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FY2023

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# Presentation Materials

April 10, 2024

- Record-high operating profit and ordinary profit, encompassing operating revenue.
- Net income attributable to owners of the parent company more than doubled from the previous fiscal year.

## Consolidated results

(Billion yen)

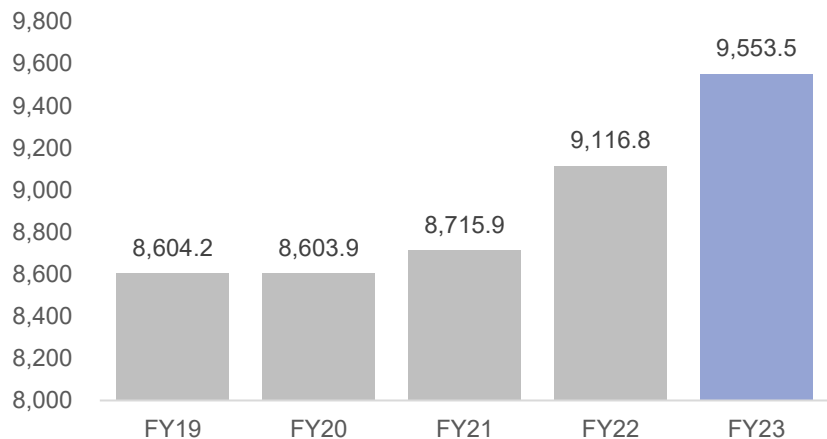
	FY2023 full-year (12 months)			
	FY2023	FY2022	YoY	YoY Change
Operating revenue	9,553.5	9,116.8	+4.8%	+436.7
Operating profit	250.8	209.7	+19.6%	+41.0
Ordinary profit	237.4	203.6	+16.6%	+33.8
Profit attributable to owners of the parent company	44.6	21.3	+109.0%	+23.3

# Consolidated Results-Five Years Trajectory

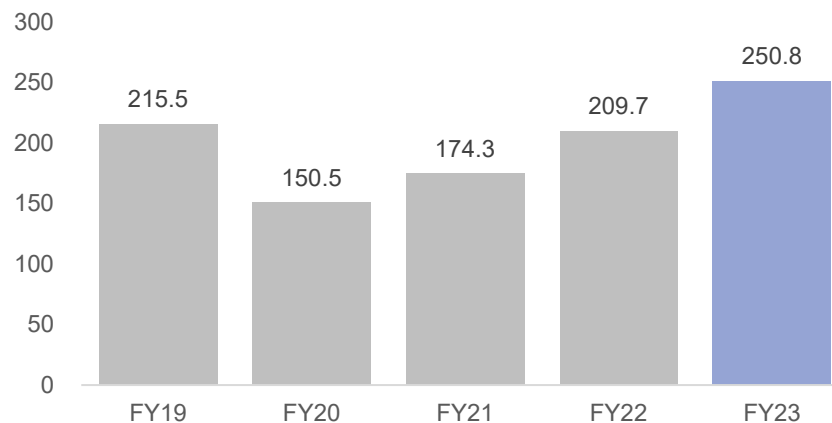


Operating revenue and all types of profit increased for the third consecutive year

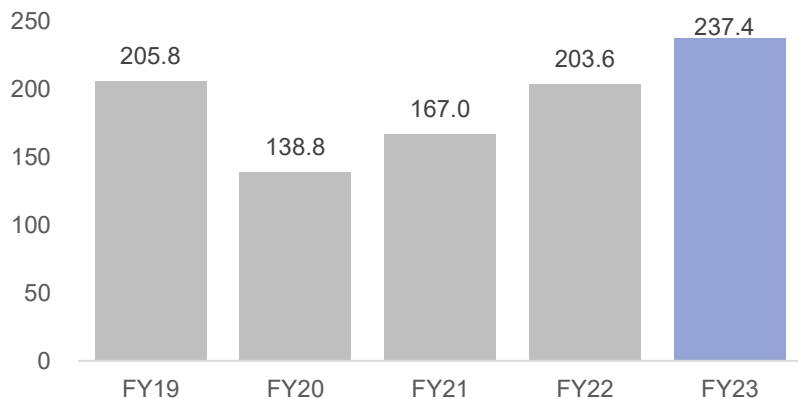
### Operating revenue (Billion yen)



### Operating profit (Billion yen)



### Ordinary profit (Billion yen)



### Profit attributable to owners of the parent company (B yen)



# Results by Segment



Operating revenue : Year-on-year increase in all reportable segments

Operating profit : GMS, Supermarket, and Discount Store Business contributed to an increase of 38.1 billion yen.

## Results by Segment

(Billion yen)

		Operating revenue		Operating profit	
		Actual	YoY	Actual	YoY change
Reportable segments	General Merchandising Store (GMS)	3,389.3	+3.7%	28.3	+14.2
	Supermarket (SM)	2,782.1	+5.3%	41.9	+19.0
	Discount Store (DS)	400.4	+4.4%	8.4	+4.8
	Health & Wellness	1,235.1	+7.4%	42.6	-2.2
	Financial Services	483.5	+6.3%	51.2	-7.8
	Shopping Center Development	468.3	+5.6%	47.3	+2.1
	Services & Specialty Store	797.4	+4.2%	17.2	+7.0
	International	508.7	+2.3%	10.3	-2.4
Other		59.0	+15.7%	-11.5	-7.3
Adjustment		-570.6	-	14.7	+13.7
Consolidated total		9,553.5	+4.8%	250.8	+41.0

