Matters Not Included in Paper-Based Documents Delivered to Shareholders Who Requested the Delivery of Such Documents Based on Laws and Regulations and the Articles of Incorporation for Notice of the 113th Ordinary General Meeting of Shareholders

Notes to "Consolidated Financial Statements" and "Nonconsolidated Financial Statements"

Business year (113th term)	(March 1, 2023 – February 29, 2024)

AEON MALL Co., Ltd.

In accordance with the provisions of laws and regulations and Article 15 of the Company's Articles of Incorporation, the above matters are excluded from the paper-based documents delivered to shareholders who requested the delivery of documents stating matters for which measures for providing information in electronic format are to be taken.

Notes to significant matters for preparation of consolidated financial statements

1. Matters concerning scope of consolidation

   Number of consolidated subsidiaries: 57

   Names of major consolidated subsidiaries:

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

   AEON MALL (CHANGSHA) BUSINESS MANAGEMENT CO., LTD., Changsha Wangcheng Mall Investment Limited, Life Design Fund Investment Limited Partnership, and Changsha Mall Xiangjiang New Area Commercial Development Co., Ltd. were established during the current fiscal year. Accordingly, these entities have been included in the scope of consolidation.

2. Matters concerning the application of the equity method

   Number of affiliates applying the equity method: 1

   Name of company applying the equity method: Marimo Co., Ltd.

   Marimo Co., Ltd. is included in the scope of application of the equity method during the current fiscal year following the acquisition of its shares. While the fiscal year for the affiliate accounted for by the equity method differs from the consolidated fiscal year, the equity method is applied based on financial statements for the fiscal year of the affiliate.

3. Matters concerning fiscal years, etc. of consolidated subsidiary

   Of consolidated subsidiaries, AEON MALL (China) Business Management Co., Ltd. and 49 other companies end their fiscal years on December 31. In preparation of the consolidated financial statements, the financial statements as of the said balance sheet date are used. In addition, AEON MALL MYANMAR CO., LTD and one other company end their fiscal years on March 31. We prepare our consolidated financial statements using the December 31 respective balance sheet dates of our consolidated subsidiaries. For consolidation purposes, the Company makes necessary adjustments to reflect any significant transactions occurring between January 1 and the consolidated balance sheet date.

4. Matters concerning accounting policies

   (1) Measurement policy and method of significant assets

      (i) Securities

         Available-for-sale securities

         Securities other than shares without market value

         Stated at market value (all valuation gains and losses are treated as a component of net assets and the cost of securities sold is determined by the moving-average method.)

         Shares without market value

         Stated at cost determined by the moving-average method

      (ii) Derivatives

         Stated at market value

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

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

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

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

Buildings and structures	2 to 39 years
Machinery and transportation equipment	3 to 17 years
Furniture and fixtures	2 to 20 years

(ii) Intangible assets

Amortized using the straight-line method

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

(iii) Right-of-use assets

Amortized using the straight-line method

(iv) Long-term prepaid expenses

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

(3) Accounting policy for deferred assets

Bond issuance costs are treated as expenses when paid.

(4) Accounting policy for significant allowances and provisions

(i) Allowance for doubtful receivables

The Company has recorded the estimated unrecoverable amount as the provision for losses arising from bad debt of receivables such as notes and accounts receivable-trade after reviewing the recoverability of ordinary receivables based on the historical bad debt ratio, and the recoverability of certain receivables such as doubtful account receivables on an individual basis.

(ii) Allowance for employee bonus

The Company has recorded the estimated amount of payment incurring during the current fiscal year as allowance for bonuses to be paid to employees, including part-time employees.

(iii) Allowance for director and corporate auditor performance-based remuneration

The Company has recorded the estimated amount of payment incurring during the current fiscal year as allowance for performance-based remuneration for director and corporate auditor.

(iv) Provision for loss on store closing

The Company has recorded estimated losses on store closing, including early cancellation penalty charges, which are reasonably expected to incur due to store closures.

(5) Accounting policy for significant revenue and expenses

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

<u>Common area expense income based on store-opening contracts, etc.</u>

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

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

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

PM Management Contract Fees

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

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

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

(6) Accounting policy for translating significant foreign currency-denominated assets and liabilities into Japanese yen

Foreign currency-denominated monetary claims and obligations are translated into yen amounts at the rates of exchange in effect as of the consolidated balance sheet date. Differences are treated as a gain or loss. Assets and liabilities of overseas subsidiaries are translated into yen amounts at the rates of exchange in effect as of the balance sheet dates of each subsidiary in question. Revenues and expenses are translated into yen amounts at the average exchange rate during the period. Translation differences of overseas subsidiaries are included in foreign currency translation adjustment and non-controlling interests under net assets.

(7) Significant accounting policy for hedging

(i) Accounting policy for hedging

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

(ii) Hedging instruments and hedged items

Hedging instruments:	Interest rate swaps
Hedged items:	Debts

(iii) Hedging policy

Based on Group regulations, interest rate swaps are conducted for the purpose of hedging against the risk of fluctuations in interest rates.

The exceptional treatment prescribed in the Practical Solution on the Treatment of Hedge Accounting for Financial Instruments that Reference LIBOR (ASBJ PITF No.40, March 17, 2022) is applied to all hedging relationships above included in the scope of the Practical Solution. The details of hedging relationships to which the Practical Solution is applied are as follows.

