

FY2023 1Q

Presentation Materials

July 12, 2023

- **Record highs in operating revenue, operating profit, and ordinary profit** with growing demand after COVID-19
- **Profit attributable to owners of the parent company also increased substantially**, for having booked gains on the sale of shares in FY2022 1Q.

Consolidated results

(Billion yen, %)

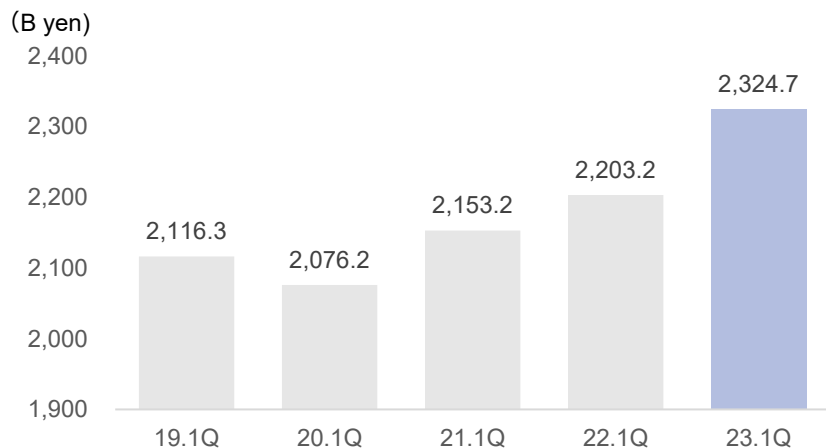
	FY2022 1Q	FY2023 1Q		
	Amount	Amount	YoY %	Change
Operating revenue	2,203.2	2,324.7	105.5%	+121.5
Operating profit	43.8	51.4	117.2%	+7.5
Ordinary profit	44.3	48.1	108.4%	+3.7
Profit attributable to owners of the parent company	19.3	17.7	91.5%	-1.6

Trend of Consolidated Results

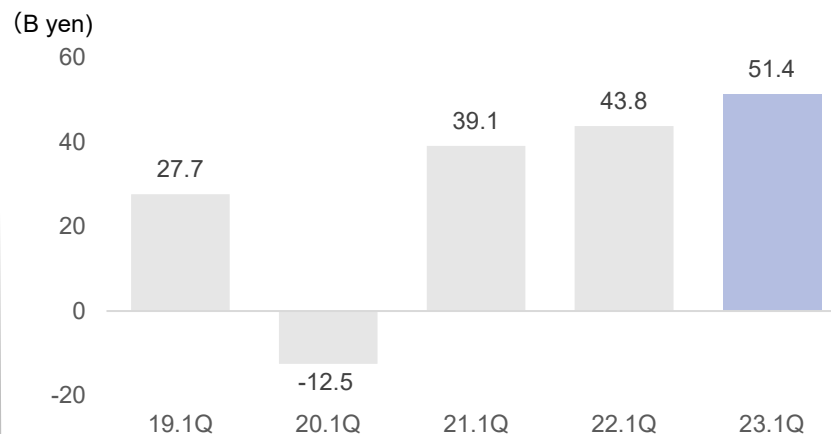


- Except for profit attributable to owners of the parent company affected by one-off factor in FY2022, operating revenue and all profit categories increased steadily.

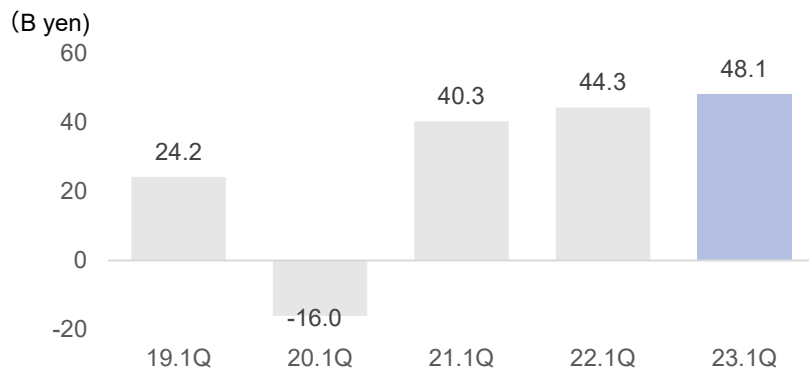
Operating revenue



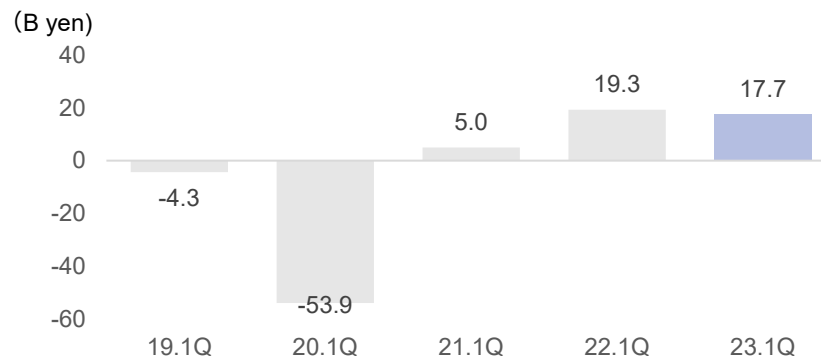
Operating profit



Ordinary profit



Profit attributable to owners of the parent company



Results by Segment



Operating revenue : YoY increase in all reportable segments

Operating profit : YoY increase in six businesses

Results by segment

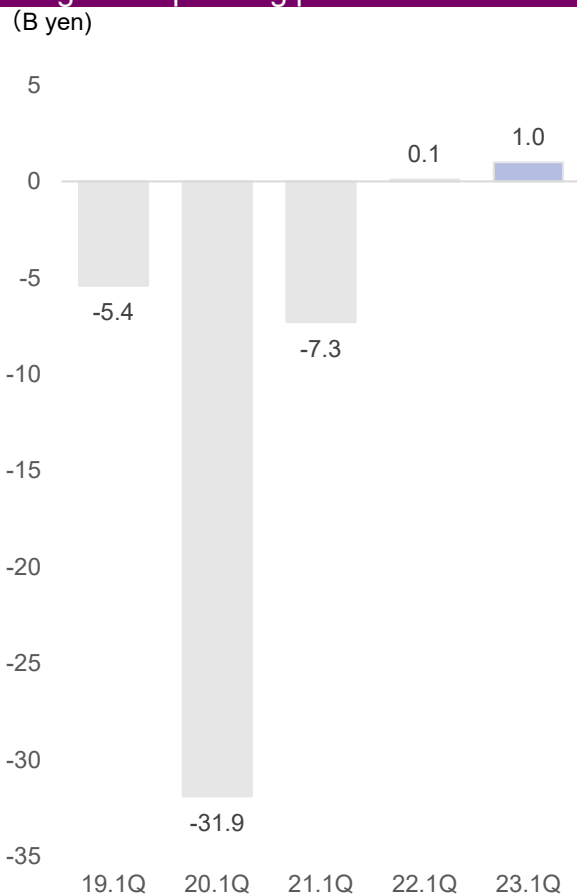
(Billion yen, %)

