



FY2024 2Q (First Half)

Presentation Materials

AEON CO., LTD

October 9, 2024

Consolidated Results (First Half of Fiscal 2024)



- Operating revenue has hit an all-time high for four consecutive quarters and is on track to meet the full-year forecast of 10 trillion yen.
- However, the first quarter's YoY gap could not be recovered due to a decrease in operating profit and other profit levels.

Consolidated Results

(Billion)

1st Half of Fiscal 2024

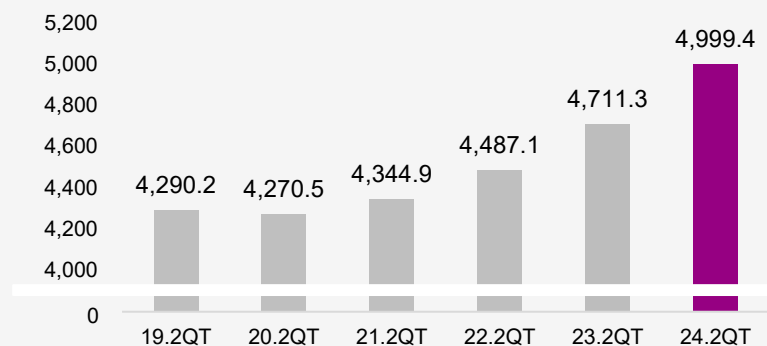
	FY2024 1H	FY2023 1H	YoY %	YoY change
Operating revenue	4,999.4	4,711.3	6.1%	+288.1
Operating profit	98.6	117.6	-16.2%	-19.0
Ordinary profit	89.8	111.9	-19.7%	-22.0
Profit attributable to owners of the parent company	5.4	23.3	-76.5%	-17.8

Consolidated Results (First Half of Fiscal 2024)

- Operating revenue has hit an all-time high for four consecutive quarters, and operating profit is at a level second only to last year's record high.
- Net income attributable to the parent company decreased significantly from the previous two fiscal years, when there were special factors.

Operating revenue

(Billion)



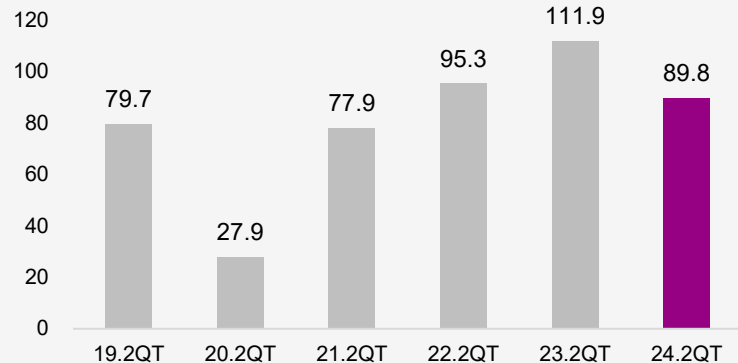
Operating profit

(Billion)



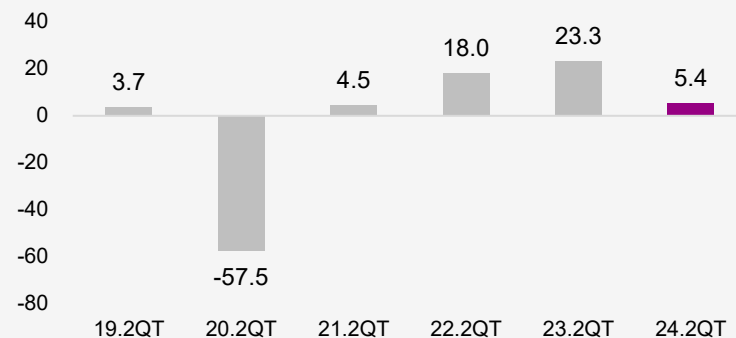
Ordinary profit

(Billion)



Profit/loss attributable to owners of the parent company

(Billion)