Accounting policy for hedging: Special hedge accounting is used.

Hedging instruments:	Interest rate swaps
Hedged items:	Debts
Type of hedge transactions:	Transactions conducted for the purpose of hedging against the risk of fluctuations in interest rates

(iv) Evaluation of hedging effectiveness

The Company compares fluctuations in market prices or cash flows between hedged items and hedging instruments over their respective periods from the start of hedging to the time of the measurement of effectiveness. The fluctuations in these parameters are used as a benchmark for evaluating hedging effectiveness. However, the evaluation of hedging effectiveness for interest rate swaps accounted for under special hedge accounting is omitted.

(8) Other significant matters concerning the preparation of consolidated financial statements

Accounting method for retirement benefits

The Company has recorded retirement benefit obligations less pension assets at the end of the current fiscal year for the provision of retirement benefits for employees. In the calculation of retirement benefit obligations, the method of attributing estimated retirement benefits to terms up to the current fiscal year is in line with benefits calculation formula rules.

Actuarial differences are expensed from the following fiscal year using the straight-line method over a period not exceeding a certain period (10 years) of average remaining service period of employees when the actuarial differences are incurred.

Unrecognized actuarial gains and losses are recorded in remeasurements of defined benefit plans as part of total other comprehensive income under net assets after adjusting for tax effects.

Notes to accounting estimates

Impairment of fixed assets

(1) Amount recognized in consolidated financial statements for the current fiscal year

Property, plant and equipment	¥1,323,673 million
Intangible assets	¥3,559 million
Long-term prepaid expenses	¥47,979 million
Impairment loss	¥1,960 million

(2) Information that contributes to understanding of the content of accounting estimates

(i) Calculation method of amount recognized in consolidated financial statements for the current fiscal year

The Group has defined individual stores in the Mall Business as the smallest unit for asset grouping, in principle, for the purpose of applying impairment accounting of its fixed assets. As for the Group’s domestic fixed assets, upon having identified any such asset or asset group as showing signs of impairment in accordance with the Accounting Standard for Impairment of Fixed Assets and other such standards, the carrying amount of such an asset or asset group is reduced to its recoverable amount and posted as an impairment loss if the sum total of undiscounted future cash flows derived from such an asset or asset group is less than the carrying amount. The recoverable amount is calculated as the higher of either the net realizable value or the value in use of the fixed assets.

Fixed assets of the overseas subsidiaries are to be accounted for in compliance with the International Financial Reporting Standards (IFRS), and in accordance with the Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries, etc. for Consolidated Financial Statements (ASBJ PITF No. 18). Therefore, upon having identified any such asset or asset group as showing signs of impairment, the carrying amount of such an asset or asset group is reduced to its recoverable amount and posted as an impairment loss if the sum total of discounted future cash flows derived from such asset or asset group is less than the carrying amount. The recoverable amount is calculated as the higher of either the fair value less disposal costs or the value in use.

In estimating future cash flows for the sake of recognizing and measuring impairment losses on fixed assets, the Company uses forecast values calculated based on certain rates of growth and other such variables for periods extending beyond those of business plans, pursuant to business plans that have been approved by management. Operating revenue, which serves a major component of the business plans and mainly consists of fixed rent from tenants, variable rent, and other proceeds, is reflected in the business plans upon taking into account the likelihood of future volatility.

Moreover, discount rates used to estimate value in use are calculated based on available external data and enlist the advice of corporate valuation professionals when necessary. For details on discount rate values used in each business segment, please refer to “Notes to consolidated statement of income, 4. Impairment loss.” Net realizable value (Japan) and fair value less disposal costs (overseas subsidiaries) are calculated largely based on real estate appraisal values.

(ii) Significant assumptions used to calculate the amount recognized in consolidated financial statements for the current fiscal year

Significant assumptions enlisted in estimating future cash flows for individual assets and asset groups include forecasted rates of market growth, changes in the status of developing areas in the vicinity of store locations, effects of measures such as store renovations, attracting tenants, and sales promotions, changes in customer traffic and rents, and forecasts of utility bills, etc. Changes particularly with respect to rates of market growth and the status of developing areas in the vicinity of mall locations are estimated based on available external data and publicly available information. Effects of measures such as store renovations, attracting tenants, and sales promotions are estimated based on decisions made by the Company and contracts entered into with tenants and other parties.

Changes in customer traffic and rents are estimated based on factors that include past performance at other similar stores. Utility bills, etc. are estimated with the latest electricity prices and others taken into account.

(iii) Impact on consolidated financial statements for the following fiscal year

Impairment loss recognition and measurement are subject to estimates based on the aforementioned significant assumptions. As such, there is a possibility that the Company may incur impairment losses in the following fiscal year under a scenario of deteriorating profitability of respective stores due to situations such as downturns in rental income attributable to tenant departures and sluggish personal spending or a rise in expenses resulting from fluctuations in prices, etc., and an increase in the discount rate owing to changes in interest rate.

Notes to consolidated balance sheet

1. The amount of receivables from contracts with customers in notes and accounts receivable-trade, and the amount of contract liability in other (current liabilities) are provided under “Notes on revenue recognition, 3. Information to understand the amount of revenue for the current fiscal year and for the following and subsequent fiscal years.”