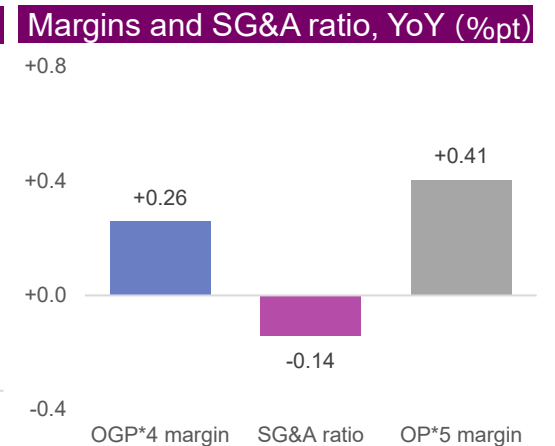
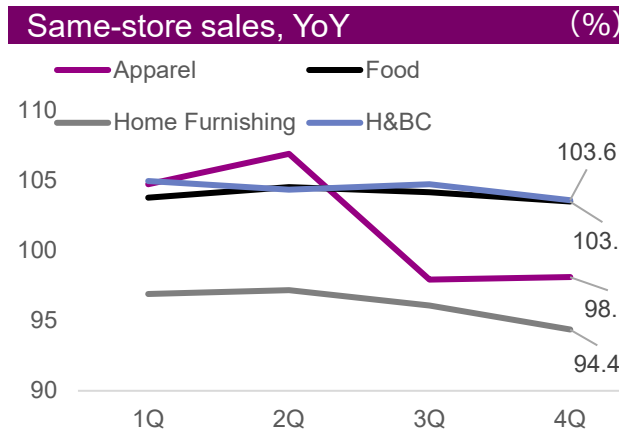
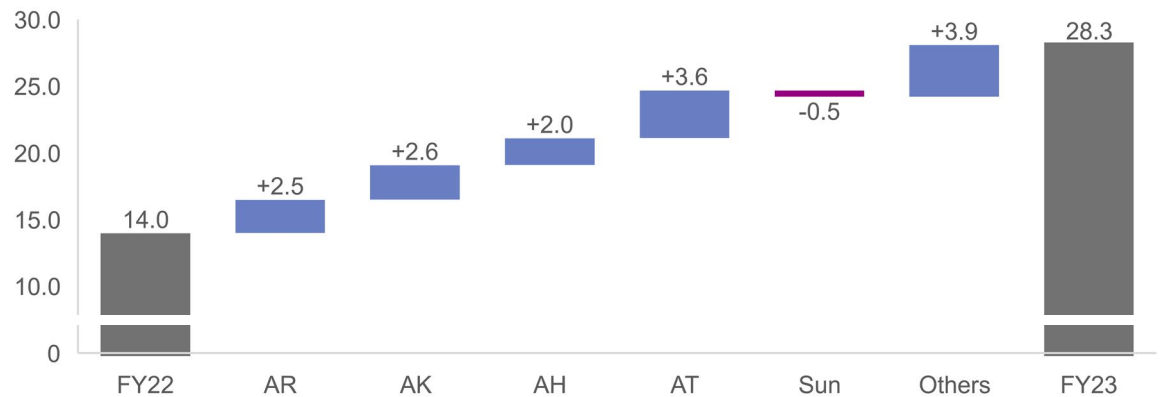
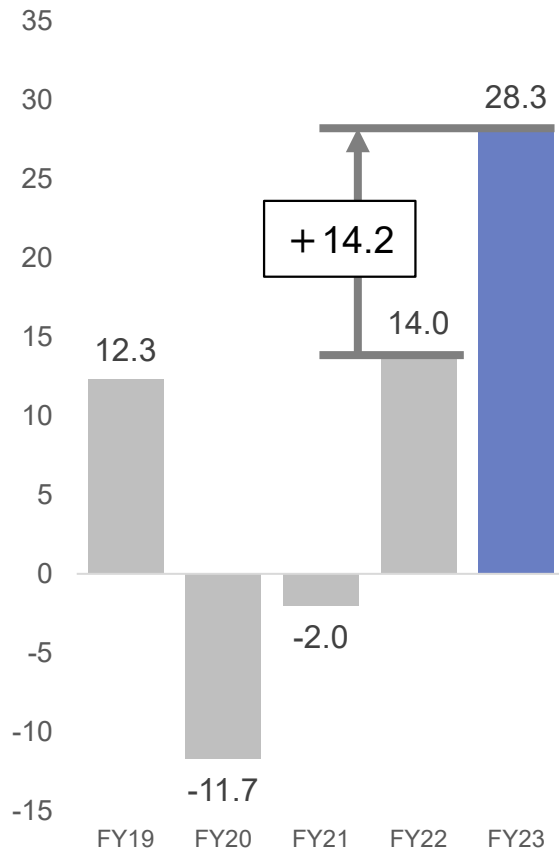
## Results by Segment (Full-year)

# General Merchandising Store (GMS) Business



- The effects of structural reforms and regional reorganization have become apparent, resulting in improved performance for three consecutive fiscal years.
- Strengthened response to consumer polarization in TOPVALU, delicatessen, and fresh food contributed to an increase in gross profit from food products.
- Productivity was enhanced through investments in efficiency improvement, adoption of energy-saving equipment, and procurement of Group electric power, leading to an improved expense ratio.

**Segment operating profit\*1 (Billion yen) | Operating profit +/-\*2,3 (Billion yen)**



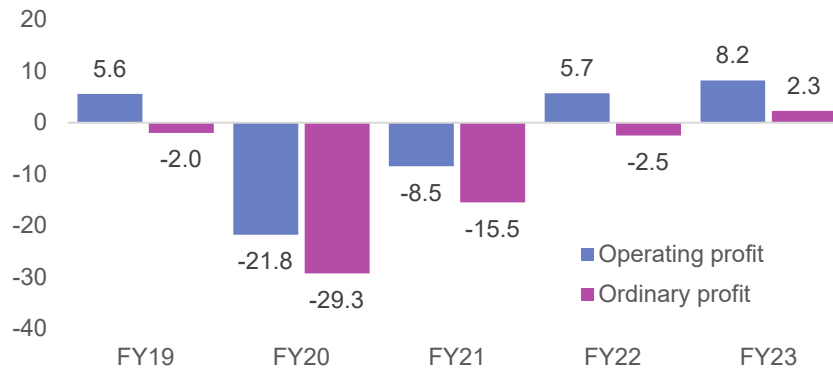
\*1 Prior year results were adjusted for reportable segment transfers. \*2 AR: AEON Retail, AK: AEON KYUSHU, AH: AEON Hokkaido, AT: AEON Tohoku, Sun: SUNDAY \*3 AEON KYUSHU's consolidation started in FY2023, reflecting changes in non-consolidated results. \*4 Operating Gross Profit \*5 Operating Profit

# GMS Business, AEON Retail

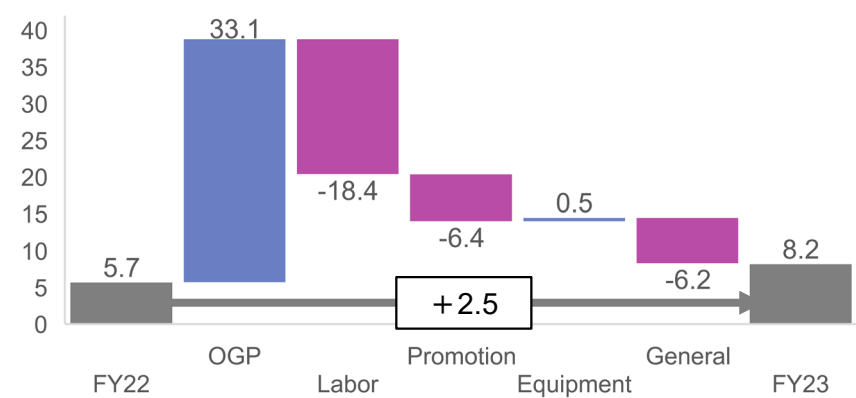


- Operating profit reached 8.2 billion yen, marking a year-on-year increase of 2.5 billion yen thanks to profit structure reforms and productivity improvements through DX.
- Ordinary profit returned to profitability for the first time in five years.
- Mitigated cost increases through the implementation of a product polarization strategy and differentiation in areas of growth, resulting in an increase in gross profit.

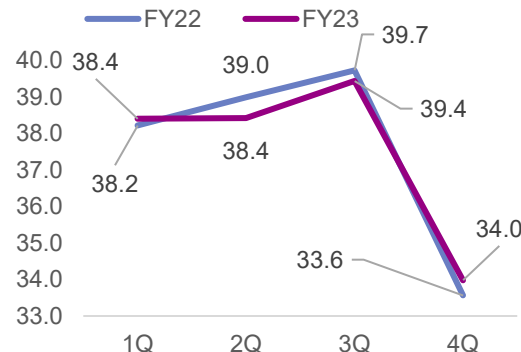
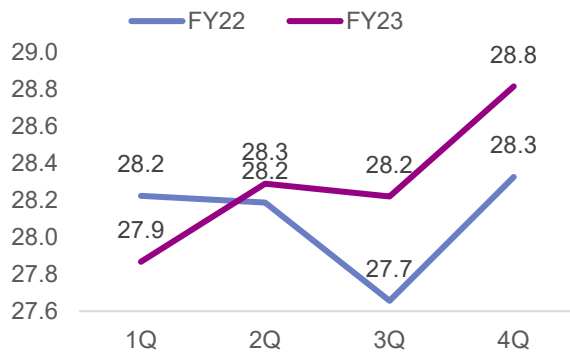
Operating & ordinary profit transition (Billion yen)