	Operating revenue		Operating profit	
	Amount	YoY	Amount	YoY change
General Merchandising Store (GMS)	821.6	+4.1%	1.0	+0.9
Supermarket (SM)	664.9	+3.3%	6.2	+2.9
Discount Store (DS)	99.6	+4.4%	1.6	+1.5
Health & Wellness	299.6	+11.4%	7.1	-0.3
Financial Services	115.8	+7.2%	9.4	-6.0
Shopping Center Development	116.8	+8.6%	14.0	+0.9
Services & Specialty Store	200.3	+7.5%	5.5	+2.6
International	132.2	+8.9%	3.2	+0.3
Consolidated total	2,324.7	+5.5%	51.4	+7.5

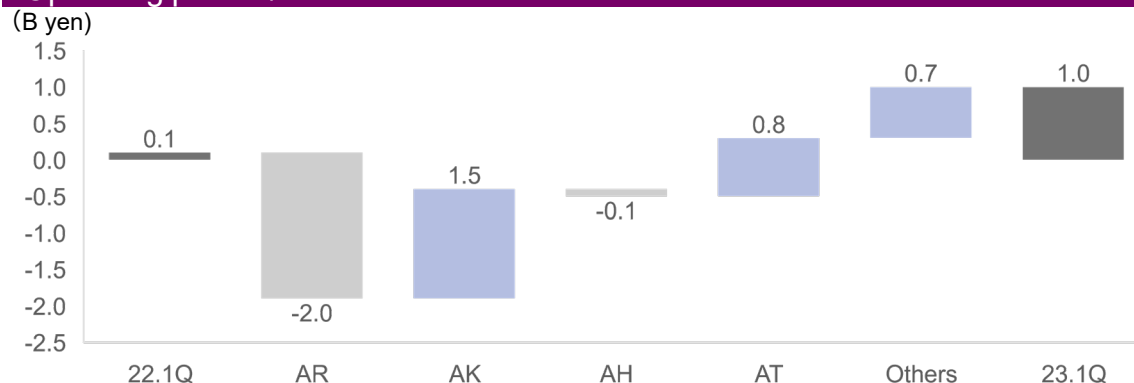
Results by Segment

- Achieved operating profitability for the second consecutive quarter in a business environment of rising commodity, labor, and energy costs
- AEON KYUSHU CO., LTD. achieved record highs in revenue and profits*¹ by strengthening food sales and promoting DX

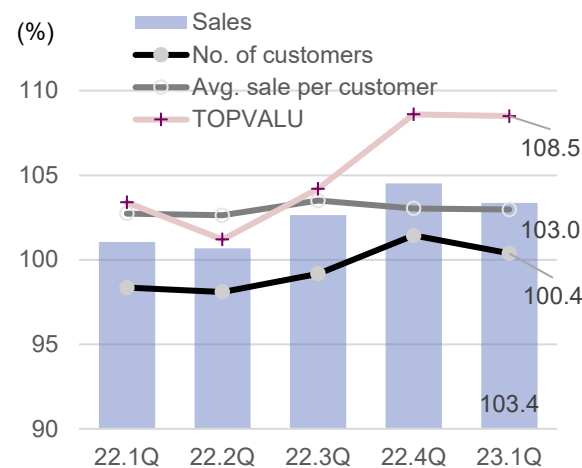
Segment operating profit*²



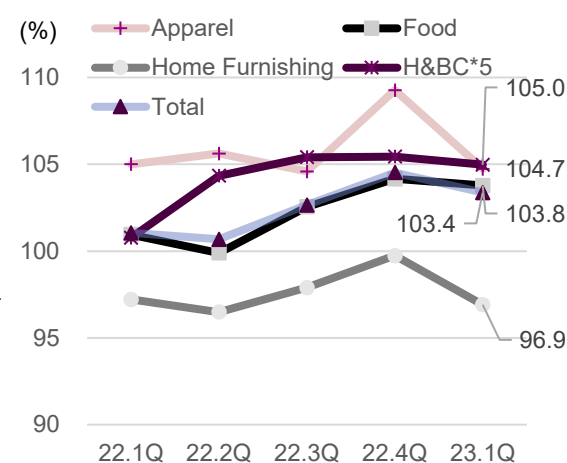
Operating profit +/-*^{3,4}



Same-store sales and TOPVALU sales YoY



Same-store sales YoY by product category



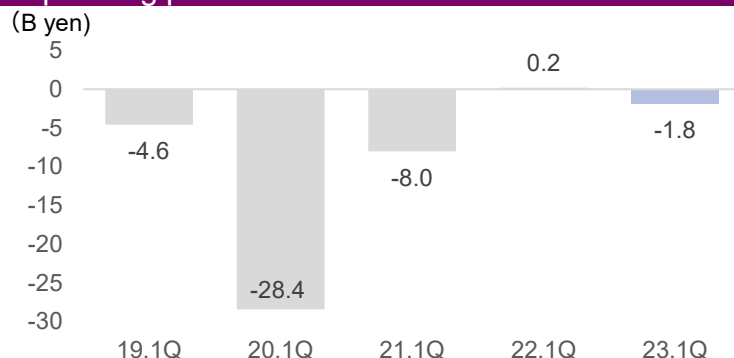
*1 Non-consolidated *2 Prior year results were adjusted for reportable segment transfers. *3 AR: AEON Retail, AK: AEON KYUSHU, AH: AEON Hokkaido, AT: AEON Tohoku *4 AEON KYUSHU's consolidation starts this quarter, reflecting changes in non-consolidated results. *5 Health & Beauty Care