2. Assets pledged as collateral

	(Millions of yen)
Buildings and structures	23,583
Land	2,456
Total	26,040

Obligations backed by above collateral

	(Millions of yen)
Current portion of long-term debt	16,976
Long-term debt	2,857
Total	19,833

3. Accumulated depreciation of property, plant and equipment ¥615,907 million

Notes to consolidated statement of income

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

	(Millions of yen)
AEON MALL Natori (Natori, Miyagi Prefecture)	2,009
Other	0
Total	2,009

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

	(Millions of yen)
Other	4
Total	4

3. Losses on retirement of fixed assets consist of the following items.

	(Millions of yen)
Buildings and structures	156
Furniture and fixtures	23
Demolition and removal expenses	713
Other	56
Total	951

4. Impairment losses

The Group recorded impairment losses on the following asset groups during the current fiscal year (March 1, 2023 to February 29, 2024).

(Millions of yen)

Location	Use	Type	Amount
Overseas (China)	Store	Right-of-use assets, etc.	1,960
		Total	1,960

The Group has defined individual stores in the Mall Business as the smallest unit for asset grouping. Idle assets are grouped in the unit of the respective assets. Common-use assets are grouped in larger units that include groups contributing to the generation of future cash flows.

The carrying amounts of asset groups above were reduced to their respective recoverable amount due to a significant decline in their profitability. The write-down was posted as impairment loss under extraordinary losses.

The recoverable amount is calculated as the higher of either the fair value less disposal costs or the value in use. The value in use is calculated by discounting at 9.94% for overseas (China).

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

5. A provision for loss on store closings is recorded following the decision to terminate the management and operation of QUALITE PRIX.

Notes to consolidated statement of changes in shareholders' equity

1. Matters concerning the type and total number of shares issued

	Type of shares	Number of shares at the beginning of the current fiscal year (shares)	Increase in shares (shares)	Decrease in shares (shares)	Number of shares at the end of the current fiscal year (shares)	Remarks
Shares issued	Common stock	227,559,339	1,600	–	227,560,939	(Note 1)
Treasury stock	Common stock	4,270	526	–	4,796	(Note 2)

(Notes)
1. An increase of 1,600 shares issued and outstanding is due to the exercise of stock acquisition rights.
2. An increase in treasury stock is due to the Company's purchase of 526 shares constituting less than one unit.

2. Matters concerning dividends

(1) Dividends paid

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

(2) Dividends whose record date is in the current fiscal year and whose effective date is in the following fiscal year

The following resolutions are scheduled at the Board of Directors meeting to be held on April 9, 2024.

Type of shares	Total dividends (Millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Common stock	5,688	Retained earnings	25.00	February 29, 2024	May 7, 2024

3. Matters concerning stock acquisition rights

Type and the number of shares underlying the stock acquisition rights at the end of the current fiscal year (excluding those for which the first date of exercise period has not come).

Common stock 27,100 shares

Notes to financial instruments

1. Matters concerning the status of financial instruments

(1) Policy on financial instruments

The Group operates the Mall Business while assuming the central role of Shopping Center Development Business for AEON and leases mall store spaces to general tenants, as well as general merchandise store operators, AEON Retail Co., Ltd. and the companies of the AEON Group. In conducting the respective businesses, funds are managed mainly through specific financial assets such as highly secured time deposits and deposits of funds with AEON CO., LTD., and financing is procured by means of indirect financing, including bank borrowings, as well as direct financing through the issuance of corporate bonds and commercial papers, and liquidation of receivables. Derivatives are not intended to be traded for speculative purposes under a policy with the aim of avoiding risks of interest or exchange rate fluctuations arising from fund procurement, or loans and borrowings with respect to overseas consolidated subsidiaries.

(2) Contents and risks of financial instruments

Notes and accounts receivable-trade, which are trade receivables, are exposed to the credit risk of customers.

Deposits paid to affiliates represent management trust deposits with AEON CO., LTD., the parent company, based on depositary agreements with the said company.

Investment securities mainly consist of stocks of companies that have business relationships with the Group and are exposed to market price fluctuation risk and credit risk.

Lease deposits paid, which are mostly related to leases of stores, are exposed to credit risk of lessees.

Notes and accounts payable-trade, which are trade payables, are mainly due within one year.

Short-term debt, commercial paper, lease obligations, long-term debt and straight bonds are mainly for financing for business transactions and capital investment, etc. Although there involve liquidity risks that prevent the payment from being made on the payment due date, the liquidity risks are systematically mitigated through diversification of the timings of repayment or redemption. In addition, some of the aforementioned financial instruments are exposed to the risk of fluctuations in interest rates that are variable; however, for new loans, interest rate swaps are used for hedging purposes.

Lease deposits from lessees are the deposits and security deposits made under tenant lease agreements, etc.

Derivative transactions involve interest rate swap transactions to mitigate interest rate fluctuation risks in long-term obligations, currency swap transactions to mitigate exchange rate fluctuation risks, and forward exchange contracts. In addition, matters concerning hedge accounting such as hedging instruments, hedging policies, and methods for evaluating the hedging effectiveness are described under "(7) Significant accounting policy for hedging, 4. Matters concerning accounting policies under Notes to significant matters for preparation of consolidated financial statements."