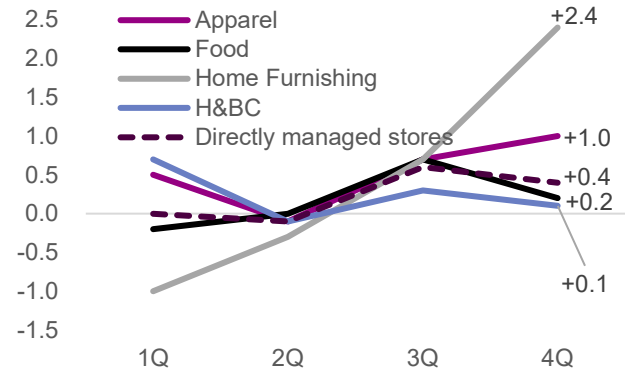
Operating profit +/- factors (Billion yen)



Operating gross profit margin (left) and SG&A ratio to net sales (right) (%)



Gross profit margins\* (%pt)



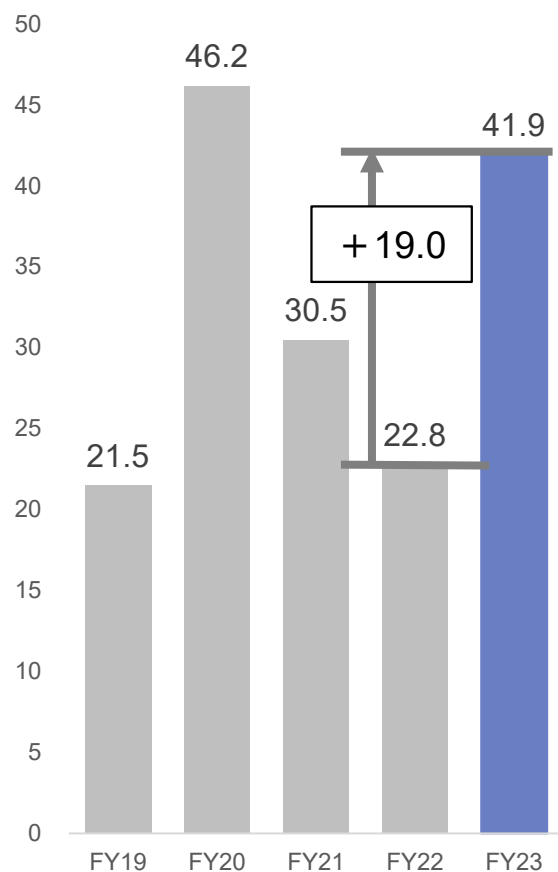
\* Figures are based on management accounting for directly managed stores.

# Supermarket (SM) Business

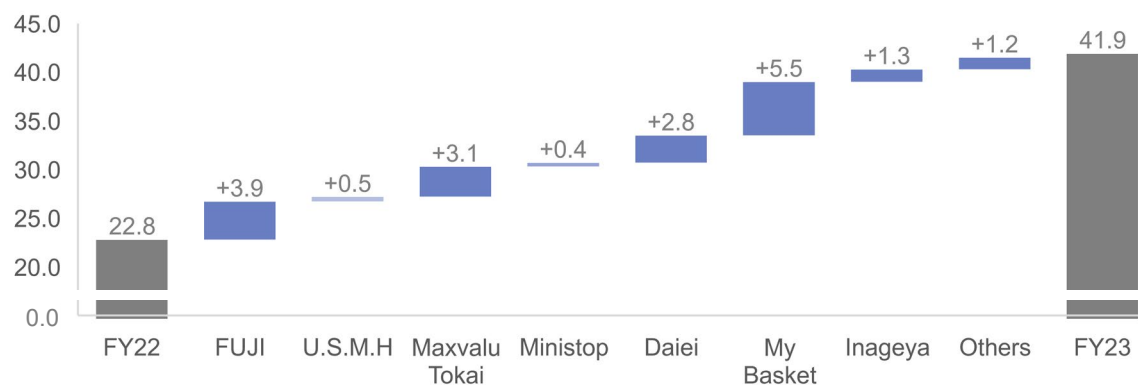


- Fuji and MaxValu Tokai drove segment profit with a 30% increase, while My Basket saw a 3x profit increase YoY.
- Operating gross profit improved due to a strengthened pricing policy and the expansion of PB products with high markup ratio and growing categories.
- Inageya, which became a consolidated subsidiary at the end of November, contributed 1.3 billion yen to profit growth. The revamped FUJI started after the merger of Fuji Retailing and MaxValu Nishinohon in March 2024.

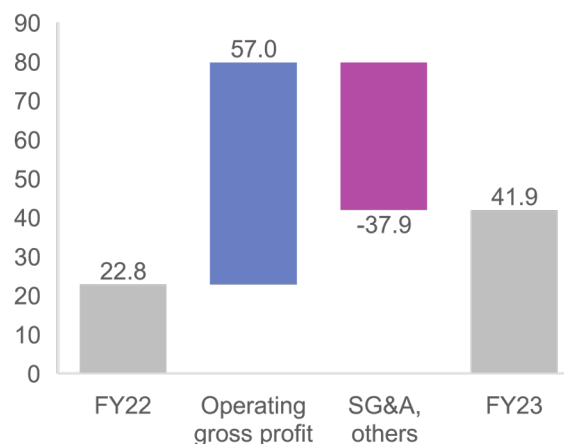
Segment operating profit\*1 (Billion yen)



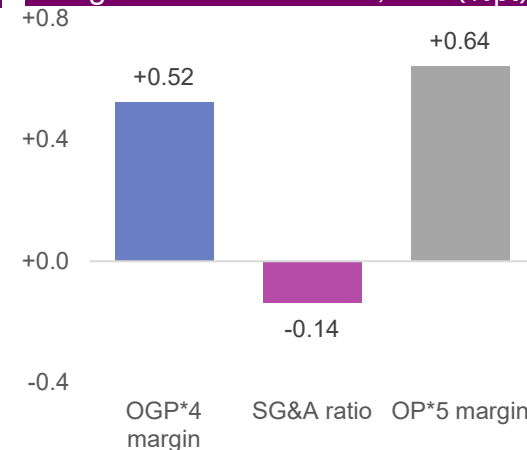
Operating profit +/- by company\*2,3 (Billion yen)



Operating profit +/- factors (Billion yen)



Margins and SG&A ratio, YoY (%opt)



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

\*2 Results of FUJI, U.S.M.H, MaxValu Tokai, Ministop, and Inageya are consolidated in each group. \*3 The number of Inageya indicates the consolidated amount to AEON from Oct. to Dec. 2023. \*4 Operating Gross Profit \*5 Operating Profit