GMS Business (AEON Retail)

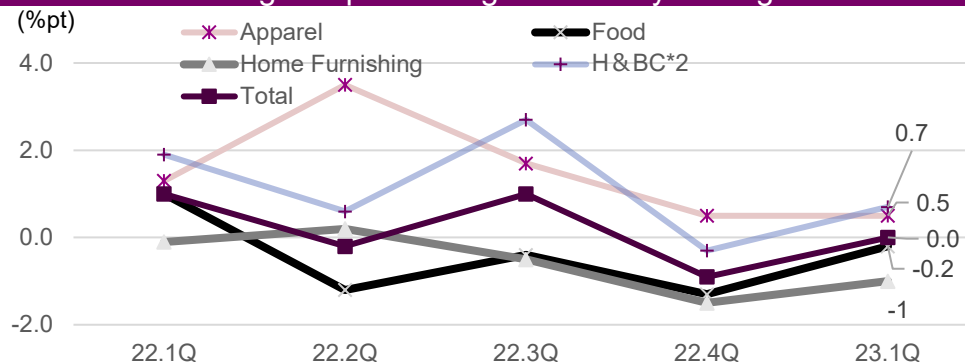


- Operating loss of 1.8 billion yen was a steady improvement compared with FY2019 1Q before COVID-19.
- Two strategies to offset intentional labor cost increase and rising utility costs from soaring electricity prices, reducing electricity usage through energy-saving investments and operations, and improving productivity with DX.

Operating profit transition



YoY transition of gross profit margin in directly managed stores*1



Operating profit +/- factors



Progress in MTP and structural reforms, Impact of cost increase*4

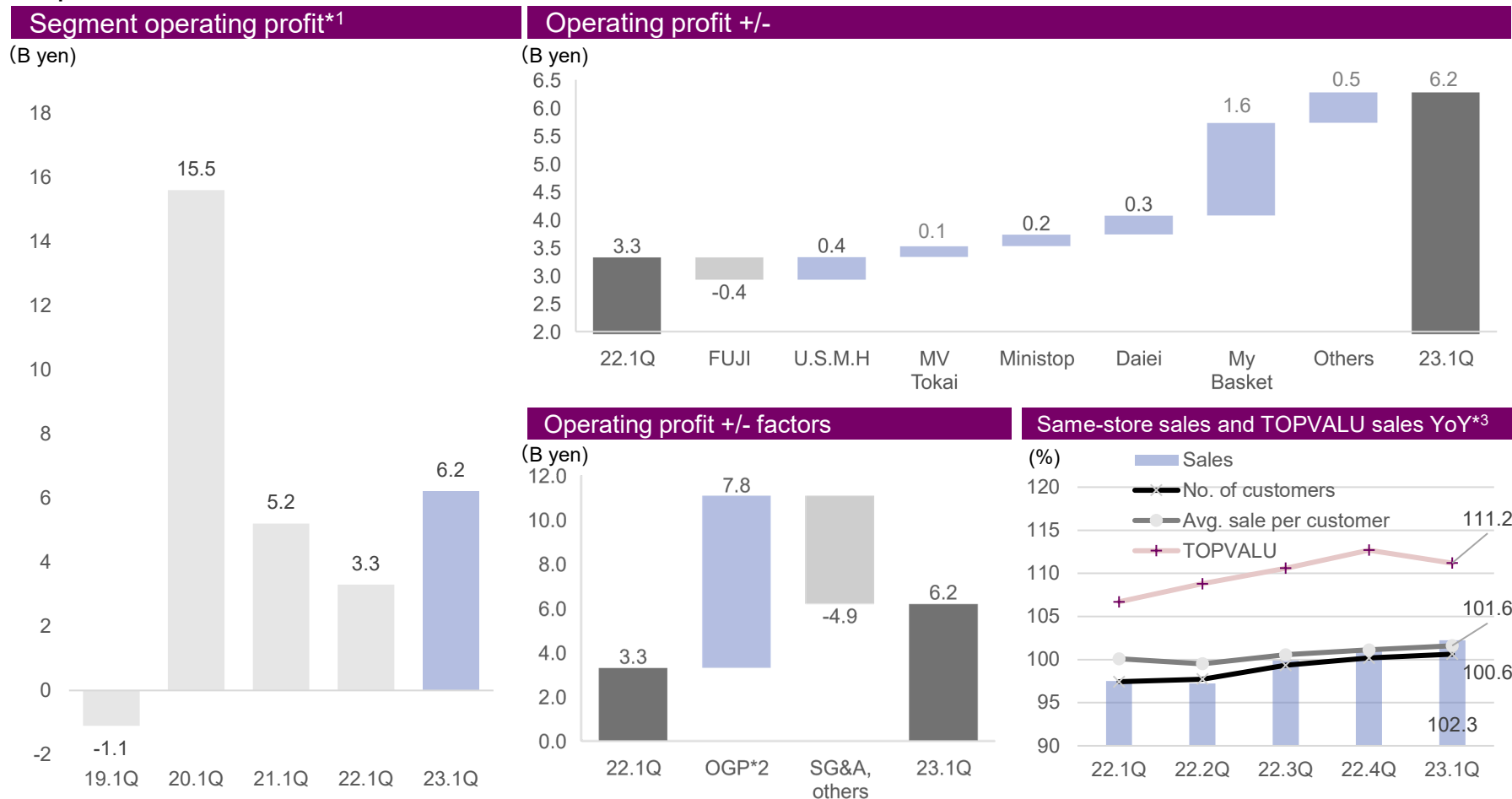
TOPVALU sales YoY	107.3%	Man-hour productivity YoY	105.7%
Food	111.2%	Wage increase YoY	+¥2.2bn
Inventory*5	¥124.1bn YoY +¥15.5bn	Utility cost increase YoY	+¥1.2bn
Tenant rent revenue YoY	+¥1.0bn	AI order	339 stores
Sales in EC channel YoY	107.9%	AI camera (Aittend)	77 stores
Online supermarket	252 stores	AI kakaku (AI price)	Delicatessen 336 stores Daily 324 stores
Semi-self checkout	347 stores	Mal board*6	298 stores (Food)
Regi Go (Full self-checkout)	153 stores		

*1 Managerial accounting figures *2 Health & Beauty Care *3 Operating gross profit *4 Among 369 stores in AEON Retail as of May 2023 *5 The impact of introducing SPA operation in the Apparel and Home Furnishing category is evident from 1Q onwards. *6 Digital signage tools for information sharing

Supermarket Business



- My Basket CO., LTD., United Super Markets Holdings Inc., and The Daiei, Inc., which rollout in urban areas contributed to the increase in profits.
- Boosted sales leveraging TOPVALU's price advantage. Controlled SG&A costs by enhancing labor efficiency with self-checkout registers and reducing power consumption through refrigerator case replacements.