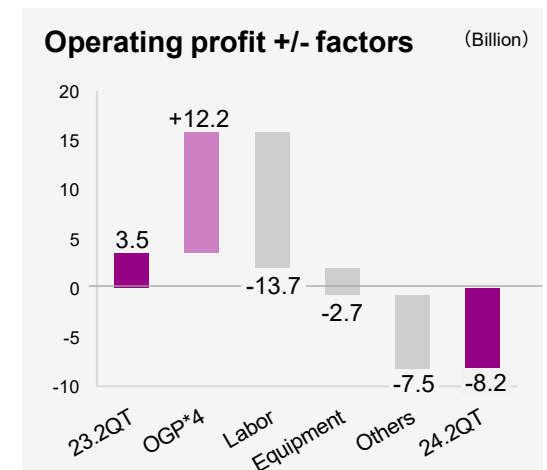
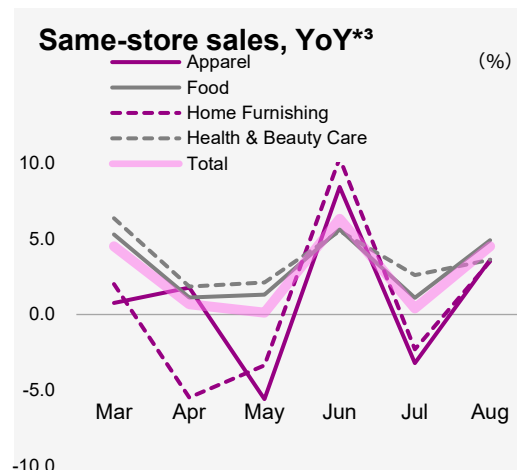
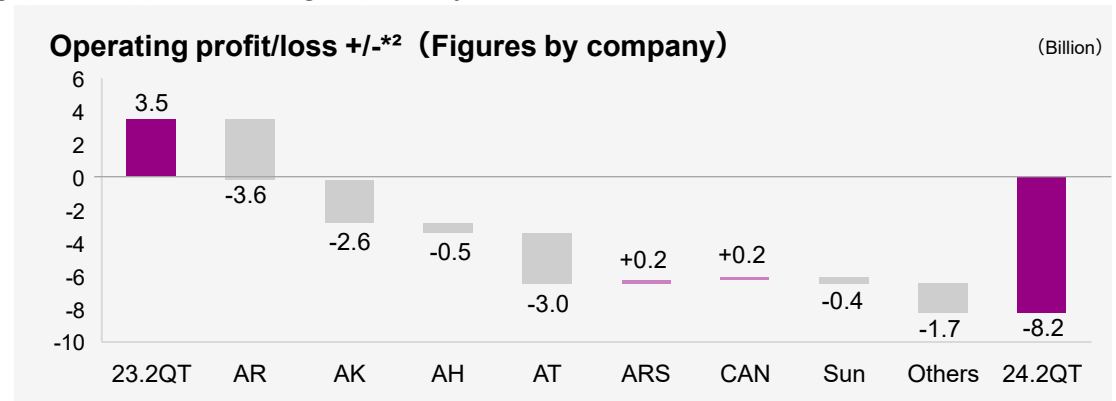
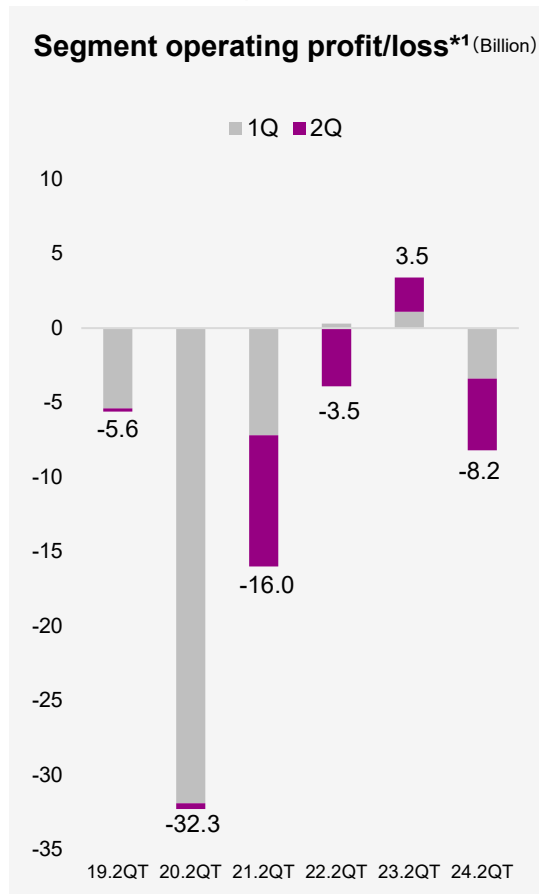
- Operating revenue: Year-on-year increase in all segments.
- Operating profit: Year-on-year increase in the Financial Service, Shopping Center Development and Services & Specialty Store, reflecting a recovering trend in Japan.

Results by Segment					(Billion)
		Operating revenue		Operating profit	
		Amount	YoY %	Amount	YoY change
S e g m e n t	General Merchandising Store (GMS)	1,755.2	2.6%	-8.2	-11.7
	Supermarket (SM)	1,499.8	10.8%	10.3	-6.1
	Discount Store (DS)	204.1	1.8%	3.9	-0.2
	Health & Wellness	657.4	7.1%	18.4	-5.7
	Financial Services	255.2	7.4%	27.4	+5.8
	Shopping Center Development	246.7	5.8%	27.3	+2.2
	Services & Specialty Store	366.8	1.1%	14.1	+2.5
	International	273.8	7.5%	4.9	-0.8
Others		32.6	17.9%	-4.2	-0.4
Adjustment amount		-292.6	-	4.2	-4.4
Consolidated total		4,999.4	6.1%	98.6	-19.0

Results by Segment (First Half)

General Merchandising Store (GMS) Business

- Earnings declined at AEON Retail and other regional GMS companies, as well as at SUNDAY, while earnings increased at AEON Retail Store. and CAN DO.
- Despite a YoY decline in sales and customers due to reduced 'revenge consumption' and a frugal mindset, sales rose due to the pricing strategy.
- In the second half, the company aims to boost gross profit amount by introducing new or refreshed TOPVALU products and enhancing price appeal through quantity increases.



*1 Prior year results were adjusted for reportable segment transfers

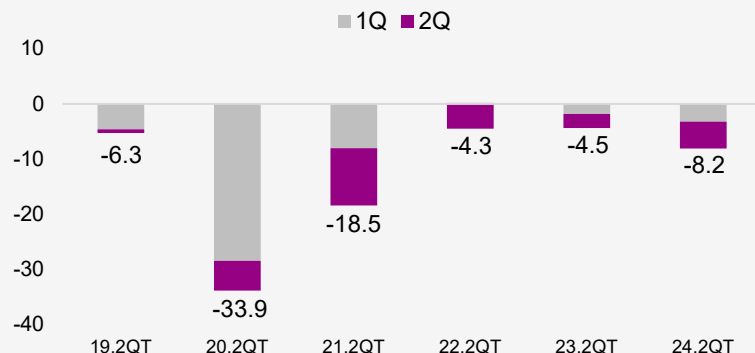
*2 AR:AEON Retail (separate), AK:AEON KYUSHU (cons.), AH:AEON Hokkaido (separate), AT:AEON Tohoku (separate), ARS: AEON Retail Store (ex. Daiei), CAN:CANDO (cons., segment changed), Sun: SUNDAY (cons.)

*3 Managerial accounting figures from 14 major GMS companies *4 OGP stands for Operating Gross Profit and will be used consistently in the following slides. Copyright 2024 AEON CO., LTD. All Rights Reserved.

- Sales and customer numbers are growing as expected, but there's still room to improve the gross profit margin.
- In the second half, accelerating merchandise reform in non-food categories. For food, enhancing time-based production planning and strengthening sales of TOPVALU and other products that contribute to gross profit.
- Expanding AI tool use to boost productivity, and strengthen sales capabilities through reallocating man-hours to sales floor operations.