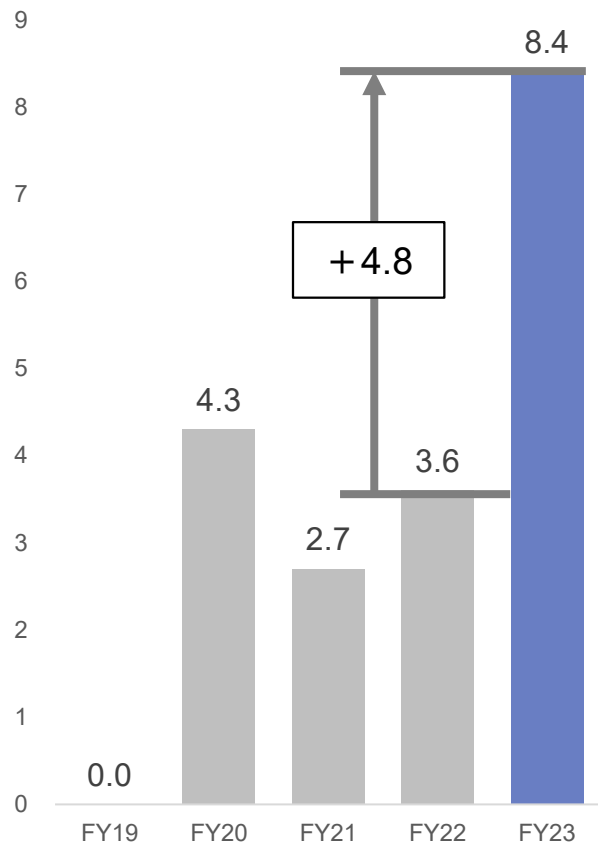


# Discount Store (DS) Business

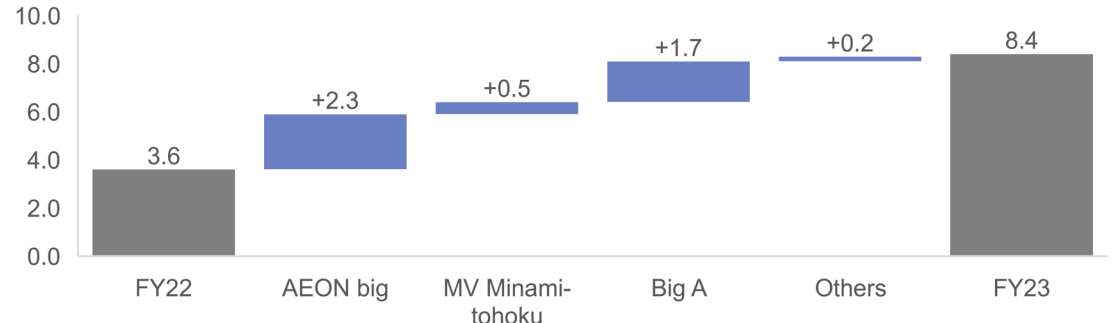


- Operating gross profit saw an increase attributed to the differentiation achieved by PB products exclusively designed for discount stores and the boost in demand for bulk purchases under the EDLP strategy.
- Establishing a DS format aimed at low-cost operations through labor-saving measures and streamlining of store operations
- AEON Big and MaxValu (MV) Minamitohoku merged in March 2024.

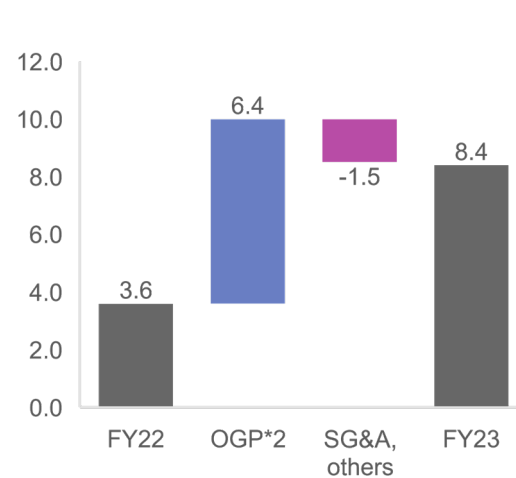
Segment operating profit\*1 (Billion yen)



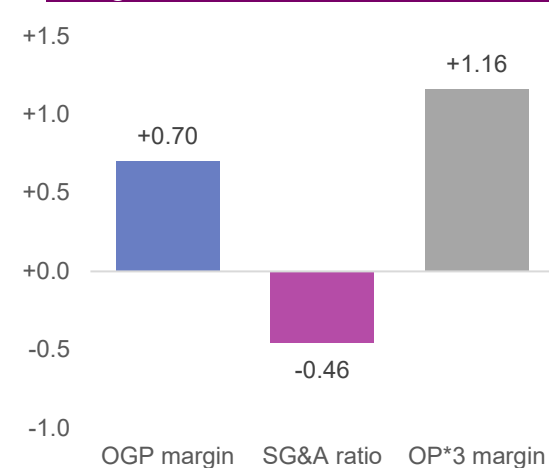
Operating profit +/- by company (Billion yen)



Operating profit +/- factors (B yen)



Margins and SG&A ratio, YoY (%pt)



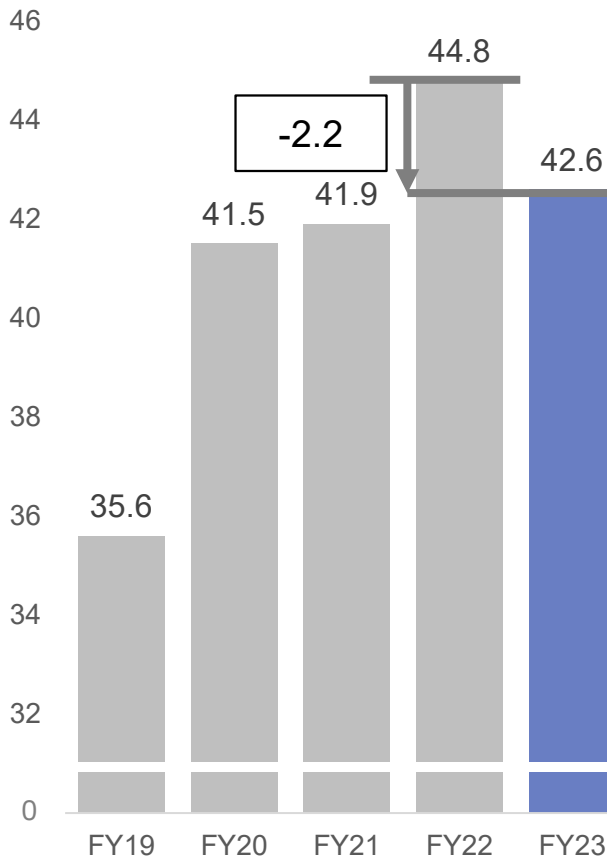
\*1 FY2019 and FY2020 results were adjusted for transfers between reportable segments. The rounded-down actual results for 2019 was 73 million yen. \*2 Operating Gross Profit \*3 Operating Profit

# Health & Wellness Business

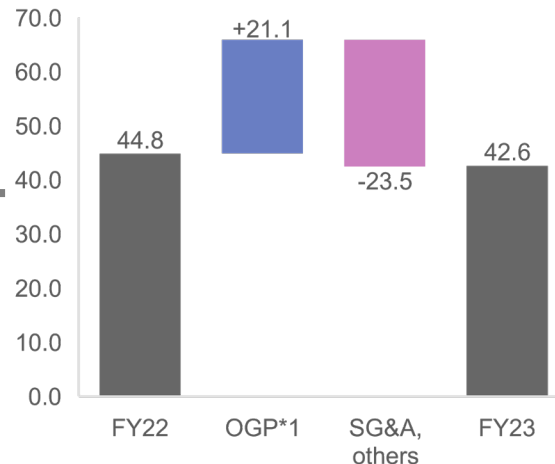


- Profit declined by the demand decrease due to the backlash of COVID-related needs such as inspection kits, but efforts were made to focus on cosmetics and expanding PB sales.
- Operating gross profit fell short of expectations despite efforts to rationalize SG&A expenses through business efficiency improvement.