(3) Risk management systems relating to financial instruments

(i) Management of credit risks

As for trade receivables such as notes and accounts receivable-trade, the Sales Division and the Finance & Accounting Division in accordance with the policies of the Group, regularly monitor the status of business partners, manage the payment term and the outstanding balance of each business partner, and work to quickly grasp concerns over the recovery of the trade receivables and to lower the risk of bad debts arising from deterioration in financial positions.

Among investment securities, the market value for shares with market value are determined on a quarterly basis, and the financial position of the issuer of shares without market value are grasped regularly.

Part of lease deposits paid is backed by collaterals, such as by establishing mortgages and right of pledges.

For the use of derivatives, credit risk is recognized to be minimal because all contracting parties are highly-credited financial institutions.

(ii) Management of market risks

The Group uses interest rate swap transactions to mitigate the risk of fluctuations in interest rates on borrowings, currency swap transactions to mitigate the risk of fluctuations in foreign exchange for loans and borrowings with respect to overseas consolidated subsidiaries, and forward exchange contracts. The derivative transactions are authorized on an individual basis following the internal settlement procedures for the executions of borrowings and loans. The Finance & Accounting Division executes and manages the transactions.

For investment securities, etc., market trends, market value, and financial position of the issuer (trade party) are regularly monitored and reported to management, and also the holding status of the investment securities is continuously reviewed.

(iii) Management of liquidity risk relating to financing

The Group manages liquidity risk by having the Finance & Accounting Division timely develop and update the funding plan based on reports from each of the departments and by maintaining short-term liquidity.

(4) Supplemental explanation regarding matters concerning market value of financial instruments

The market value of financial instruments is based on market prices, but if no market prices are available, their market value includes prices reasonably calculated. In calculating the relevant amount, certain premises and assumptions are adopted, and the use of different premises and assumptions may lead to changes in market value.

2. Matters concerning market value of financial instruments

The consolidated balance sheet amounts, the market values, and the difference between these amounts are as follows. Shares without market value are not included in the following table (Please refer to the note (*1)). In addition, information on “Cash and deposits,” “Notes and accounts receivable-trade,” “Deposits paid to affiliates,” “Notes and accounts payable–trade,” “Income taxes payable,” “Deposits received from specialty stores,” “Deposits received,” “Notes payable-construction,” “Electronically recorded obligations-construction” and “Accounts payable – construction” is omitted, because these items are cash, or settled in a short period of time, and therefore their market values approximate their carrying amounts.

(Millions of yen)

	Consolidated balance sheet amount	Market value	Difference
(1) Investment securities (*1)	1,419	1,419	–
(2) Lease deposits paid (including lease deposits paid recoverable within one year, reported in “Other” under current assets)	53,337	47,728	(5,609)
Total assets	54,756	49,147	(5,609)
(1) Straight bonds (including current portion)	(455,000)	(445,328)	9,671
(2) Long-term debt (including current portion)	(240,199)	(241,250)	(1,051)
(3) Lease obligations (current liabilities and long-term liabilities)	(162,018)	(160,306)	1,712
(4) Lease deposits from lessees (included under “Other” under current liabilities)	(152,834)	(150,770)	2,063
Total liabilities	(1,010,052)	(997,656)	12,396
Derivative transactions (*2) Hedge accounting is not applied	2,029	2,029	–

(*1) Shares without market value are not included in “Investment securities.” The consolidated balance sheet amount of these financial instruments is as follows.

(Millions of yen)

	Fiscal year ended February 29, 2024
Investment securities (including “Other” under investments and other assets)	7,269
Total	7,269

(*2) The liability items are in brackets ( ). Derivative assets and derivative liabilities arising from derivative transactions are shown in net amount, and the derivative liabilities are shown in blankets ( ).

(Note 1) Amount of monetary claims that are to be collected after the consolidated balance sheet date

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Cash and deposits	89,915	–	–	–
Notes and accounts receivable-trade	12,766	–	–	–
Deposits paid to affiliates	40,000	–	–	–
Lease deposits paid (*)	26	25	–	186

* Lease deposits paid represents only those whose redemption schedule is certain, excluding those with the recovery date definitively indeterminable (¥53,098 million).

(Note 2) Repayment schedules after consolidated balance sheet dates for straight bonds, long-term debt and other interest-bearing debt

(Millions of yen)

	Due within 1 year	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
Straight bonds	50,000	316,500	63,500	25,000
Long-term debt	59,069	134,677	46,452	–
Lease obligations	25,327	86,075	49,717	898
Lease deposits from lessees	0	–	–	–

3. Matters concerning the breakdown by level of market values of financial instruments, etc.

Market values of financial instruments are classified into the following three levels depending on the observability and significance of inputs used to determine the market values.

Level 1 market value: Market value determined based on quoted prices formed in an active market for the asset or liability that is subject to the market value measurement, of observable inputs for market value measurement

Level 2 market value: Market value determined using inputs for market value measurement other than Level 1 inputs, of observable inputs for market value measurement

Level 3 market value: Market value determined using unobservable inputs for market value measurement

If multiple inputs that significantly affect market value measurement are used, the market value is classified into the lowest priority level in the market value measurement among the levels to which the inputs belong.

