

FY2021 1Q

Presentation Materials

July 7, 2021

Consolidated Operating Results



- The businesses that were heavily affected by COVID-19 in the previous year have recovered.
- Operating revenue and ordinary profit achieved record highs. Operating profit recovered to a level second only to the record high.**
- Quarterly net income returned to the black after two consecutive years of first-quarter losses.

(billion yen)

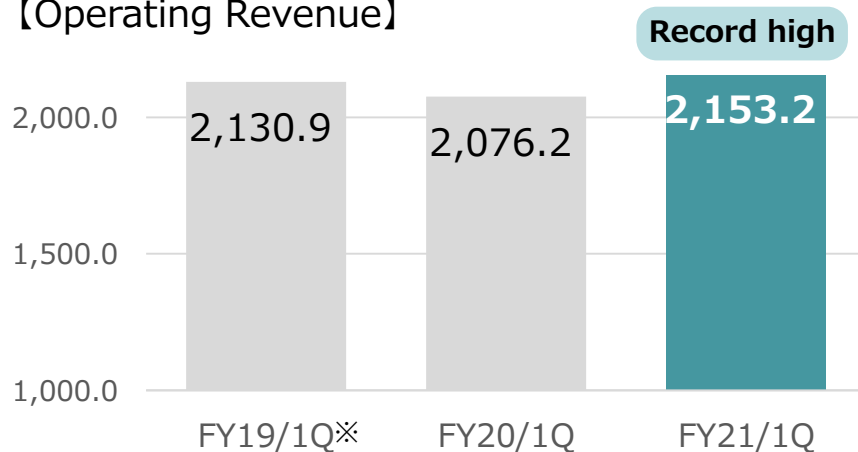
	FY2021 1Q Result	YoY %/change
Operating Revenue	2,153.2	+3.7%
Operating Profit	39.1	+51.7
Ordinary Profit	40.3	+56.4
Profit attributable to owners of the parent	5.0	+58.9

Consolidated Operating Results



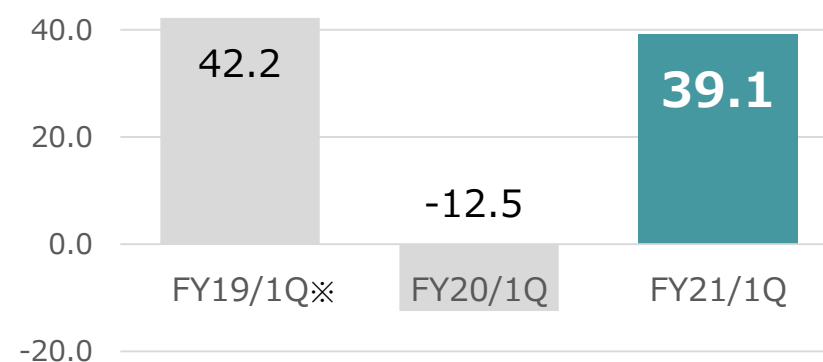
- Profit nearly recovered to the pre-COVID-19 level while temporary suspension and shortened operating hours are implemented at some facilities due to the declare of a state of emergency.
- External environment improved through the lifting of a state of emergency and the expansion of the vaccination will further buoy earnings improvement.

【Operating Revenue】

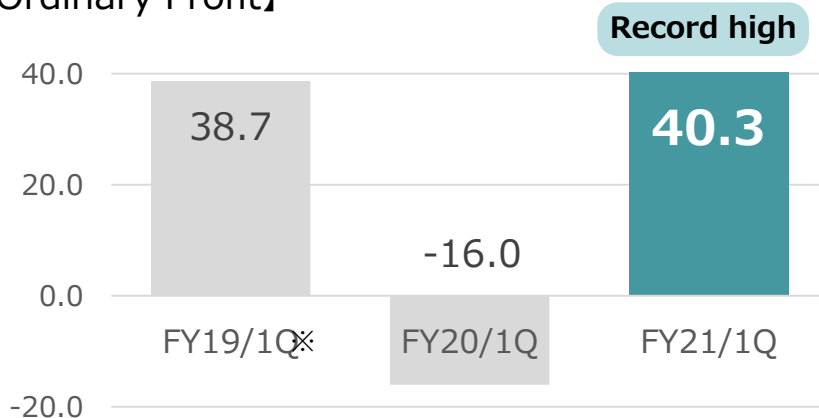


【Operating Profit】

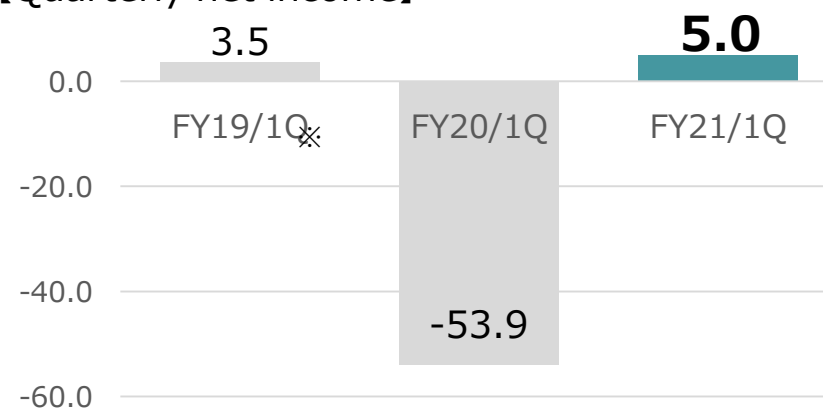
(billion yen)