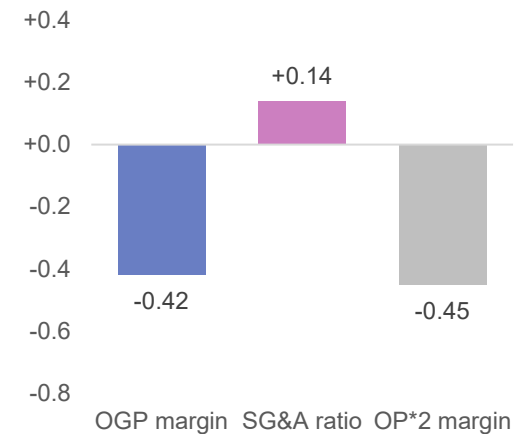
Segment operating profit (Billion yen)



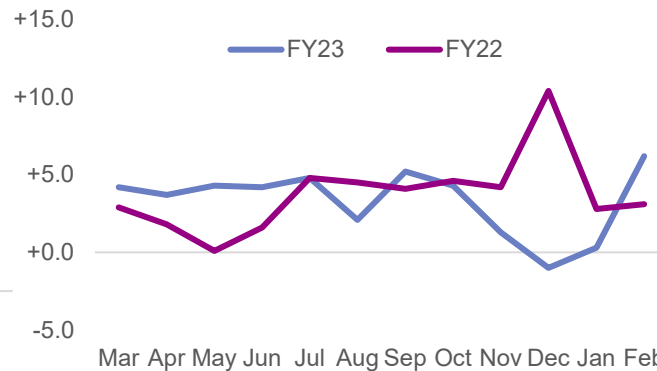
Operating profit +/- factors (Billion yen)



Margins and SG&A ratio, YoY (%pt)



Same-store sales of WELCIA HD, monthly transition and YoY by category (%)



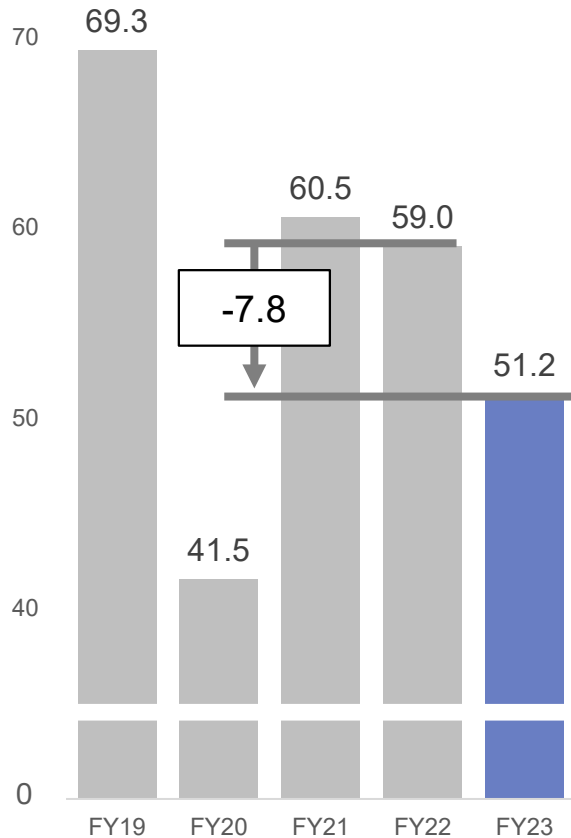
YoY by sales category	
Category	YoY
OTC products	99.3
Cosmetics	108.2
Household goods	105.5
Food products	108.5
Others	101.5
Total sale of products	104.8
Dispensing	112.6
Subtotal	106.4

# Financial Services Business

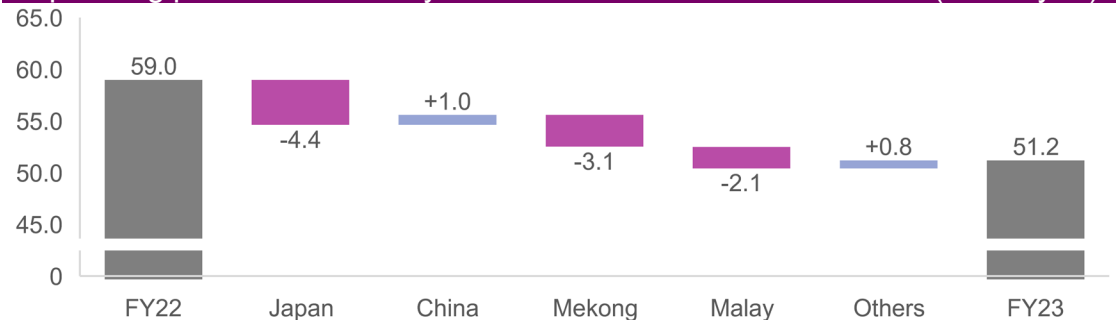


- Operating profit decreased due to higher bad debt-related expenses overseas and higher sales promotion expenses to expand domestic customer base.
- Recovered in the fourth quarter due to initiatives aimed at enhancing credit accuracy and bolstering the debt collection system, coupled with stringent cost management measures.
- Stepping up the expansion of financial services, notably by establishing a finance company as a subsidiary in Vietnam and launching a digital bank in Malaysia.

Segment operating profit (Billion yen)



Operating profit +/- factors by area\*1 (Billion yen)



AEON Financial Service Co., Ltd.: Results by area (Billion yen)

		Japan	YoY	China area	YoY	Mekong area	YoY	Malay area	YoY
Operating profit	4Q	12.2	183%	2.4	92%	5.6	143%	3.5	93%
	FY2023	11.6	68%	8.7	114%	15.8	84%	13.5	86%
Bad debt related expenses	4Q	5.6	87%	2.0	370%	5.6	72%	4.3	106%
	FY2023	22.3	114%	6.8	232%	30.2	108%	20.3	135%

Transaction volumes and balance of operating receivables\*2 (Billion yen)

		Transaction volumes	YoY	Balance of operating receivables	YoY increase
Japan	Shopping	7,081.4	108%	1,304.0	+106.6
	Cash advance transaction	370.8	110%	412.3	+17.0
Global	Shopping	429.3	117%	151.2	+15.3
	Cash advance transaction	149.7	110%	144.6	+13.1

\*1 China area: China, Hong Kong Mekong area: Vietnam, Thailand, Cambodia, Laos, Myanmar

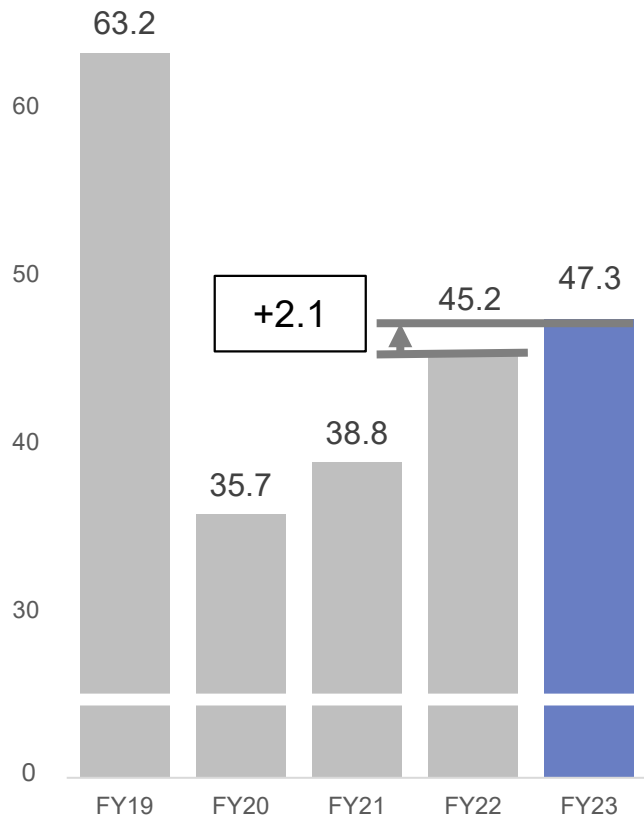
Malay area: Malaysia, Indonesia, Philippines, India \*2 The balance of operating receivables is the value before liquidation,