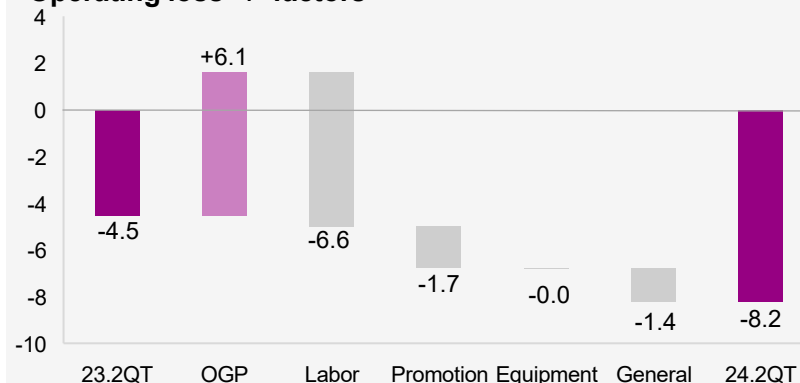
Operating loss

(Billion)



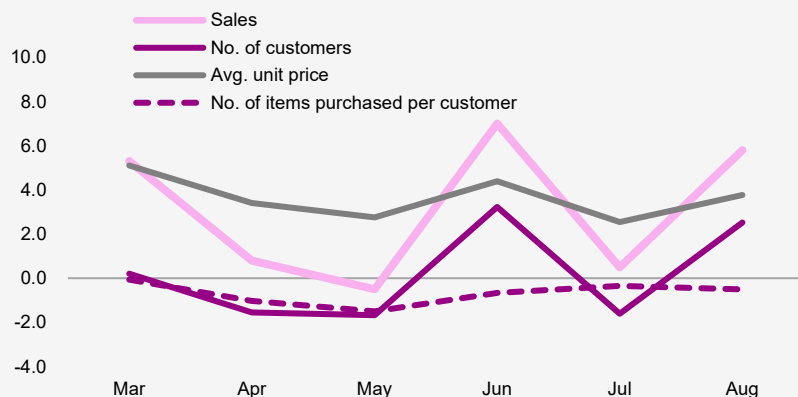
Operating loss +/- factors

(Billion)



Trend of same-store sales KPIs, YoY

(%)



Progress in MTP and structural reforms, Impact of cost increase

No. of customers of Food YoY	101.3%	TOPVALU sales YoY	103.9%
Inventory*1 Change from previous FY-End	¥114.4 bn -8.4 bn	Man-hour productivity YoY	102.7%
Tenant rent revenue YoY	+¥0.6 bn	Wage increase YoY*3	+¥5.2 bn
Sales in EC channel YoY	112.1%	Utility cost decrease YoY	¥1.5 bn
Regi Go (Full self-checkout)	239 stores	AI work Mal board**	328 stores
AI order*2	351 stores	AI kakaku (AI price)	Delica, Seafood, and Meat: 350 stores Daily foods: 344 stores

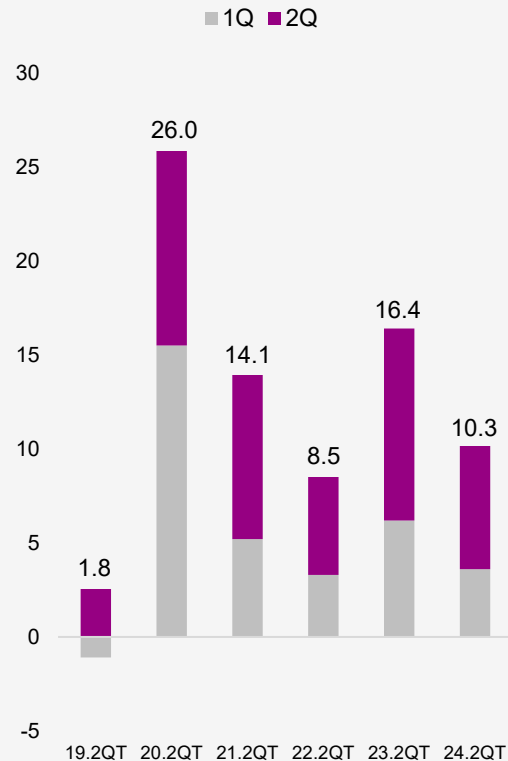
Among 372 stores in AEON Retail at the end of August 2024

*1 Including the impact of transferring to the TOPVALU Collection

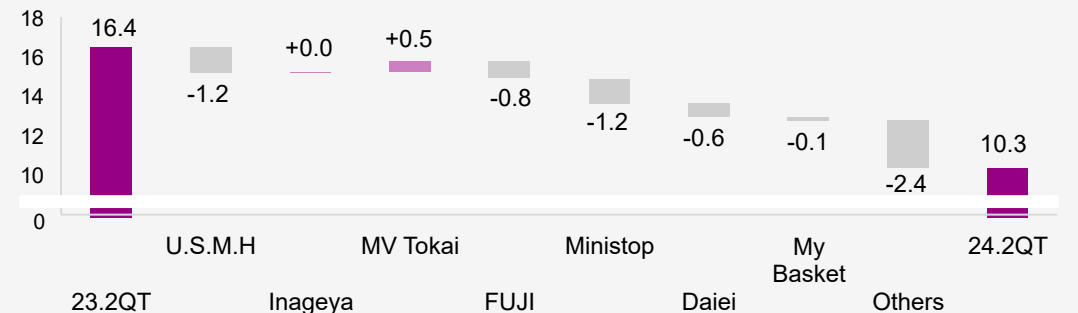
*2 Daily 11 categories, Delicatessen 2 categories *3 Including the impact of the minimum wage revision *4 AI tool for sharing information via digital signage

- Sales and customers increased YoY, but gross profit margin gains didn't offset the rise in SG&A expenses, leading to lower profits.
- Maxvalu Tokai increased profits through effective labor management and a reduction in the SG&A ratio, while My Basket opened 72 new stores.
- Increasing sales by strengthening pricing strategies, improving gross profit margin by expanding PB and regionally-specific products, and optimizing procurement.

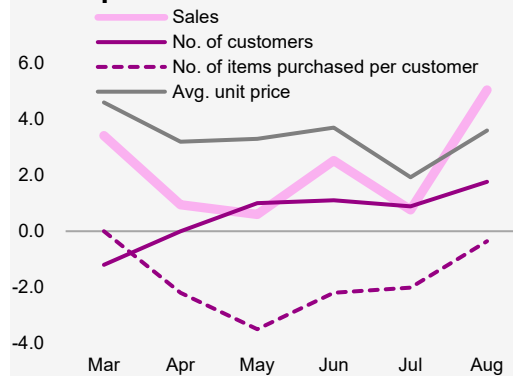
Segment operating profit/loss*1 (Billion)



Operating profit +/- (Figures by companies) *2 *3 (Billion)



Same-store sales in major companies YoY *4 (%)



Operating profit +/- factors (Billion)