【Ordinary Profit】



【Quarterly net income】



Consolidated Operating Results (by Segment)



- Profit increased for 5 businesses, GMS, Financial Service, Service & Specialty Store, Shopping Center Development, International, which were impacted by COVID-19 last year.
- SM increased profit compared to FY2019, even though affected by the dropout of the strong demand for food seen last year.

【Results by segment】

(billion yen)

	Operating Revenue	YoY(%)	Operating Profit	YoY change
Consolidated total	2,153.2	+3.7	39.1	+51.7
General Merchandise Store (GMS)	756.4	+7.1	-7.2	+25.6
Financial Service	123.2	+12.0	22.0	+22.7
Service & Specialty Store	170.3	+27.9	-1.1	+10.7
Shopping Center Development	88.5	+39.7	10.8	+7.9
International	110.1	-7.4	2.1	+0.7
Discount Store (DS)	97.6	-6.4	0.4	-1.1
Health & Wellness	250.1	+6.7	7.0	-2.9
Supermarket (SM)	679.4	-10.0	5.2	-11.3

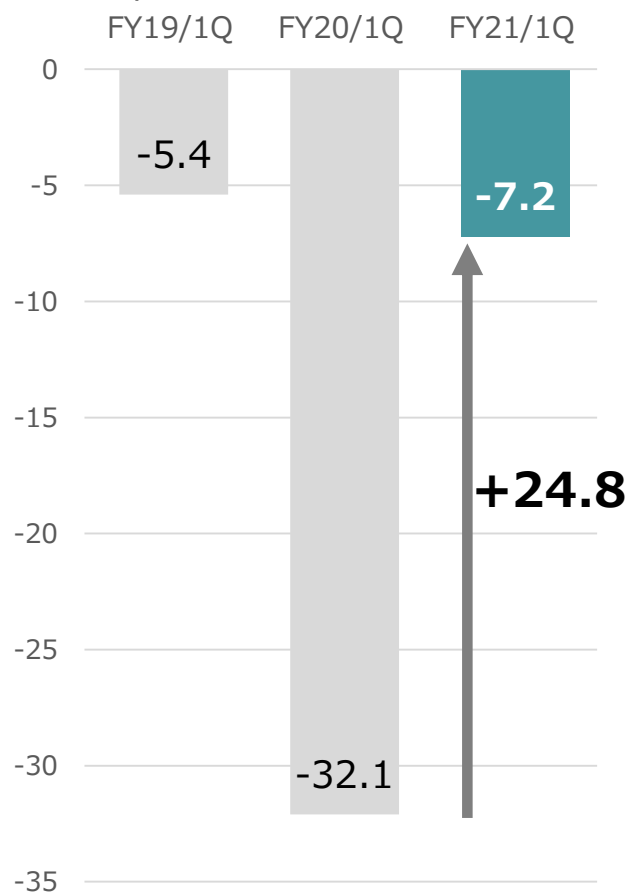
General Merchandising Store Business



- Profitability significantly improved due to the recovery of sales, gross profit margin and tenant income.
- An even bigger recovery in earnings up ahead after the lifting of the state of emergency.