# Shopping Center Development Business

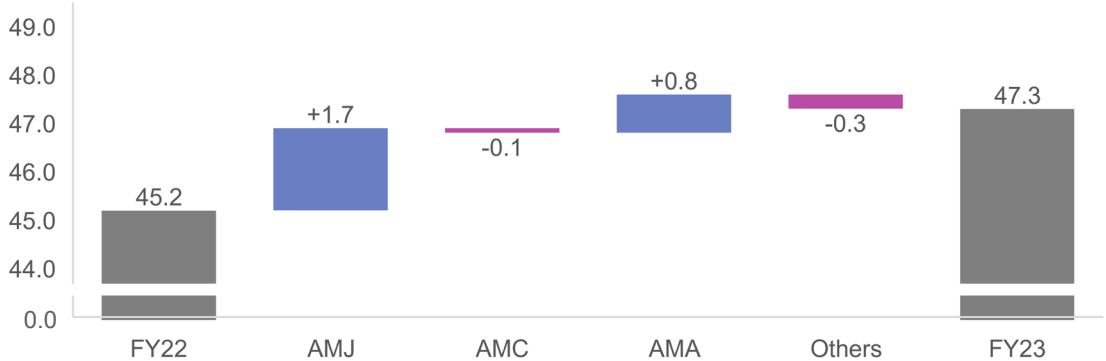


- In Japan, profits rose YoY driven by increased specialty store sales in both rural malls and urban shopping centers, and reached record-high operating profit overseas.
- Profits grew in ASEAN countries, particularly in Vietnam, a top priority area, and Indonesia, where COVID-19 restrictions on movement were relaxed.
- In China, strong performance was observed in Jiangsu and Hubei Provinces, resulting in a real increase of 2.8 billion yen in operating profit, excluding the impact of extraordinary losses booked in the previous year.

Segment operating profit (Billion yen)



Operating profit +/- by company\*1 (Billion yen)



Specialty store sales in malls

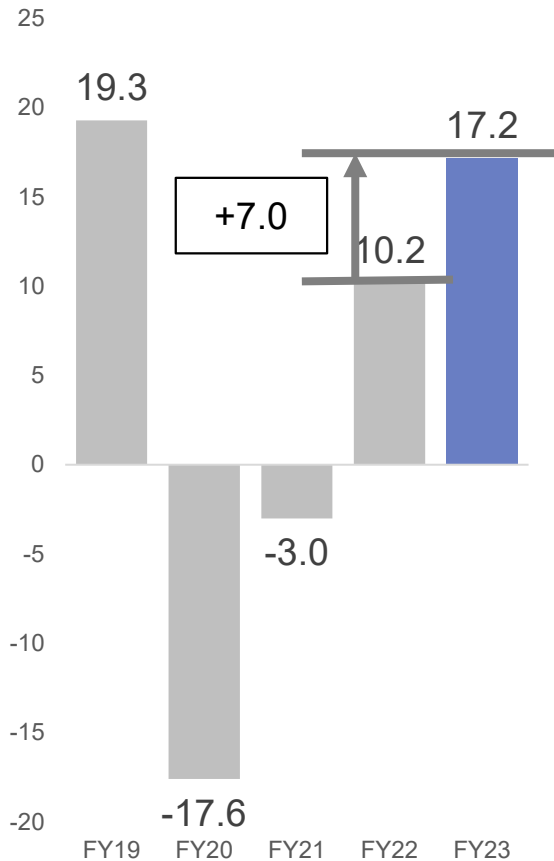
Existing malls by area (%)	YoY	Existing malls in Japan by business category (%)	YoY
Japan	105.6	Large-scale specialty stores	103.1
China	130.3	Apparel	101.5
Vietnam	104.4	Accessories	105.1
Cambodia	90.9	Miscellaneous goods	103.4
Indonesia*2	119.7	Dining	111.6
		Amusement	107.6
		Services	116.0
		Total	106.0

# Services & Specialty Store Business

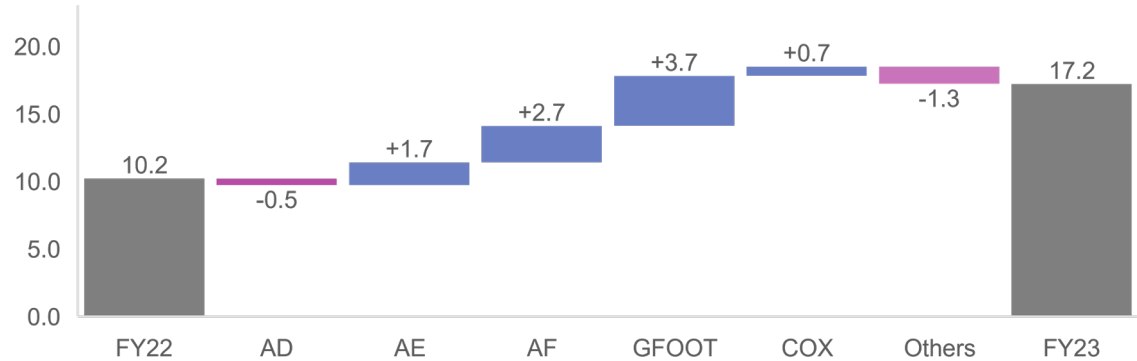


- AEON Fantasy : Sales in Japan saw a notable boost with the introduction of new models for the first time in three years, while operating profit in ASEAN countries reached a record high.
- AEON ENTERTAINMENT : Sales per customer increased due to the success of efforts to reform the profit structure, which is not influenced by the movie lineup.
- COX : Gross profit improved as a result of reductions in the cost of sales stemming from brand enhancement, merchandising reforms, and changes in procurement sources.

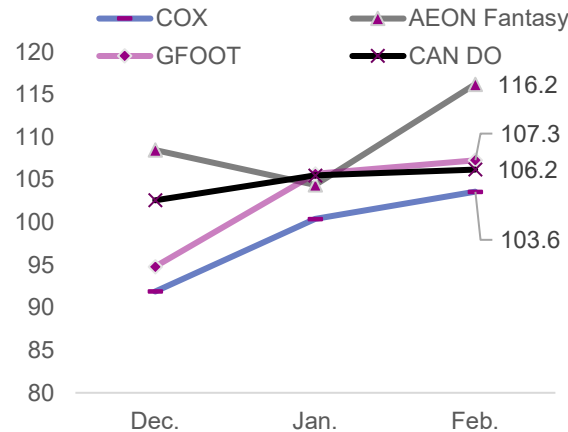
Segment operating profit\*1 (Billion yen)



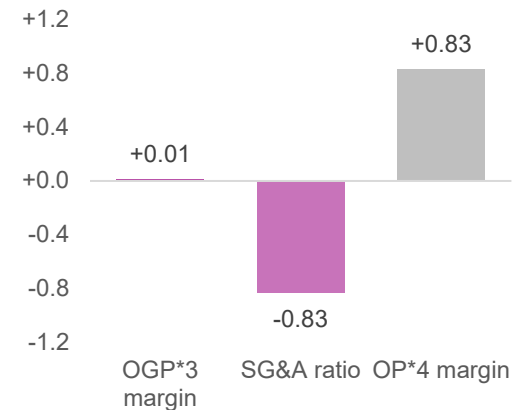
Operating profit +/-\*2 (Billion yen)



Same-store sales of listed subsidiaries, YoY(%)



Margins and SG&A ratio, YoY (%pt)



\*1 FY2019 results exclude the impact of Kajitaku. \*2 AD:AEON DELIGHT, AE: AEON ENTERTAINMENT, AF: AEON Fantasy. Year-on-year changes for CAN DO are not disclosed due to the change in its fiscal year-end.