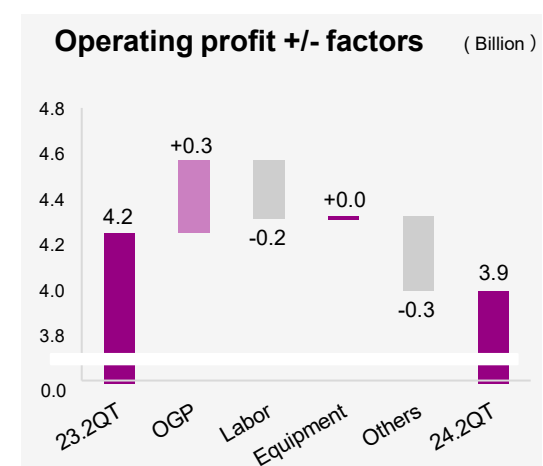
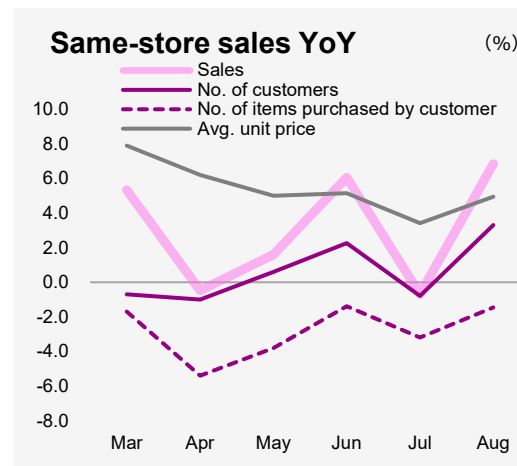
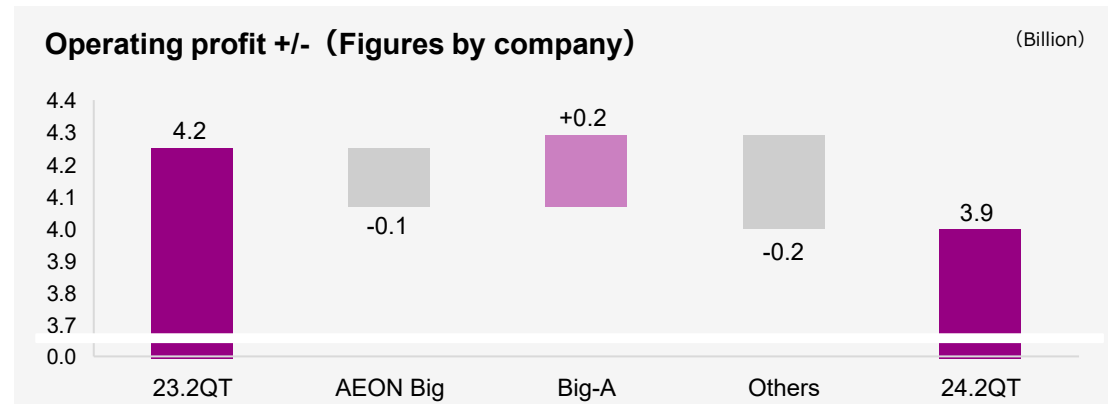
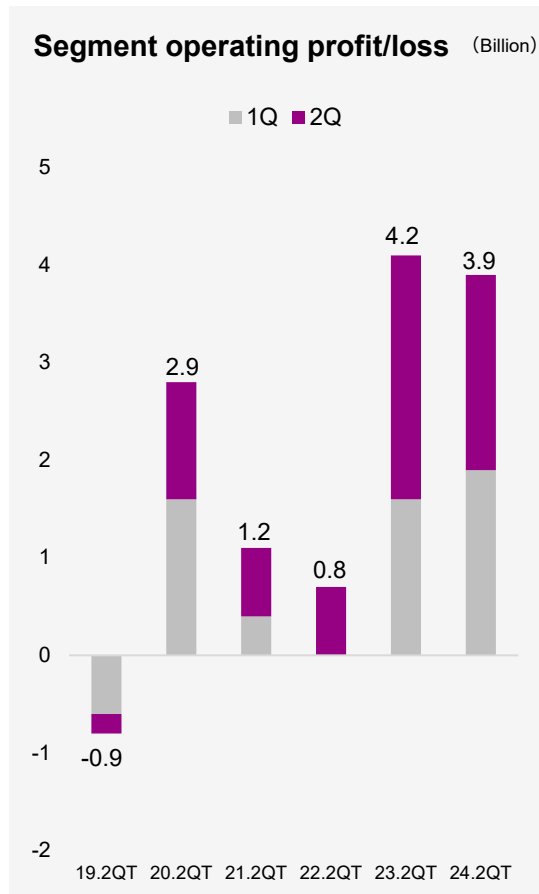
*1 FY2019 and FY2020 results were adjusted for transfers between reportable segments

*2 Results of FUJI, U.S.M.H, Maxvalu Tokai, and MINISTOP are consolidated results in each group. Data of Inageya, Daiei, and My Basket are non-consolidated results.

*3 Figures of Inageya indicate the consolidated amount to AEON from Jan. to Jun. 2024

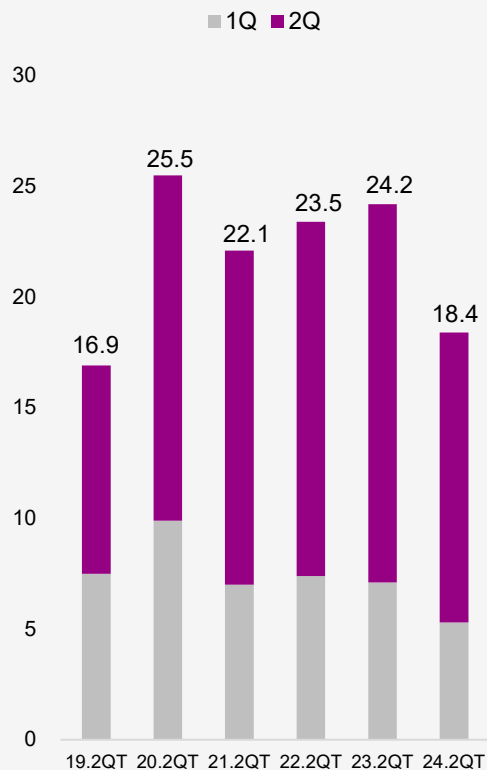
*4 13 major SM companies included

- Maximizing profits by expanding DS-exclusive PB sales and establishing low-cost operations.
- Revitalizing stores through product lineup reviews, zoning, and unifying store names at Big-A, leading to increased sales and profits.
- AEON BIG aims to accelerate growth by investing human resources into format development and store openings, leveraging gains from its integration with Maxvalu Minami-Tohoku.