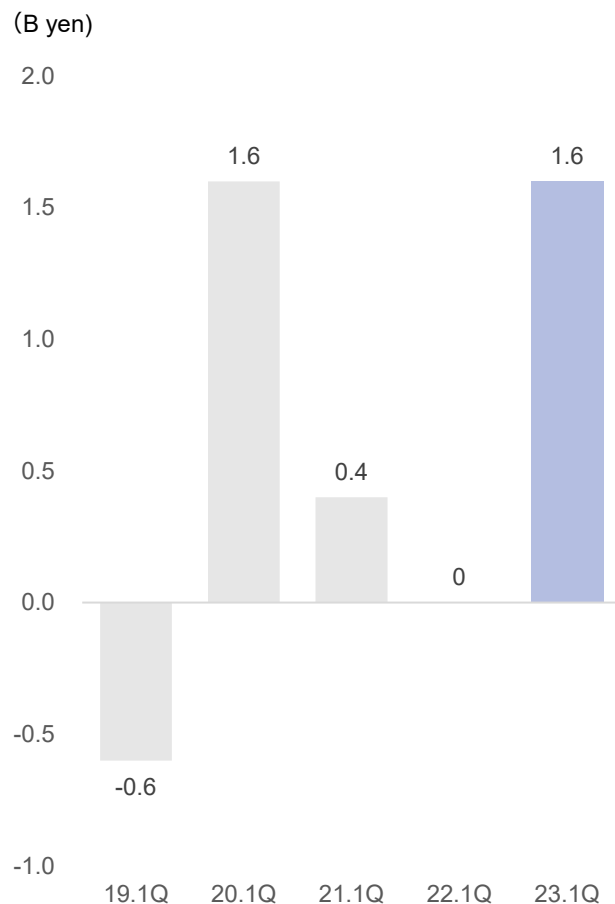
*¹ FY2019 and FY2020 results were adjusted for transfers between reportable segments.

*² Operating gross profit *³ Total of major companies

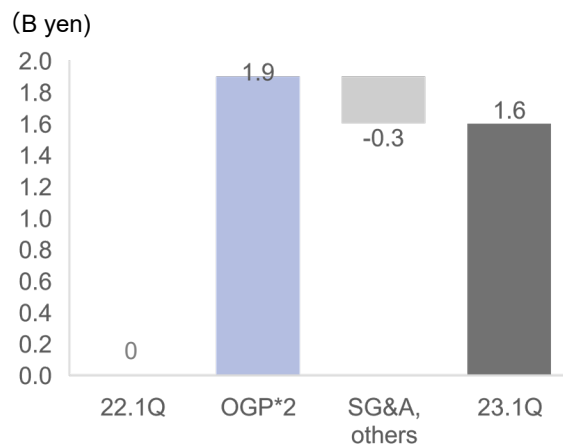
Discount Store Business

- Increased sales on bulk products and original private brands prepared for economic changes such as inflation beforehand resulted in higher revenue and profit
- Operating gross profit margin and SG&A ratio improved due to tighter management of man-hour sales and sales expansion of TOPVALU.