(1) Financial instruments recorded at market value in the consolidated balance sheet

(Millions of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Investment securities				
Available-for-sale securities	1,419	–	–	1,419
Derivative transactions				
Currency-related	–	2,029	–	2,029
Total assets	1,419	2,029	–	3,448

(2) Financial instruments other than financial instruments recorded at market value in the consolidated balance sheet

(Millions of yen)

Classification	Market value			
	Level 1	Level 2	Level 3	Total
Lease deposits paid	–	47,728	–	47,728
Total assets	–	47,728	–	47,728
Straight bonds (including current portion)	–	445,328	–	445,328
Long-term debt (including current portion)	–	241,250	–	241,250
Lease obligations (current liabilities and long-term liabilities)	–	160,306	–	160,306
Lease deposits from lessees (included under "Other" under current liabilities)	–	150,770	–	150,770
Total liabilities	–	997,656	–	997,656

(Note 1) Explanation of valuation techniques used for market value measurement and inputs for market value measurement

Assets

Investment securities

Since the market values of listed shares are based on the prices on stock exchanges and they are traded in active markets, their market values are classified as Level 1 market value.

Lease deposits paid

The market values of lease deposits paid are determined by discounting future cash flows calculated based on the reasonably estimated redemption period at a risk-free rate, and are classified as Level 2 market value.

Derivative transactions

Because there are no quoted prices for derivative transactions, their market values are determined based on the prices presented by financial institutions with which we have transactions, and are classified as Level 2 market value.

Liabilities

Straight bonds (including current portion)

The market value of straight bonds issued by the Company is calculated based on market prices. Because straight bonds have market prices but are not necessarily traded in active markets, their market values are classified as Level 2 market value.

Long-term debt (including current portion) and Lease obligations (current liabilities and long-term liabilities)

Their market values are measured based on the aggregate amount of principal and interests, and the interest rate taking into account the remaining period and credit risk of the debt or obligation, using the discounted cash flow method, and are classified as Level 2 market value.

Lease deposits from lessees (included under "Other" under current liabilities)

The market values of lease deposits from lessees are determined by discounting future cash flows calculated based on the reasonably estimated redemption period at a risk-free rate, and are classified as Level 2 market value.

Notes to asset retirement obligations

Asset retirement obligations recorded on the consolidated balance sheet

1. Outline of the asset retirement obligations

   Asset retirement obligations pertain to an obligation to restore to the original state, etc. in accordance with the real estate lease agreement on land for the malls.

2. Method for calculating asset retirement obligations

   Asset retirement obligations are estimated using the estimated usage period of 10 to 39 years and the discount rate of 0.0% to 2.2%.

3. Changes in asset retirement obligations during the current fiscal year

	(Millions of yen)
Balance at the beginning of the period	20,038
Adjustments due to the elapse of time	202
Decrease due to the fulfillment	(510)
Increase (decrease) due to the change in estimates	(820)
Balance at the end of the fiscal year (including the current portion to be fulfilled)	18,910

Notes to rental and other investment property

The Company and certain consolidated subsidiaries own commercial leasing buildings in various regions nationwide as well as overseas (China and ASEAN region) for the purpose of generating profits from property leasing. Leasing profit related to rental properties, etc. (properties for lease owned by the Company and overseas master lease properties; malls under master lease in Japan and property management agreements are not included; the same applies hereinafter) amounted to ¥51,993 million for the current fiscal year (main leasing revenue was posted under operating revenue, while main leasing expenses were posted under operating expenses). Gain on sale of fixed assets amounted to ¥2,009 million (posted under extraordinary gains). Loss on retirement of fixed assets amounted to ¥684 million (posted under extraordinary losses) and impairment losses amounted to ¥1,960 million (posted under extraordinary losses).

The consolidated balance sheet amounts, changes during the period, and the market value related to property leasing are as follows.

(Millions of yen)

Use	Consolidated balance sheet amount			Market value at the end of the current fiscal year
	Balance at the beginning of the period	Change during the period	Balance at the end of the period	
Commercial leasing buildings	1,238,911	62,320	1,301,231	1,688,554

(Notes)

1. The balance sheet amount is stated at the acquisition price less the accumulated depreciation.
2. The major increases during the current fiscal year were property acquisitions (¥124,426 million) and foreign currency translation adjustments (¥24,949 million), while major decreases were disposal and sales of fixed assets (¥12,914 million), impairment losses (¥1,960 million), and depreciation expense (¥72,358 million).
3. The market value at the end of the current fiscal year is calculated based on appraisal reports and other information provided by an appraisal company.

Notes on revenue recognition

1. Revenue from contracts with customers

(Millions of yen)

	Japan	China	Vietnam	Cambodia	Indonesia	Other (Overseas) (Note 1)	Total
Ancillary income (Note 2)	110,478	20,912	4,330	2,459	2,980	–	141,161
Other income (Note 3)	7,453	–	459	16	–	–	7,929
Revenue from contracts with customers	117,931	20,912	4,790	2,475	2,980	–	149,090
Other revenue (Note 4)	215,227	38,072	10,473	6,024	4,280	–	274,077
Operating revenue from external customers	333,158	58,985	15,263	8,499	7,260	–	423,168

(Notes)

1. Other (Overseas) represents Myanmar, etc.
2. Ancillary income mainly consists of common area expense income based on store-opening contracts with tenants.
3. Other income mainly consists of PM management contract fees.
4. Other revenue mainly consists of rental income based on store-opening contracts with tenants, which was recorded in accordance with the “Accounting Standard for Lease Transactions” (ASBJ No.13, March 30, 2007) and IFRS 16 “Leases.”