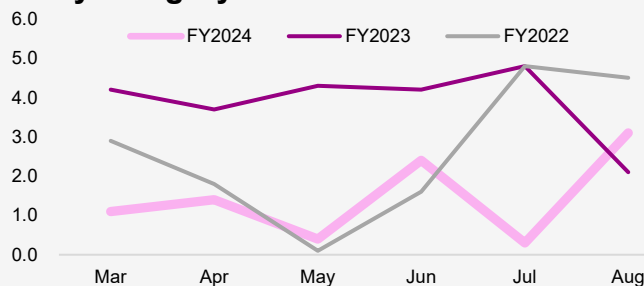


- Despite efforts to acquire new customers through sales promotion changes and address cigarette sales discontinuation, profits declined.
- Welcia Holdings aims to improve profitability by flexibly responding to regional characteristics under its new “scale to profit” management policy.

Segment operating profit/loss (Billion)



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



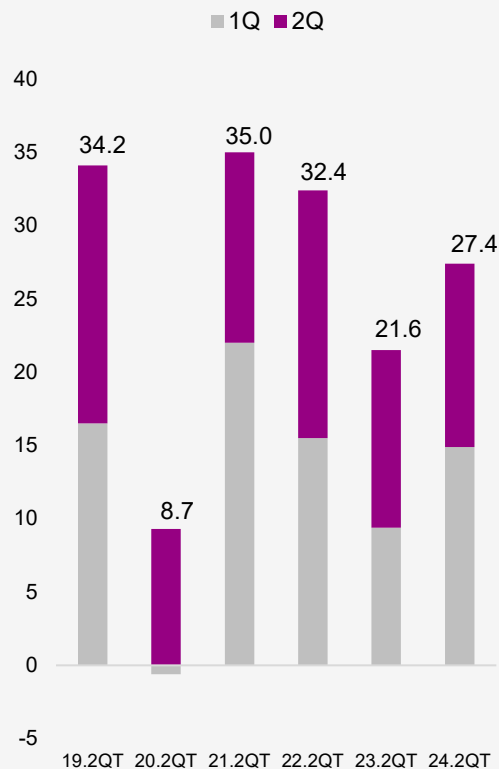
Category	YoY (%)
OTC products	97.6
Cosmetics	103.7
Household goods	104.4
Food products	106.4
Others	91.7
Total sales of products	101.9
Dispensing	108.4
Subtotal	103.2

Operating profit +/- factors

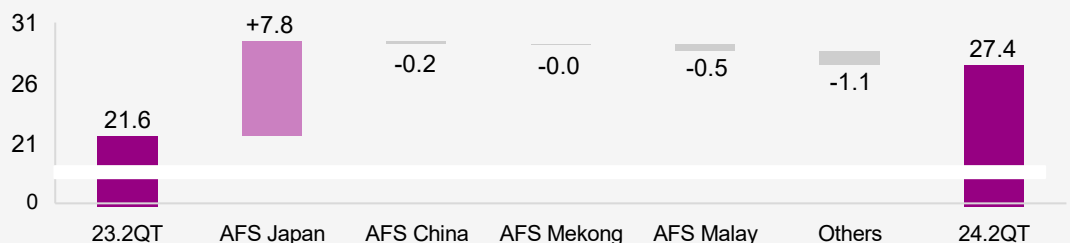


- Japan: Increase in card and financial revenue, and increase in profit due to cost-efficiency measures that curbed sales promotion expenses
- ASEAN: Profit increased due to expanded transaction volume for personal loans, excluding costs from opening a digital bank in Malaysia.
- China: Profit decreased due to higher bad debt-related expenses from ECL (Expected Credit Loss) reviews, with efforts underway to improve credit accuracy through stricter screening.

Segment operating profit/loss*1 (Billion)



Operating profit +/- (Figures by area) *2



AEON Financial Service Co., Ltd.: Results by area *2

		Japan	YoY	China	YoY	Mekong	YoY	Malay	YoY
Operating profit	1H	9.4	592%	3.9	93%	6.8	99%	6.7	92%
	2H	18.2	100%	7.5	93%	13.6	99%	13.5	92%
Bad debt related expenses	1H	12.3	118%	4.6	158%	17.3	105%	13.1	137%
	2H	24.5	100%	9.2	158%	34.7	105%	26.2	137%

Transaction volumes and balance of operating receivables*3

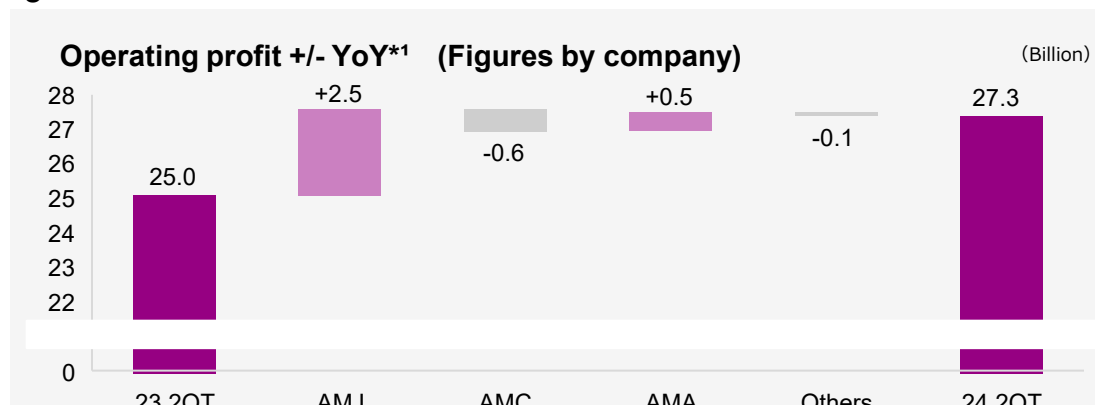
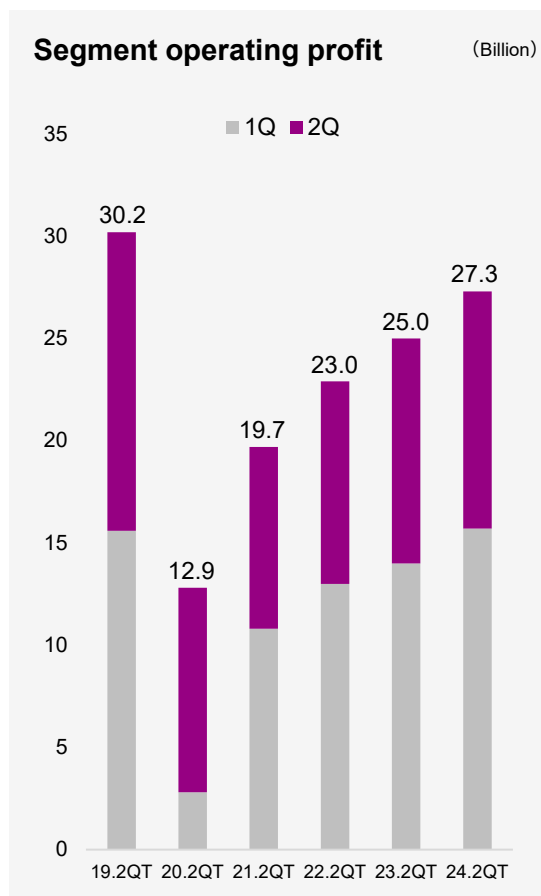
		Transaction volumes	YoY	Balance of operating receivables	+/- in 1H
Japan	Shopping	3,705.4	106%	1,438.5	+ 134.4
	Cash advance transaction	188.5	101%	421.5	+ 9.2
Global	Shopping	256.8	124%	150.3	-0.9
	Cash advance transaction	94.9	131%	144.5	-0.1