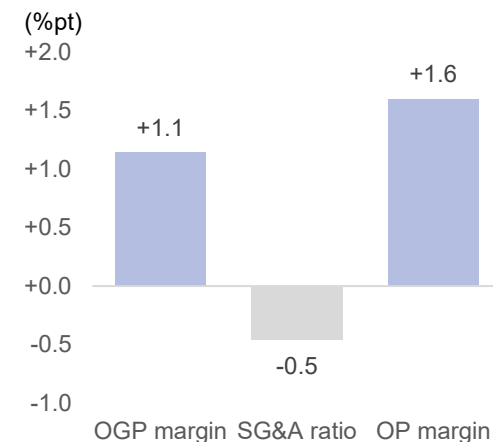
Segment operating profit*1



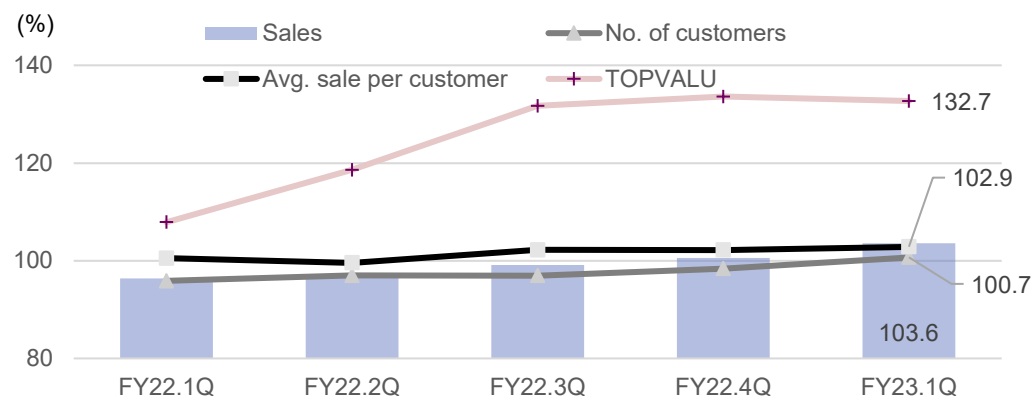
Operating profit +/- factors



YoY change in ratios to revenue



Same-store sales and TOPVALU sales YoY



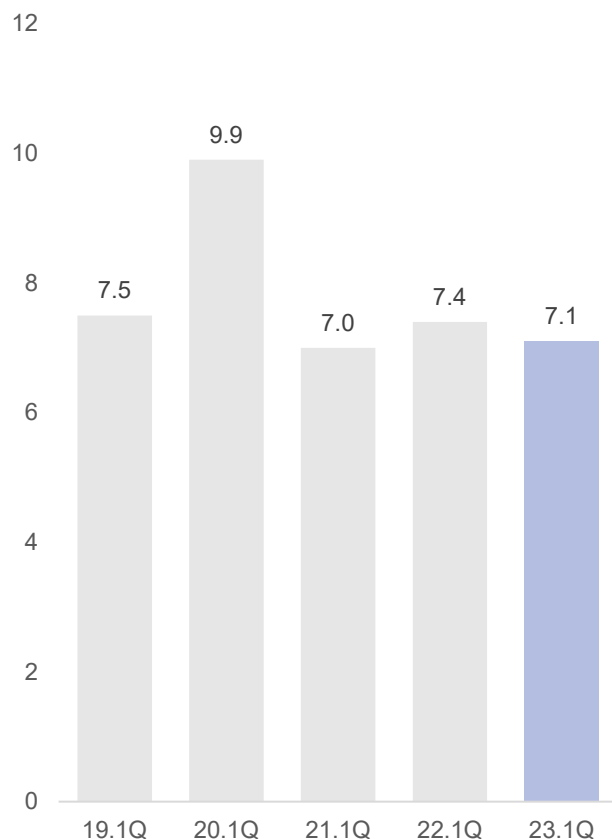
Health & Wellness Business



- SG&A expenses increased significantly due to an increase in utility cost led by the sharp rise in energy prices but were adjusted to an appropriate level by promoting energy conservation and improving the labor hourly efficiency with an automated inventory replenishment system, etc.
- Signs of recovery in cosmetics by an increase in the number of people going out, and inbound demand

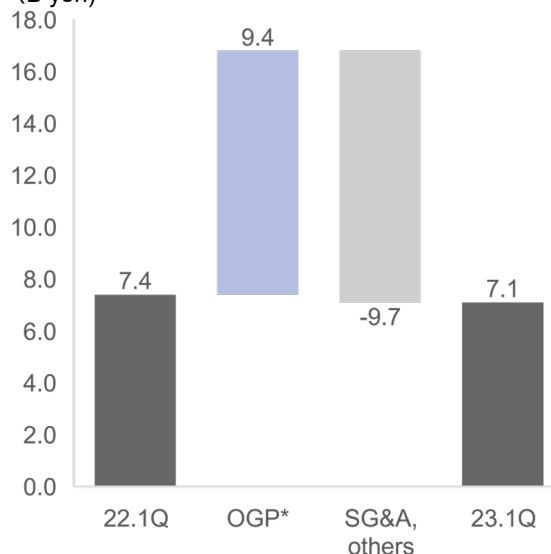
Segment operating profit

(B yen)



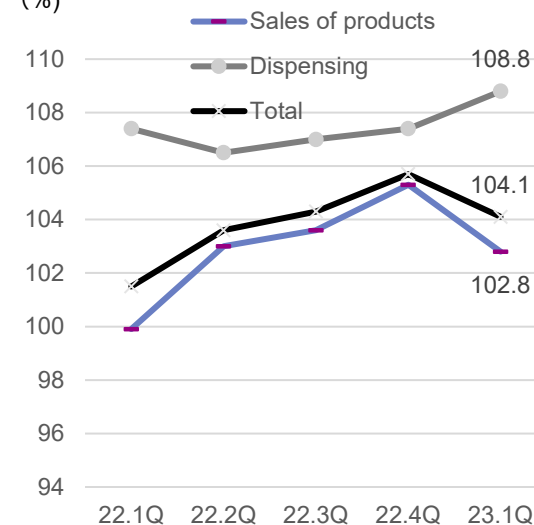
Operating profit +/- factors

(B yen)



Same-store sales of WELCIA HD, YoY

(%)



WELCIA HOLDING's growth strategies

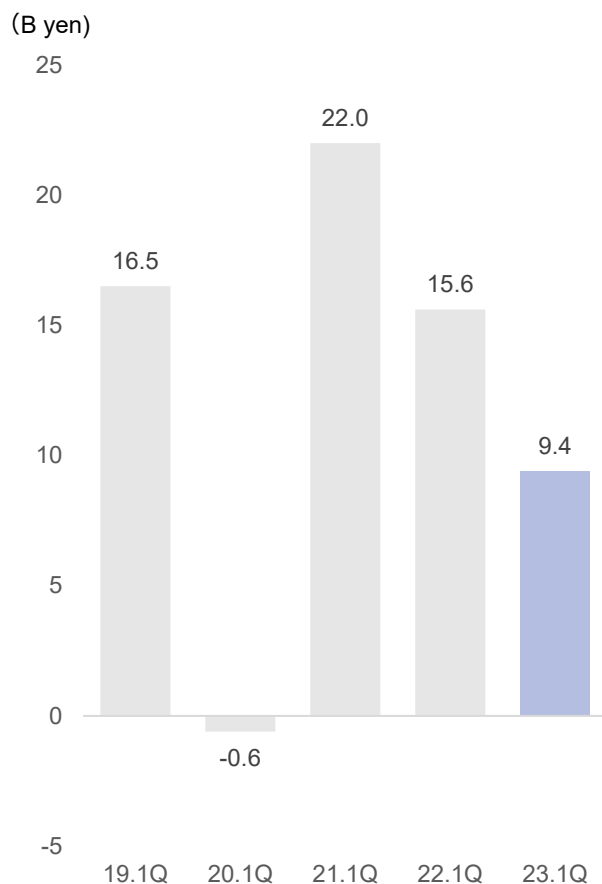
Opened/Closed stores	38/10 stores	No. of group stores in Japan	2,779 stores +28 stores
Drugstores capable of processing prescriptions	2,044 stores 73.2% to total	No. of group stores total	2,791 stores +28 stores

Financial Services Business



- Revenue increased due to expanded transaction volumes and balance of operating receivables in Japan and globally
- As anticipated, the operating profit declined YoY in Japan and globally owing to a rise in expenses related to bad debts.