2. Information that serves as a basis for understanding revenue

   Information that serves as a basis for understanding revenue is as described in “4. Matters concerning accounting policies, (5) Accounting policy for significant revenue and expenses.”

3. Information to understand the amount of revenue for the current fiscal year and for the following and subsequent fiscal years

   (1) Balances of contract asset and contract liability, etc.

   Receivables from contracts with customers ¥9,679 million

   Recorded in “Notes and accounts receivable-trade” on the consolidated balance sheet.

   Contract liability ¥5,172 million

   Recorded in “Other (current liabilities)” on the consolidated balance sheet.

   (2) Transaction price allocated to remaining performance obligations

   The performance obligations are common area expense income based on store-opening contracts with tenants, etc., and revenue is recognized according to the actual contract period.

Notes to per-share information

1. Net assets per share	¥2,040.33
2. Net income per share	¥89.64
3. Diluted net income per share	¥89.63

(Note) Basis for the calculation

Net income attributable to owners of parent	¥20,399 million
Amounts not attributable to shareholders of common stock	¥– million
Net income attributable to shareholders of common stock of parent	¥20,399 million
Average number of common stock outstanding during the period	227,555,807 shares
Increase in the number of common stock used in the calculation of diluted net income per share	26,339 shares

Notes to significant subsequent events

Not applicable.

Notes to matters concerning significant accounting policies

1. Measurement policy and method of assets
   (1) Measurement policy and method of securities
      (i) Stock of affiliates, and investment in capital of affiliates

      Stated at cost determined by the moving-average method

      (ii) Available-for-sale securities

      Securities other than shares without market value

      Stated at market value (all valuation gains and losses are treated as a component of net assets and the cost of securities sold is determined by the moving-average method.)

      Shares without market value

      Stated at cost determined by the moving-average method

      Investments in investment limited partnerships are carried at the net amount equivalent to the equity interest based on the latest financial statements obtainable according to the financial reporting data specified in the partnership agreement.

   (2) Measurement policy and method of derivatives

   Derivatives Stated at market value

2. Method for depreciating and amortizing fixed assets
   (1) Property, plant and equipment

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

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

Buildings	2 to 39 years
Structures	2 to 39 years
Machinery and equipment	3 to 17 years
Furniture and fixtures	2 to 20 years

(2) Intangible assets

Amortized using the straight-line method

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

(3) Long-term prepaid expenses

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

3. Accounting policy for deferred assets

Bond issuance costs are treated as expenses when paid.

4. Accounting policy for allowances and provisions

(1) Allowance for doubtful receivables

The Company has recorded the estimated unrecoverable amount as the provision for losses arising from bad debt of receivables such as notes and accounts receivable-trade after reviewing the recoverability of ordinary receivables based on the historical bad debt ratio, and the recoverability of certain receivables such as doubtful account receivables on an individual basis.

(2) Allowance for employee bonus

The Company has recorded the estimated amount of payment incurring during the current fiscal year as allowance for bonuses to be paid to employees, including part-time employees.

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

The Company has recorded the estimated amount of payment incurring during the current fiscal year as allowance for performance-based remuneration for director and corporate auditor.

(4) Provision for retirement benefits

The Company has recorded retirement benefit obligations less pension assets at the end of the current fiscal year for the provision of retirement benefits for employees. In the calculation of retirement benefit obligations, the method of attributing estimated retirement benefits to terms up to the current fiscal year is in line with benefits calculation formula rules.

Actuarial differences are expensed from the following fiscal year using the straight-line method over a period not exceeding a certain period (10 years) of average remaining service period of employees when the actuarial differences are incurred.

(5) Provision for loss on store closing

The Company has recorded estimated losses on store closing, including early cancellation penalty charges, which are reasonably expected to incur due to store closures.

5. Accounting policy for revenue and expenses

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

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

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

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

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

PM Management Contract Fees

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

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

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

6. Accounting policy for translating significant foreign currency-denominated assets and liabilities into Japanese yen

   Foreign currency-denominated monetary claims and obligations are translated into yen amounts at the rates of exchange in effect as of the balance sheet date. Differences are treated as a gain or loss.

7. Accounting policy for hedging

   (1) Accounting policy for hedging

   Deferred hedge accounting is used in principle. Moreover, special hedge accounting is applied to interest rate swaps that meet the criteria for special hedge accounting, and designated hedge accounting is applied to forward exchange contracts that meet the criteria for designated hedge accounting.

   (2) Hedging instruments and hedged items

   Hedging instruments: Interest rate swaps, forward exchange contracts

   Hedged items: Debts

   (3) Hedging policy

   Based on the internal regulations, interest rate swaps are conducted for the purpose of hedging against the risk of fluctuations in interest rates and forward exchange contracts are conducted for the purpose of hedging against the risk of fluctuations in exchange rates.

(4) Evaluation of hedging effectiveness

The Company compares fluctuations in market prices or cash flows between hedged items and hedging instruments over their respective periods from the start of hedging to the time of the measurement of effectiveness. The fluctuations in these parameters are used as a benchmark for evaluating hedging effectiveness. However, the evaluation of hedging effectiveness for interest rate swaps accounted for under special hedge accounting and forward exchange contracts accounted for under designated hedge accounting is omitted.