*1 Prior year results were adjusted for reportable segment transfers.

*2 AFS stands for AEON Financial Service Co., Ltd. China: China, Hong Kong, Mekong: Vietnam, Thailand, Cambodia, Laos, Myanmar, Malay: Malaysia, Indonesia, Philippines, India

*3 The balance of operating receivables is the value before liquidation

- Japan: Revenue and profit increased from higher sales-based rent income due to specialty store sales recovery, along with cost improvements like reduced electricity expenses.
- China: Customer visits increased by double digits, and food, beverage, and amusement services performed well, but tenant income declined, leading to a decrease in profits.
- ASEAN: Revenue and profits increased in Indonesia and Vietnam due to improved vacancy rates and the effects of events co-hosted with the government.



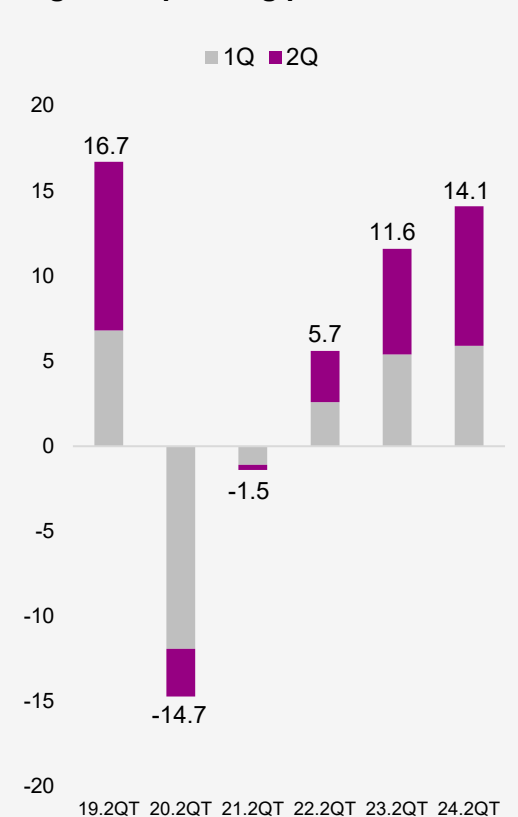
Specialty store sales			
Existing malls by area (%)	YoY	Existing malls in Japan by business category (%)	YoY
Japan	105.9	Large-scale specialty stores	109.2
China	103.3	Apparel	102.4
Vietnam	108.3	Accessories	106.9
Cambodia	100.1	Miscellaneous goods	106.5
Indonesia*2	108.1	Dining	108.0
		Amusement	100.0
		Services	105.7
		Total	105.4

*1 AMJ refers to AEON Malls' operating segment in Japan, while AMC represents the same segment in China. Similarly, AMA denotes the equivalent segment in ASEAN.

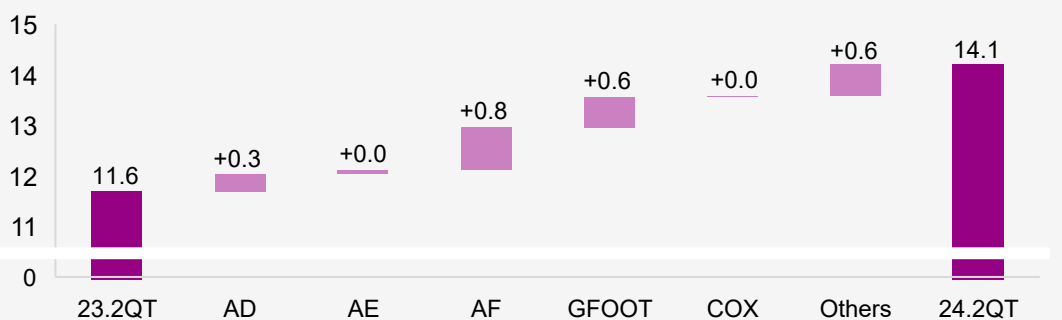
*2 Number of visitors to existing malls

- AEON Fantasy: Record high operating revenue and operating profit in Japan
- AEON ENTERTAINMENT: Despite a lack of hit titles, sales per customer improved with stronger food, beverage, and merchandise sales, leading to increased profits through controlled SG&A expenses.
- AEON DELIGHT: Revenue and profit grew due to a higher share of each customer's business, an increase in new contracts, and a review of unit prices.