Segment operating profit



AEON Financial Service Co., Ltd.: Operating profit in Japan and global

(B yen,%)	OP	YoY/ Chg.	Reason
Japan	1.3	51%/-1.4	Decreased due to an increase in point sales promotion expenses and bad debt related expenses, despite an increase in credit card business revenues
Global	8.1	63%/-4.7	Decreased in Mekong and Malay areas due to increase in bad debt related expenses despite increase in revenue

Transaction volumes and balance of operating receivables

(B yen,%)		Transaction volumes	YoY	Balance of operating receivables	Increase in 1Q
Japan	Shopping	1,757.2	109%	1,280.8	+83.3
	Cash advance transaction	100.4	117%	407.8	+12.5
Global	Shopping	99.5	128%	139.9	+4.1
	Cash advance transaction	35.0	114%	138.6	+7.1

AEON Financial Service Co., Ltd.: Results by area*

(B yen,%)	China area	YoY	Mekong area	YoY	Malay area	YoY
Operating revenue	6.7	146%	21.6	107%	16.9	120%
Operating profit	2.1	141%	2.7	52%	3.2	54%
Bad debt related expenses	1.1	203%	8.5	148%	5.2	407%

*China area: China, Hong Kong, Taiwan; Mekong area: Vietnam, Thailand, Cambodia, Laos, Myanmar; Malay area: Malaysia, Indonesia, Philippines, India

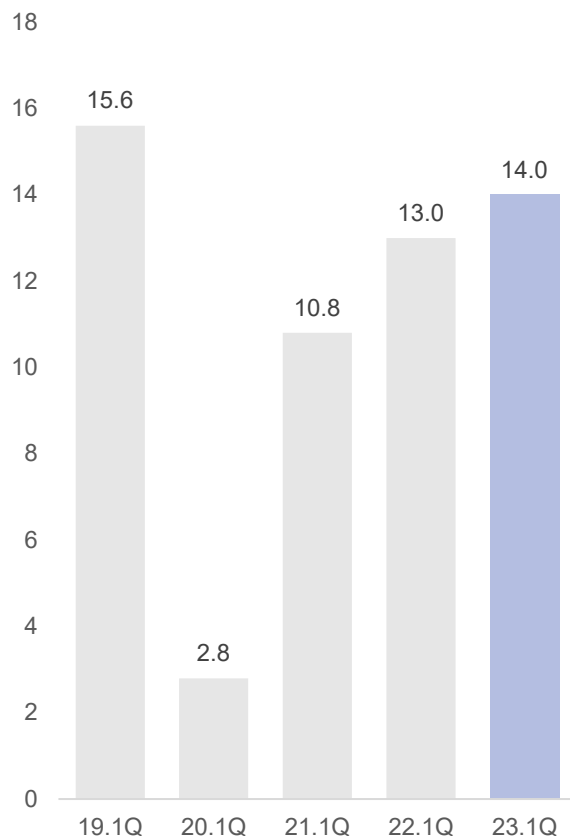
Shopping Center Development Business



- Japan : Capturing the recovery of human flow after COVID-19, tenant sales recovered as expected, resulting in an increase in both revenue and profit.
- Overseas : Operating revenue increased by double-digit and operating income increased, capturing purchasing demand related to the Chinese New Year in various countries.

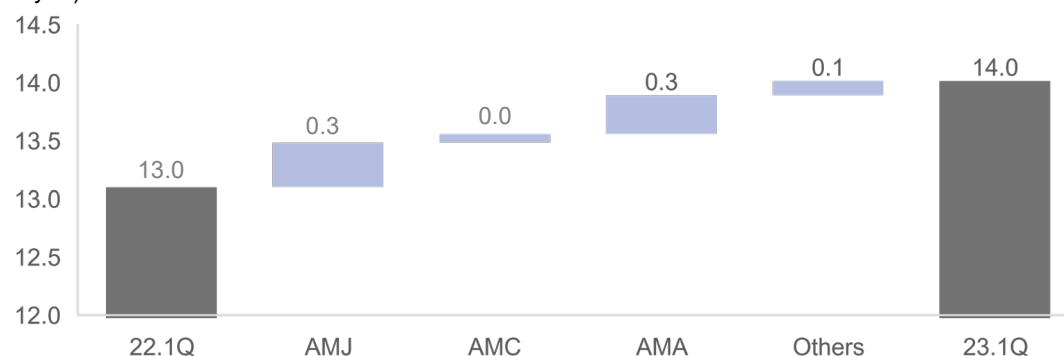
Segment operating profit

(B yen)



Operating profit +/- YoY*1

(B yen)



Specialty store sales

Existing malls by area (%)	YoY	Malls in Japan by business category (%)	YoY
Japan	108.0	Large-scale specialty stores	103.2
China	121.8	Apparel	104.0
Vietnam	125.4	Accessories	105.7
Cambodia	100.7	Miscellaneous goods	102.1
Indonesia*2	120.7	Dining	115.8
		Amusement	123.8
		Services	119.2
		Total	108.7

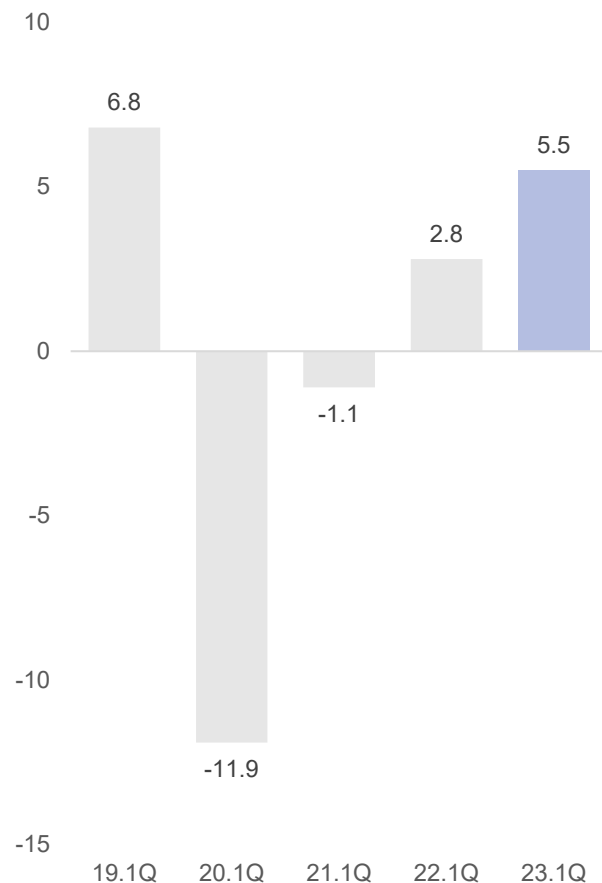
Services & Specialty Store Business



- AEON ENTERTAINMENT CO., LTD experienced an upswing in both revenue and profit driven by a 30% surge in attendance attributed to the allure of blockbuster films.
- GFOOT, which is reforming its profit structure, and COX, which is strengthening its brand power, posted higher-than-expected revenue and profit.