8. Other significant matters concerning the preparation of nonconsolidated financial statements

Accounting treatment for retirement benefits

The accounting treatment for unrecognized actuarial gains and losses on retirement benefits is different from that applied in the consolidated financial statements.

Notes to accounting estimates

1. Impairment of fixed assets

(1) Amount recognized in nonconsolidated financial statements for the current fiscal year

Property, plant and equipment	¥805,114 million
Intangible assets	¥2,975 million
Long-term prepaid expenses	¥17,978 million
Impairment loss	¥– million

(2) Information that contributes to understanding of the content of accounting estimates

This information is provided under "Notes to accounting estimates, Impairment of fixed assets, (2) Information that contributes to understanding of the content of accounting estimates" of the consolidated financial statements.

2. Evaluation of stock of affiliates, and investment in capital of affiliates

(1) Amount recognized in nonconsolidated financial statements for the current fiscal year

Stock of affiliates	¥274,776 million
Investment in capital of affiliates	¥125,299 million

(2) Information that contributes to understanding of the content of accounting estimates

If the effective market value of stock of affiliates or investment in capital of affiliates has decreased by about 50% or more relative to the acquisition cost, then the Company writes down such stock of affiliates or investment in capital of affiliates to the effective market value, unless there is sufficient evidence supporting the prospect of recoverability otherwise. In principle, effective market value is to constitute net assets per share (equity interests) based on financial statements of the respective affiliates, multiplied by the number of shares held (equity interests). However, effective market value may be calculated based on business plans, etc. of the relevant company, upon management approval.

Significant assumptions enlisted in estimating effective market value based on business plans, etc. include forecasted rates of market growth and the number of new mall openings. Rates of market growth are estimated based on available external data and publicly available information. Moreover, the number of new mall openings is estimated based on decisions made by the Company.

Evaluation of stock affiliates and investment in capital of affiliates recorded in the financial statements of the following fiscal year could be significantly affected under a scenario where significant assumptions of business plans deviate from future business results.

Notes to balance sheet

1. Assets pledged as collateral

	(Millions of yen)
Buildings and structures	23,583
Land	2,456
Total	26,040

Obligations backed by above collateral

	(Millions of yen)
Current portion of long-term debt	16,976
Long-term debt	2,857
Total	19,833

2. Accumulated depreciation of property, plant and equipment ¥403,909 million

3. Loan commitment

The Company has entered into a loan commitment agreement with the consolidated subsidiaries, AEON MALL Investment (Cambodia) Co., Ltd. with the aim of making working capital and capital investment. The outstanding undrawn balance of the loan commitment at the end of the current fiscal year is as follows.

Total amount of loan commitment	¥19,594 million	(US$ 130 million)
Outstanding balance of loan undrawn	¥15,916 million	(US$ 105 million)
Difference	¥3,678 million	(US$ 24 million)

4. Monetary claims from and monetary obligations to affiliates (excluding those presented separately)

Short-term monetary claims	¥488 million
Long-term monetary claims	¥1,064 million
Short-term monetary obligations	¥10,506 million
Long-term monetary obligations	¥495 million

Notes to statement of income

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

	(Millions of yen)
AEON MALL Natori (Natori, Miyagi Prefecture)	2,009
Other	0
Total	2,009

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

	(Millions of yen)
Other	3
Total	3

3. Losses on retirement of fixed assets consist of the following items.

	(Millions of yen)
Buildings	125
Structures	14
Furniture and fixtures	8
Demolition and removal expenses	713
Other	41
Total	904

4. Amount of transactions with subsidiaries and affiliates

Operating transactions	
Operating revenue	¥1,678 million
Operating costs	¥2,408 million
Selling, general and administrative expenses	¥5,957 million
Non-operating transactions	¥2,551 million

Notes to statement of changes in shareholders’ equity

1. Breakdown of other retained earnings

(Millions of yen)

	Reserve for advanced depreciation of fixed assets	General reserve	Reserve for tax incentives to promote open innovation	Retained earnings brought forward	Total
Balance as of March 1, 2023	398	28,770	–	337,239	366,407
Changes during period					
Cash dividends				(11,377)	(11,377)
Net income				23,339	23,339
Provision of reserve for advanced depreciation of fixed assets	–			–	–
Reversal of reserve for advanced depreciation of fixed assets	(7)			7	–
Provision of reserve for tax incentives to promote open innovation			37	(37)	–
Total of changes	(7)		37	11,932	11,962
Balance as of February 29, 2024	390	28,770	37	349,171	378,369

2. Matters concerning the type and the number of treasury stock

Type of shares	The number of shares at the beginning of the current fiscal year (shares)	Increase in shares (shares)	Decrease in shares (shares)	The number of shares at the end of the current fiscal year (shares)	Remarks
Common stock	4,270	526	–	4,796	(Note)

(Note) An increase in treasury stock is due to the Company's purchase of 526 shares constituting less than one unit.