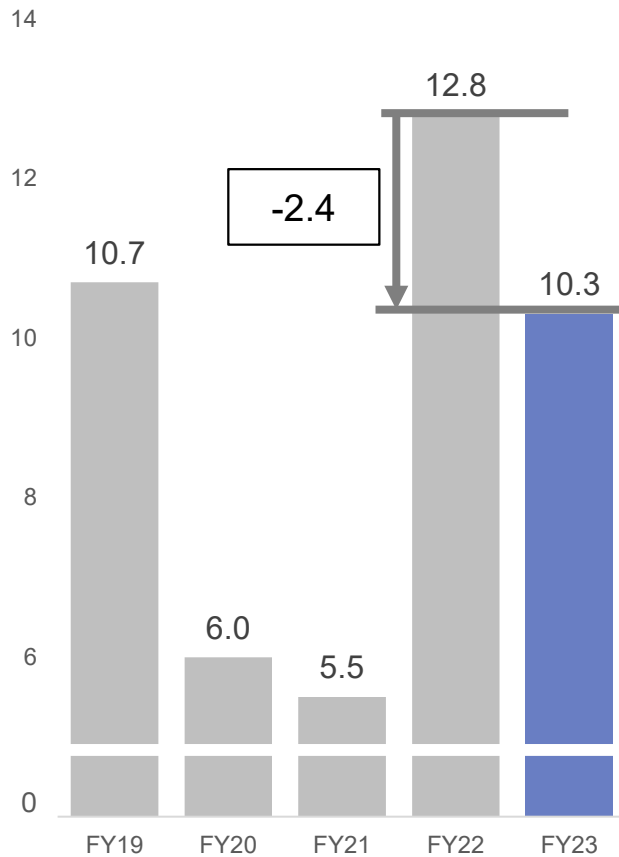
\*3 Operating Gross Profit \*4 Operating Profit

# International Business



- ASEAN : Despite lower operating profit attributable to higher labor and equipment costs accompanying inflation, tenant occupancy rates in Malaysia showed signs of improvement. Additionally, food product sales grew significantly in Vietnam due to the expansion of TOPVALU's product lineup, along with strengthened local development and production of non-food private brand products.
- China : Profitability improved due in part to the lifting of the zero COVID-19 policy, although there are differences between areas.

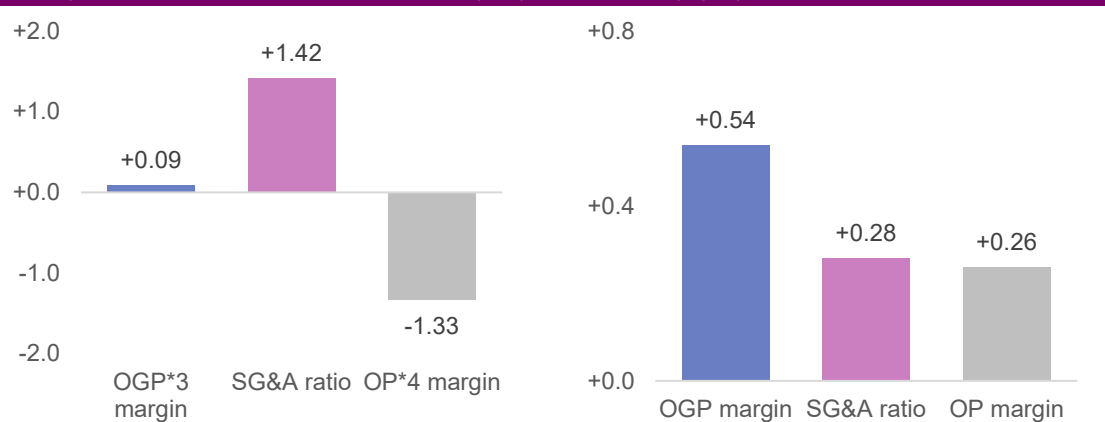
Segment operating profit (Billion yen)



Operating profit +/- \*1 (Billion yen)



Margins and SG&A ratios in ASEAN (left) and China (right)\*2, YoY (%pt)



\*1 China: Business in China, AM: AEON CO.(M), AV: AEON VIETNAM, AC: AEON (CAMBODIA), AI: AEON INDONESIA, Other ASEAN: Other 4 companies in ASEAN \*2: ASEAN: AEON CO.(M), AEON BIG (M), AEON (Thailand), AEON VIETNAM; China: AEON STORES (HONG KONG), AEON EAST CHINA (SUZHOU), 青島永旺東泰商業, GUANGDONG AEON TEEM, 永旺商業, AEON SOUTH CHINA, AEON (HUBEI), \*3 Operating Gross Profit \*4 Operating Profit

# Outlook for fiscal year 2024

Expecting record high operating profit and ordinary profit accompanied by operating revenue of 10 trillion yen.

(Billion yen)

	FY2023	FY2024		
	Actual	Forecast	YoY	Change
Operating revenue	9,553.5	<b>10,000.0</b>	<b>+4.7%</b>	<b>+446.4</b>
Operating profit	250.8	<b>270.0</b>	<b>+7.6%</b>	<b>+19.1</b>
Ordinary profit	237.4	<b>260.0</b>	<b>+9.5%</b>	<b>+22.5</b>
Profit attributable to owners of the parent company	44.6	<b>46.0</b>	<b>+2.9%</b>	<b>+1.3</b>



Expecting from 500 bn to 550 bn yen of investment for FY2024

(Billion yen)

		Previous MTMP average*	FY2023 estimated*	FY2024 plan	Ongoing MTMP average
Total investment		450.8	396.2	<b>500.0-550.0</b>	400.0-450.0
Breakdown	Stores (Japan)	71%	53%	<b>50%</b>	40%
	Stores (Overseas)	13%	19%	<b>25%</b>	25%
	Digital & Logistics	16%	28%	<b>25%</b>	35%

\*Total amount excluding pledged deposits

# Dividend



- Commemorative dividend for the 50th anniversary of the Company's listing will be paid.
- Forecasting dividend of 40 yen per year, ordinary dividend of 36 yen and commemorative dividend of 4 yen.

	FY2023	FY2024 (Forecast)
End of the second quarter	Ordinary dividend 18 yen	Ordinary dividend 18 yen Commemorative dividend 2 yen
Fiscal year-end	Ordinary dividend 18 yen	Ordinary dividend 18 yen Commemorative dividend 2 yen
Total	Ordinary dividend 36 yen	Ordinary dividend 36 yen Commemorative dividend 4 yen

The AEON logo is centered on a white background. It features the word "AEON" in a bold, purple, sans-serif font. A purple, three-dimensional ring with a gradient from light to dark purple is positioned horizontally, passing through the middle of the letters "E" and "O".