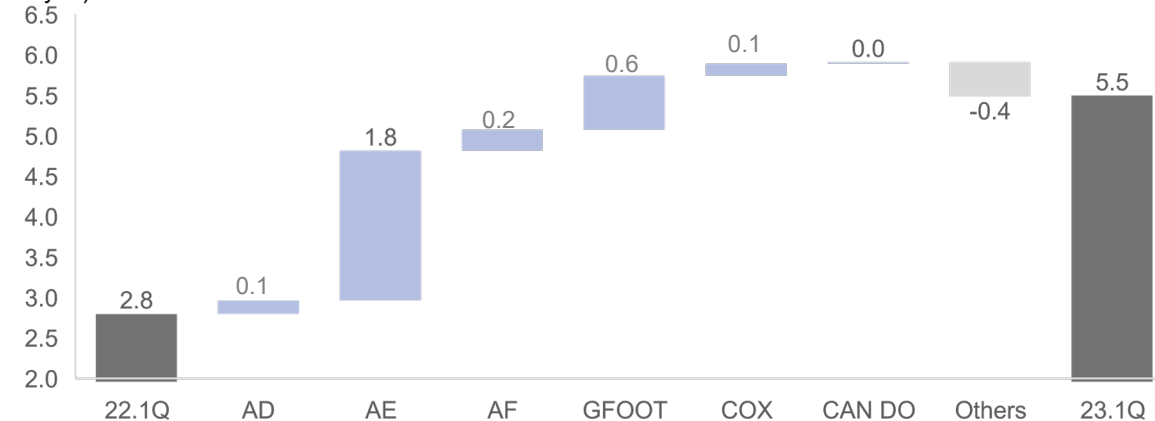
Segment operating profit*1

(B yen)

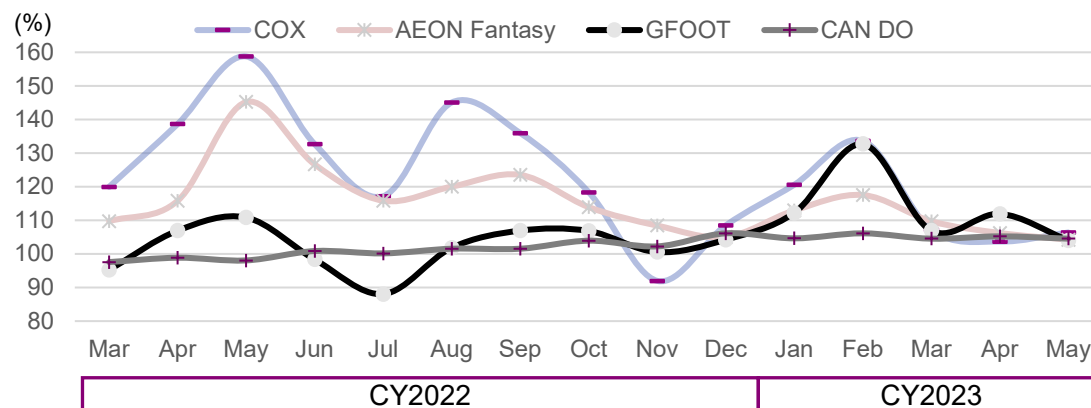


Operating profit +/- *2

(B yen)



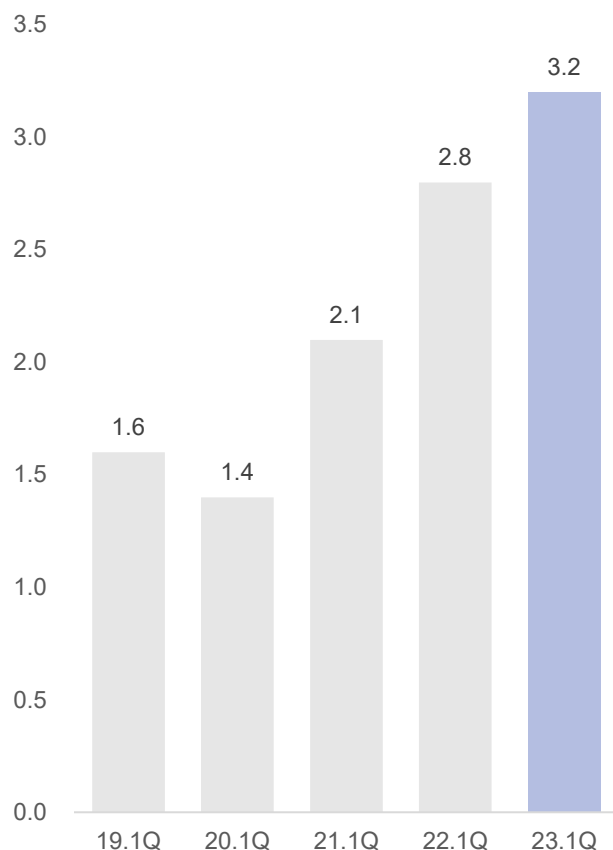
Trends of monthly same-store sales YoY of major listed subsidiaries



- Both China business and AEON CO.(M) BHD. boosted revenue and profit by capturing Chinese New Year demand for travels and return home trips without restrictions on activities, attracting customers to stores and driving strong sales of related products.

