reportable segment

(Millions of yen)

	Reportable segment					
	GMS	Supermarket	Health and Wellness	Financial Services	Shopping Center Development	Services and Specialty Store
Operating revenue:						
(1) Revenue attributable to customers	2,079,413	2,462,395	715,527	325,424	180,283	342,064
(2) Intersegment revenue or transfers	176,221	12,516	498	35,838	56,471	132,663
Total	2,255,634	2,474,911	716,026	361,262	236,754	474,727
Segment income (loss)	(42,689)	36,129	31,744	26,127	23,998	(14,733)

	Reportable segment		Other*1	Total	Adjustments *2,3	Reported in the quarterly consolidated statement of income*4
	International	Total				
Operating revenue:						
(1) Revenue attributable to customers	313,974	6,419,082	5,212	6,424,295	(31,756)	6,392,538
(2) Intersegment revenue or transfers	2,322	416,533	35,488	452,021	(452,021)	-
Total	316,297	6,835,615	40,700	6,876,316	(483,777)	6,392,538
Segment income (loss)	3,221	63,800	1,610	65,411	2,699	68,111

Notes: 1. “Other” segment includes business segments not categorized as reportable segments such as digital business.

2. Main components of the minus 31,756 million yen in adjustments for revenue attributable to customers are as follows:
   (a) minus 62,289 million yen in adjustments to transactions reported in the reportable segment information, and
   (b) 30,419 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.

3. Main components of the 2,699 million yen in adjustments for segment income (loss) are as follows:
   (a) 3,068 million yen in income of the pure holding company (Aeon Co., Ltd.) not attributable to any of the business segments,
   (b) 1,561 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 1,962 million yen in intersegment transaction eliminations.

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

2. Change of reportable segment

In line with organizational changes, from the first quarter of the fiscal year ending February 28, 2021, the Company has reclassified some of the subsidiaries included in the Health & Wellness Business to include them in the Services and Specialty Store Business; and has also reclassified some of the subsidiaries included in the International Business to include them in digital business under “Other”. For reference, segment information for the nine months ended November 30, 2019 was prepared based on the current segmentation.

(Material Subsequent Events)

Issuance by the Company of hybrid bonds (bonds with a subordination provision)

The Company issued unsecured bonds (with a subordination provision) with an interest deferrable clause and early redeemable option. The details are outlined below.

(1)	Name of bonds	Aeon Co., Ltd. Unsecured bonds (with a subordination provision) with an interest deferrable clause and early redeemable option series 7
(2)	Total amount of bonds	70,000 million yen
(3)	Denomination per bond	100 million yen
(4)	Issue price	100 yen per face value of 100 yen
(5)	Coupon rate	From December 3, 2020 through December 2, 2030: 1.74% per annum From December 3, 2030: 6-Month Euro Yen LIBOR plus 2.70% per annum
(6)	Date of issuance	December 2, 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 December 2, 2050. Note however that the Company may, at its discretion, make an early redemption of the hybrid bonds on any interest payment date on or after December 2, 2030.
(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 as funds for redemption of short-term bonds.