**AEON**

# Consolidated Balance Sheet at the End of February 2024



(Billion yen)

Assets (main items only)	Feb. 2023	Feb. 2024	Change from Feb. 2023	Liabilities and net assets (main items only)	Feb. 2023	Feb. 2024	Change from Feb. 2023
Cash & deposits	1,309.7	1,165.5	-144.1	Notes and accounts payable	1,039.9	1,073.1	+33.2
Notes and accounts receivable—trade (incl. installment receivables)	1,877.7	1,957.4	+79.6	Interest-bearing debt (excl. financial subsidiaries)	2,272.2	2,402.7	+130.5
Inventories	596.7	625.2	+28.5	Interest-bearing debt (finance subsidiaries)	1,210.9	1,312.9	+102.0
Operating loans and loans & bills discounted for banking business	2,965.0	3,222.8	+257.7	Deposits for banking business	4,392.2	4,533.2	+141.0
Property, Plant and equipment	3,301.4	3,414.9	+113.5	Total liabilities	10,371.2	10,853.6	+482.3
Investments and other assets	1,002.2	1,105.7	+103.4	Shareholders' equity	908.4	913.3	+4.9
Total assets [excl. financial subsidiaries]	12,341.5 [6,078.0]	12,940.8 [6,400.6]	+599.3 [+322.5]	Total net assets [excl. financial subsidiaries]	1,970.2 [1,544.0]	2,087.2 [1,621.5]	+116.9 [+77.4]
				Total net assets and liabilities [excl. financial subsidiaries]	12,341.5 [6,078.0]	12,940.8 [6,400.6]	+599.3 [+322.5]

# FY2023 Consolidated Cash Flow Statement



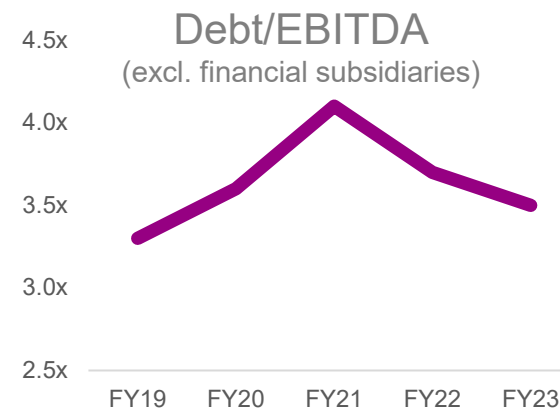
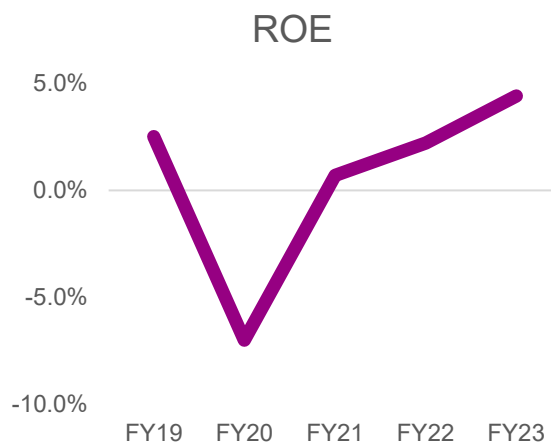
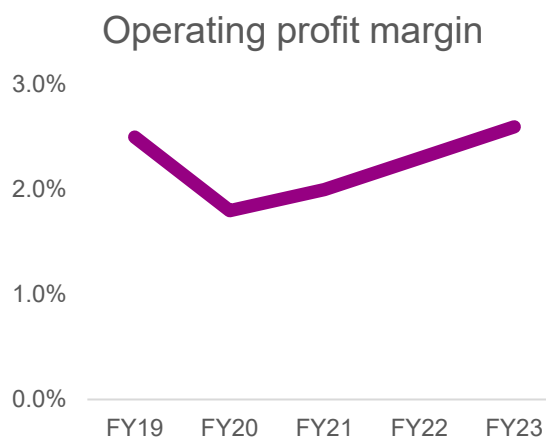
(Billion yen)

Main items only		FY2022	FY2023	YoY change
<b>Cash Flow from Operating Activities</b> [Except for increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business]		<b>433.7</b> <b>[305.9]</b>	<b>368.4</b> <b>[455.1]</b>	<b>-65.2</b> <b>[+149.1]</b>
	Income before income taxes	168.3	181.4	+13.1
	Depreciation	321.0	328.4	+7.3
	Increase (decrease) in working capital	-168.0	-58.4	+109.6
	Increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business	127.7	-86.6	-214.4
	Payment for corporate taxes	-73.9	-84.7	-10.7
	Other-net	58.5	88.4	+29.8
<b>Cash Flow from Investing Activities</b>		<b>-335.1</b>	<b>-508.8</b>	<b>-173.7</b>
	CAPEX	-370.8	-396.2	-25.3
	Sales of tangible fixed assets	28.8	28.7	-0.1
	Other-net	6.8	-141.3	-148.2
<b>Cash Flow from Financing Activities</b>		<b>1.8</b>	<b>-15.8</b>	<b>-17.7</b>
Increase in cash and cash equivalents		111.5	-150.3	-261.8

# Consolidated Financial Indicators



	FY2019	FY2020	FY2021	FY2022	FY2023	FY2025 (Plan)
Operating profit margin	2.5%	1.8%	2.0%	2.3%	<b>2.6%</b>	3.5%
ROE	2.5%	-7.0%	0.7%	2.2%	<b>4.4%</b>	7% or more
Debt/EBITDA (excl. financial subsidiaries)	3.3x	3.6x	4.1x	3.7x	<b>3.5x</b>	2.5x or less



# Investment by Business Segment in FY2023



(Billion yen)

	FY2023	YoY change
Consolidated total	396.2	+25.3
General Merchandising Store (GMS)	74.6	+2.0
Supermarket (SM)	64.7	-2.6
Discount Store (DS)	5.1	+0.4
Health & Wellness	19.0	+0.2
Financial Services	48.9	+8.5
Shopping Center Development	113.7	-0.2
Services & Specialty Store	25.0	+7.8
International	23.1	+14.5
Others	15.5	-5.0

# FY2023 Results of Daiei and ex-Daiei GMS



(Billion yen)

Business Segment	Company Name	Operating revenue		Operating profit	
		Actual	YoY %	Actual	YoY change
GMS	AEON Retail store *Former Daiei GMS in Kanto, Kinki, and Nagoya region	100.2	-3.5%	-2.3	+1.1
SM	Daiei	304.5	+4.4%	-1.0	+2.8



## YoY Impact on consolidated financial results\*

Rising electricity costs	Impact on utility costs	+¥10.0bn	
The 2024 problem in logistics	Impact on Group logistics cost	+¥4.0bn	
Wage increase	Impact on labor cost	+¥65.0bn	
	Breakdown:		
	Normal increase		+¥15.0bn
	Strategical increase		+¥50.0bn

# KPIs in AEON Retail, Impact of Cost Increase



TOPVALU sales YoY	107.5%	Man-hour productivity YoY	105.6%
Inventory* <sup>1</sup>	¥122.8bn +¥10.5bn YoY	Wage increase YoY	+¥9.9bn* <sup>3</sup>
Tenant rent revenue YoY	+¥2.6bn	Utility cost decrease YoY	-¥4.2bn
Sales in EC channel YoY	107.2%	Online supermarket	270 stores
AI order	Daily* <sup>2</sup> : 357 stores	AI camera (Aittend)	77 stores 594 sales floors
Regi Go (Full self-checkout)	204 stores	Mal board* <sup>4</sup>	324 stores
Semi-self checkout	354 stores	AI kakaku (AI price)	Delicatessen: 346 stores Daily: 322 stores

Status at 367 AEON Retail Co., Ltd. stores as of the end of February 2024 \*<sup>1</sup> The impact of introducing SPA operation in the Apparel and Home Furnishing category is evident from FY2023 onwards. \*<sup>2</sup> Five limited category in Daily division \*<sup>3</sup> Including impact of revision of minimum wage \*<sup>4</sup> Digital signage tools for information sharing

Reference 7

# Disclaimer regarding Forecast Statement

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