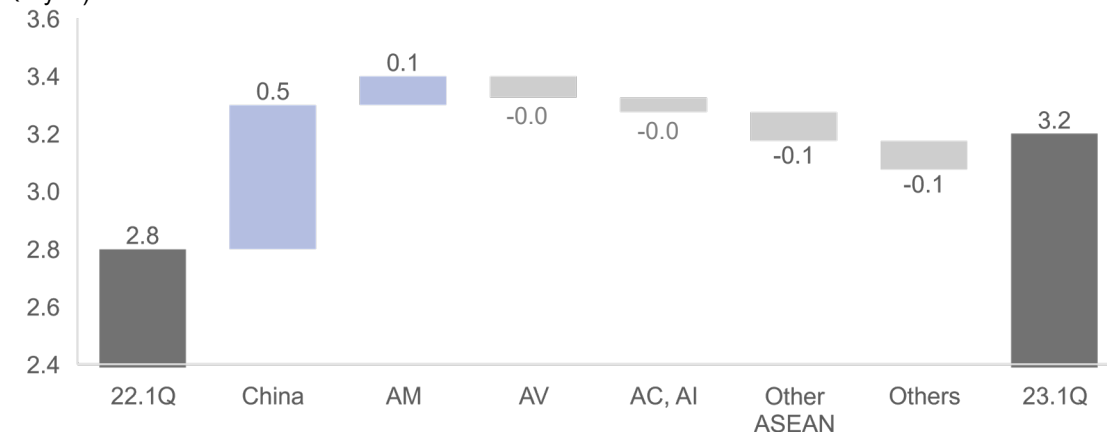
Segment operating profit

(B yen)



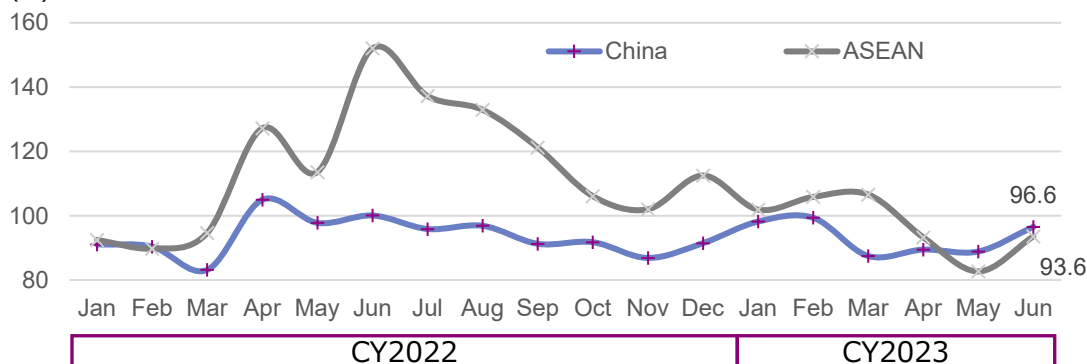
Operating profit +/- *1

(B yen)



Same-store sales YoY in companies in China and ASEAN*2

(%)



	FY2023	FY2023 1Q results
Electricity cost increase	Impact on utility cost +30.0 bn yen YoY	Utility cost +6.0 bn yen YoY <ul style="list-style-type: none"> ✓ Controlling usage ✓ Acceleration of energy generation/saving ✓ Advanced introduction of energy-saving equipment
Wage increase	Impact on labor cost +50.0 bn yen YoY	Labor cost +11.0 bn yen YoY <ul style="list-style-type: none"> ✓ Man-hourly sales improvement by 5% to 8% YoY

FY2023 Forecast



- Unchanged from the announcement on April 12.
- The 1Q results surpassed initial expectations.

(Billion yen, %)

	FY2019	FY2022	FY2023 (Forecast)	YoY/Change
Operating revenue	8,604.2	9,116.8	9,400.0	+3.1%
Operating profit	215.5	209.7	220.0	+10.3
Ordinary profit	205.8	203.6	210.0	+6.4
Profit attributable to owners of the parent	26.8	21.3	25.0	+3.7

Organic

Aiming for 60 billion yen sales
in Gurinai Organic series
(30%*1 of organic product market in Japan)

by 2025



Gurinai

“More peace of mind,
safer for the environment”



Organic & Natural Brands
Pursuing sustainability of the
natural environment

Environmentally friendly 3R products

Switching all TOPVALU products*2
to the 3Rs

by 2025



Examples of appearance of 3R label



*1 Based on the estimates released by the Ministry of Agriculture, Forestry, and Fisheries in 2019, the total amounts to approx. ¥191B. *2 Including products in Apparel and Home Furnishing divisions.



Consolidated Balance Sheet at the End of May 2023



(Billion yen)

Assets (main items only)	Feb. 2023	May 2023	Change from Feb. 2023	Liabilities and net assets (main items only)	Feb. 2023	May 2023	Change from Feb. 2023
Cash & deposits	1,309.7	1,232.6	-77.0	Notes and accounts payable	1,039.9	1,092.9	+53.0
Notes and accounts receivable—trade (incl. installment receivables)	1,877.7	1,995.7	+118.0	Interest-bearing debt (excl. financial subsidiaries)	2,272.2	2,324.9	+52.7
Inventories	596.7	621.8	+25.0	Interest-bearing debt (finance subsidiaries)	1,210.9	1,260.1	+49.2
Operating loans and loans & bills discounted for banking business	2,965.0	3,086.0	+120.9	Deposits for banking business	4,392.2	4,422.2	+30.0
Property, Plant and equipment	3,301.4	3,346.4	+45.0	Total liabilities	10,371.2	10,579.7	+208.4
Investments and other assets	1,002.2	1,032.9	+30.6	Shareholders' equity	908.4	908.6	+0.1
Total assets (excl. financial subsidiaries)	12,341.5 (6,078.0)	12,566.5 (6,219.4)	+224.9 (+141.4)	Total net assets (excl. financial subsidiaries)	1,970.2 (1,544.0)	1,986.7 (1,549.9)	+16.4 (+5.8)
				Total net assets and liabilities (excl. financial subsidiaries)	12,341.5 (6,078.0)	12,566.5 (6,219.4)	+224.9 (+141.4)

- Forecast of 36 yen per share, the same level as FY2022

	FY2022	FY2023 (Forecast)
End of the second quarter	Ordinary dividend 18 yen	Ordinary dividend 18 yen
Fiscal year-end	Ordinary dividend 18 yen	Ordinary dividend 18 yen
Total	Ordinary dividend 36 yen	Ordinary dividend 36 yen

FY2023 1Q Results of Daiei and ex-Daiei GMS



(Billion yen, %)

Business Segment	Company Name	Operating revenue		Operating profit	
		Result	YoY %	Result	YoY change
GMS	AEON Retail store *Former Daiei GMS in Kanto, Kinki, and Nagoya region	24.8	-4.0%	-0.8	+0.0
SM	Daiei	73.4	+3.2%	-0.4	+0.3

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