Notes to tax-effect accounting

Breakdown of deferred tax assets and deferred tax liabilities by the cause of its occurrence

	(Millions of yen)
Deferred tax assets	
Accrued business office tax	530
Allowance for employee bonus	517
Provision for loss on store closing	532
Property, plant and equipment	10,170
Asset retirement obligations	5,352
Long-term prepaid expenses	1,442
Stock of affiliates paid-in capital reduction	2,110
Losses on valuation of stock of and investments in capital of affiliates	2,366
Allowance for doubtful receivables	22
Compensation	61
Other	1,881
Subtotal	24,986
Valuation allowance	(3,186)
Total	21,800
Deferred tax liabilities	
Construction assistance fund receivables	1
Retirement costs corresponding to asset retirement obligations	3,094
Reserve for advanced depreciation of fixed assets	171
Net unrealized gain on available-for-sale securities	335
Other	141
Total	3,743
Net deferred tax assets	18,056

Notes to fixed assets used as lease

1. Finance leases (as lessee)

   Not applicable.

2. Operating leases

   The unexpired lease payment of the non-cancellable portion of operating lease transaction

   (As lessee)

	(Millions of yen)
Due within 1 year	58,318
Due after 1 year	288,656
Total	346,975

   (As lessor)

	(Millions of yen)
Due within 1 year	3,677
Due after 1 year	20,010
Total	23,687

Notes on revenue recognition

Information that serves as a basis for understanding revenue

Information that serves as a basis for understanding revenue is as described in "Notes to matters concerning significant accounting policies, 5. Accounting policy for revenue and expenses."

Notes to related-party transactions

1. Parent company and major corporate shareholders, etc.

Type	Name	Capital or investments (million yen)	Primary business or occupation	Ownership percentage of voting rights (%)	Relationship		Transactions		Transaction amount (million yen)	Item	Balance at the end of the period (million yen)
					The number of Interlocking directors, etc.	Business relations					
Parent company	AEON CO., LTD.	220,007	Pure holding company	Direct 58.23 Indirect 0.59	1	–	Entrustment of funds	Management of entrusted funds	3,934	Deposits paid to affiliates	40,000
								Interest receipt	2	Other under current assets (accrued income)	1

2. Subsidiaries and affiliates, etc.

Type	Name	Capital or investments	Primary business or occupation	Ownership percentage of voting rights (%)	Relationship		Transactions		Transaction amount (million yen)	Item	Balance at the end of the period (million yen)
					The number of Interlocking directors, etc.	Business relations					
Subsidiary	AEON MALL Investment (Cambodia) Co., Ltd.	US$ 10 thousand	Mall Business	Direct 49.00 Closer parties or agreed parties 51.00	–	–	Lending of funds	Lending of funds	–	Long-term loans receivable from subsidiaries and associates	15,916
								Interest receipt	358	Other under current assets (accrued income)	60
Subsidiary	AEON MALL (CAMBODIA) CO., LTD.	US$ 512,925 thousand	Mall Business	100	–	–	Lending of funds	Lending of funds	4,012	Long-term loans receivable from subsidiaries and associates	23,363
								Interest receipt	1,134	Other under current assets (accrued income)	207
Subsidiary	AEON MALL (CHINA) CO., LTD.	US$ 515,421 thousand	Mall Business	100	4	–	Borrowing of funds	Borrowing and repayment of funds	31,203	Short-term debt from subsidiaries and associates	11,769
										Current portion of long-term debt	4,000
								Payment of interest	634	Accrued expenses	76

3. Companies, etc. under the same parent company and the subsidiaries, etc. of other affiliates

Type	Name	Capital or investments (million yen)	Primary business or occupation	Ownership ratio (%)	Relationship		Transactions	Transaction amount (million yen)	Item	Balance at the end of the period (million yen)
					The number of Interlocking directors, etc.	Business relations				
Subsidiary of the parent company	AEON Retail Co., Ltd.	100	General merchandise store	–	1	Store leasing and entrusted PM	Rental income, etc.	38,251	Notes and accounts receivable-trade	971
									Lease deposits from lessees	10,135
Subsidiary of the parent company	AEON Financial Service Co., Ltd.	45,698	Financial services	0.23	–	Outsourcing of credit operations	Credit charges	5,184	Accounts receivable-other	13,982

(Note) Transaction conditions and decision policy thereof, etc.

The interest rate on funds entrusted to AEON CO., LTD. for their management is determined by taking into account the market interest rate. The amount stated is the average balance during the period.

Interest rates on loans to AEON MALL Investment (Cambodia) Co., Ltd. and AEON MALL (Cambodia) Co., Ltd. are determined based on market interest rates.

Interest rates on borrowing of funds by AEON MALL (CHINA) CO., LTD. are determined based on market interest rates.

With regard to store leasing to AEON Retail Co., Ltd., rent is determined by revising each store lease agreement every three years by taking into account changes in economic conditions as well as taxes and public dues, etc. In addition, PM (Property Management) entrusted to the said company are determined by referring to general trading terms and conditions.

Credit operations outsourced to AEON Financial Service Co., Ltd. are determined based on general trading terms and conditions.

Notes to per-share information

1. Net assets per share ¥2,045.95
2. Net income per share ¥102.56
3. Diluted net income per share ¥102.55

(Note) Basis for the calculation

Net income	¥23,339 million
Amounts not attributable to shareholders of common stock	¥– million
Net income regarding common stock	¥23,339 million
Average number of common stock outstanding during the period	227,555,807 shares
Increase in the number of common stock used in the calculation of diluted net income per share	26,339 shares

Notes to significant subsequent events

Not applicable.