Segment operating profit/loss*¹ (Billion)



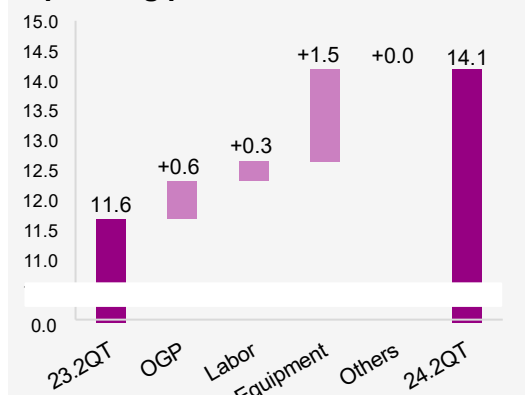
Operating profit +/- by company*² (Billion)



Same-store sales of major subsidiaries, YoY *³ (%)



Operating profit +/- factors (Billion)

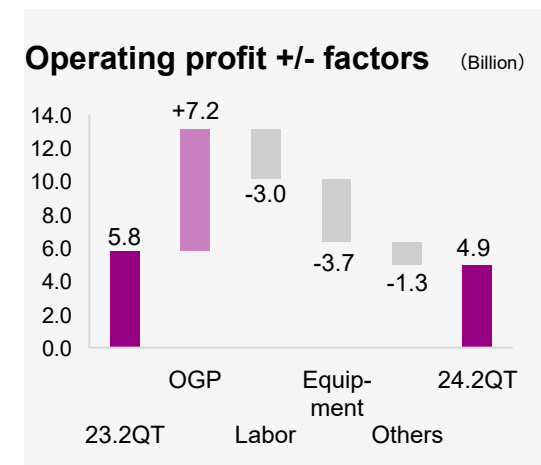
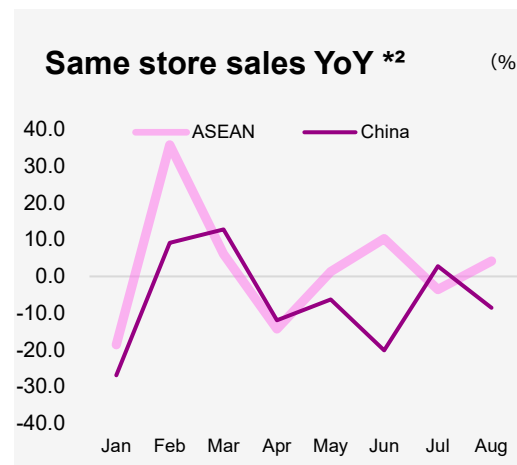
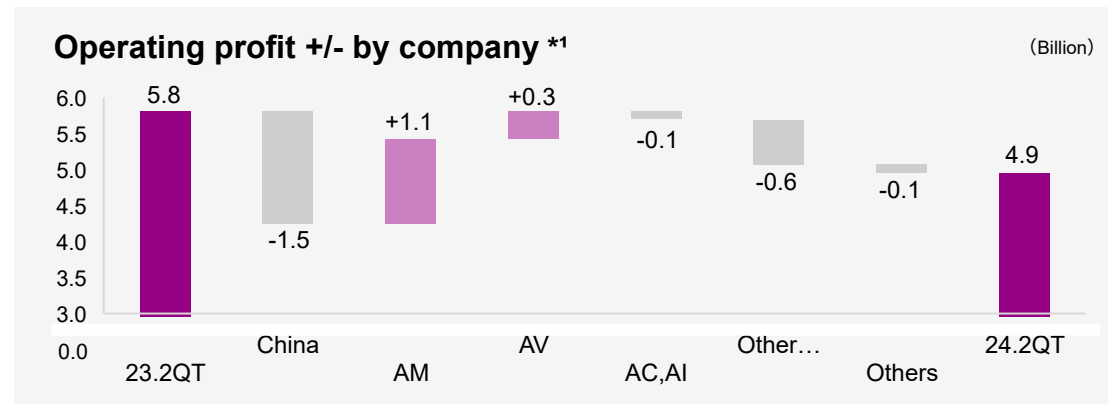
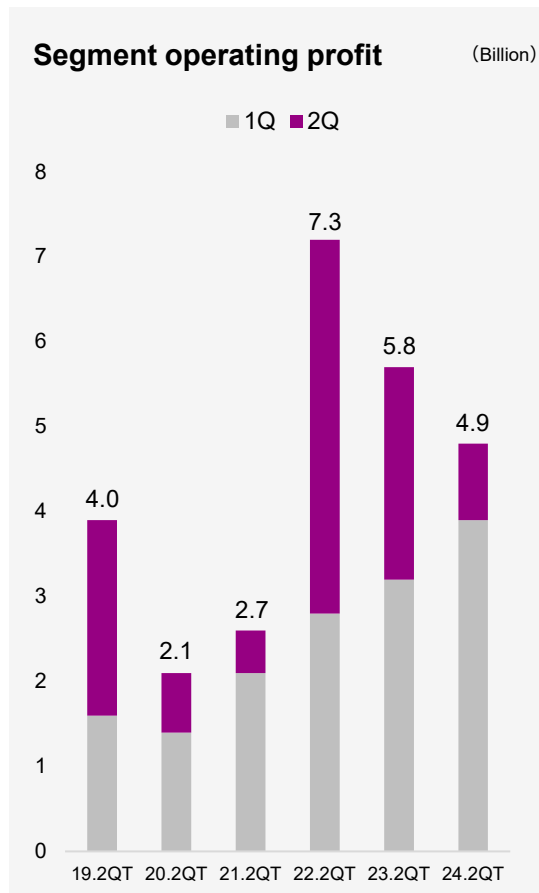


*1 FY2019 results exclude the impact of Kajitaku, CANDO result was adjusted for reportable segment transfers.

*2 AD: AEON DELIGHT (cons.), AE: AEON ENTERTAINMENT (separate), AF: AEON Fantasy (cons.). Figures of GFOOT and COX are consolidated in each group.

*3 Services include 4 major companies and Specialty stores includes 7 major companies

- ASEAN: Driven by Malaysia and Vietnam, sales and profits increased
- China: Profits in Hong Kong declined due to shoppers moving to mainland China for lower prices amid local consumption struggles, while mainland areas saw increased sales and profits.

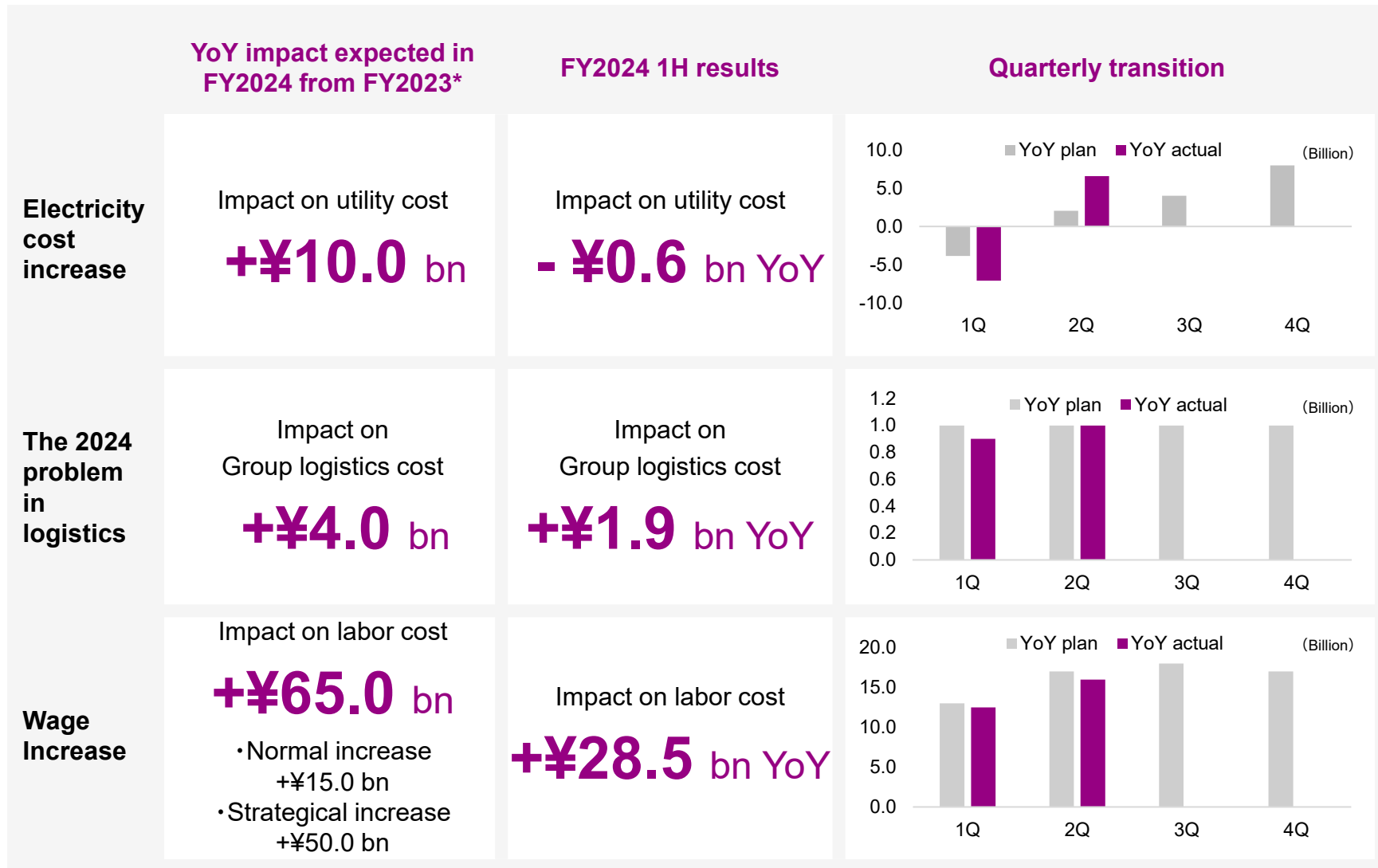


^{*1} China: Business in China, AM: AEON CO.(M), AV: AEON VIETNAM, AC: AEON (CAMBODIA), AI: AEON INDONESIA, Other ASEAN: Other 4 companies in ASEAN

^{*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)

Forecast for FY2024

FY2024 Projected Impact on Consolidated Results and Interim Progress



* The financial forecast includes the estimated impact amounts and the anticipated effects of the measures taken.

- There is no change to the initial forecast. The first half fell below expectations, but recovery is expected in the second half.

(Billion)					
	Forecast	FY2024		FY2023	
		YoY	Change	1H Results	Results
Operating revenue	10,000.0	+4.7%	+446.4	4,999.4	9,553.5
Operating profit	270.0	+7.6%	+19.1	98.6	250.8
Ordinary profit	260.0	+9.5%	+22.5	89.8	237.4
Profit attributable to owners of the parent	46.0	+2.9%	+1.3	5.4	44.6

AEON

Consolidated Balance Sheet at the End of August 2024



Assets (main items only) (Billion)				Liabilities and net assets (main items only) (Billion)			
	Feb. 2024	Aug. 2024	Change from Feb. 2024		Feb. 2024	Aug. 2024	Change from Feb. 2024
Cash & deposits	1,165.5	1,386.2	+220.7	Notes and accounts payable	1,073.1	1,358.3	+285.1
Notes and accounts receivable—trade (incl. installment receivables)	1,957.4	1,923.0	-34.4	Interest-bearing debt (excl. financial subsidiaries)	2,402.7	2,580.9	+178.1
Inventories	625.2	627.6	+2.4	Interest-bearing debt (finance subsidiaries)	1,312.9	1,244.6	-68.2
Operating loans and loans & bills discounted for banking business	3,222.8	3,588.7	+365.8	Deposits for banking business	4,533.2	4,858.6	+325.4
Property, Plant and equipment	3,414.9	3,562.5	+147.5	Total liabilities [excl. financial subsidiaries]	10,853.6 [4,779.0]	11,693.6 [5,365.6]	+840.0 [+586.5]
Investments and other assets	1,105.7	1,135.1	+29.4	Shareholders' equity	913.3	905.4	-7.9
Total assets [excl. financial subsidiaries]	12,940.8 [6,400.6]	13,798.7 [6,997.8]	+857.8 [+597.2]	Total net assets [excl. financial subsidiaries]	2,087.2 [1,621.5]	2,105.0 [1,632.1]	+17.8 [+10.6]
				Total net assets and liabilities [excl. financial subsidiaries]	12,940.8 [6,400.6]	13,798.7 [6,997.8]	+857.8 [+597.2]

- 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

FY2024 First Half Results of Daiei and ex-Daiei GMS



(Billion, %)

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	47.8	-5.1%	-1.4	+0.2
SM	Daiei	155.3	3.4%	-1.8	-0.6

Disclaimer regarding Forecast Statement

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