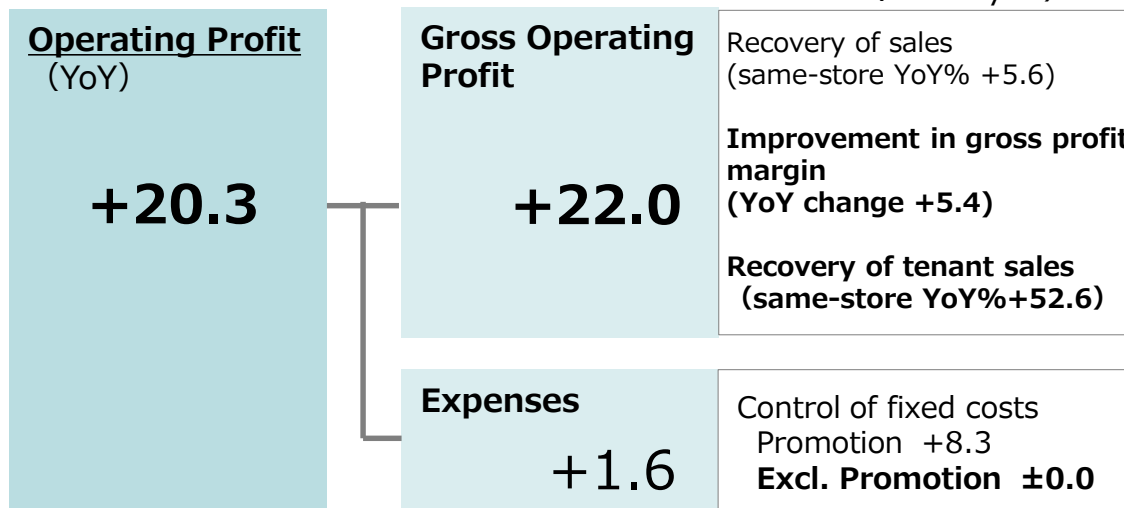
【Segment Operating Profit※】

(billion yen)



【Factors of increase of AEON Retail Operating Profit】

(billion yen)



【AEON Retail : Same-store sales % (by dept.)】

	YoY%	Compared to FY2019 %	(%)
Foods	+2.0	+4.2	
Apparel	+26.1	-19.8	
Home furnishing, Health & Beauty Care	+1.8	-11.4	

※Maxvalu Hokkaido, Maxvalu Kyushu added to FY2019 results, Maxvalu Kyushu added to FY2020.

- Adapting to the “new normal” and taking structural reform measures by harnessing the power of digital technologies.

Adapting to
the new normal

Number of stores implemented Regi Go※

37 stores

- In addition to rental devices at the store, customers can now use Regi Go by simply installing the Regi Go app on their smartphones.

Sales YoY of online supermarket ※

+16 %

- Increased the extra morning delivery timeslots, and expanded the timeframes by improving operational efficiency.
- Enriched local specialty products and online-only products

Taking structural reform measures

Store expenses compared to FY2019※※

-7 billion yen

- Reduced fixed costs such as personnel and facilities expenses by improving operational efficiency and reducing unit prices.
- Expenses of head office also reduced by about 10%. Relocated 70 staffs through improving operational efficiency.

Lowering inventory by same-store basis YoY

-7.5 %

- Continuing to implement better purchasing controls and dispose of dead stock.
- Inventory turnover reduced by 9.6 days.

Reducing losses on price reductions for food

-0.5 %

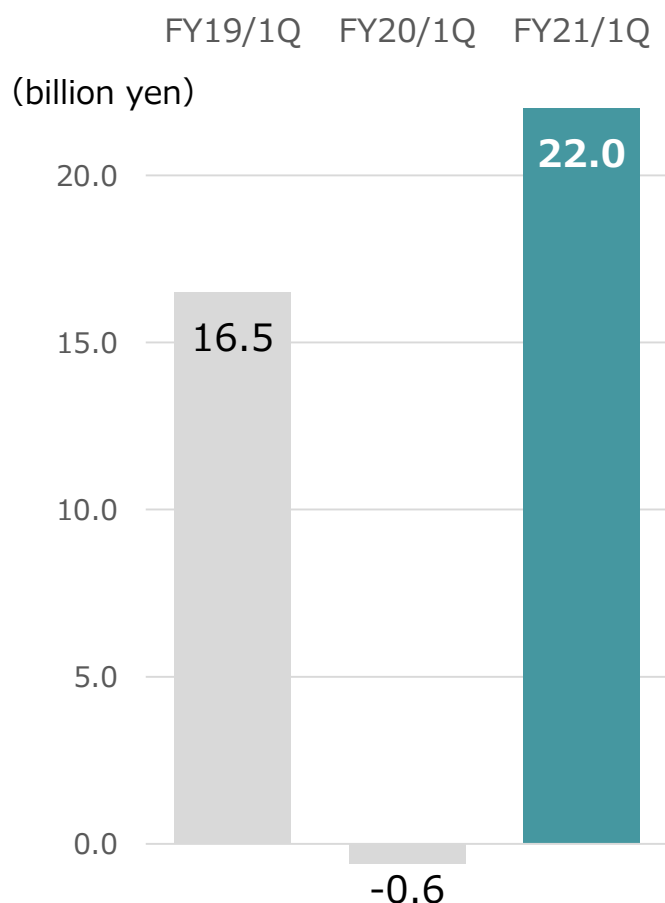
- Enhancing implementation of “AI Kakaku”. Delica loss ratio on price reductions reduced by 20% (average of implemented stores)
- Planning to complete the roll out of AI Kakaku to all stores in July.

Financial Service Business



- Credit card shopping and housing loan transaction volume increased to a level higher than in the last two years due to the work on expanding demand with various initiatives.
- Greatly reduced bad debt expenses by continuing to enhance credit screening and develop loan recovery systems.

【Segment Operating Profit】



【AEON Financial Service : Volume of transactions YoY%】

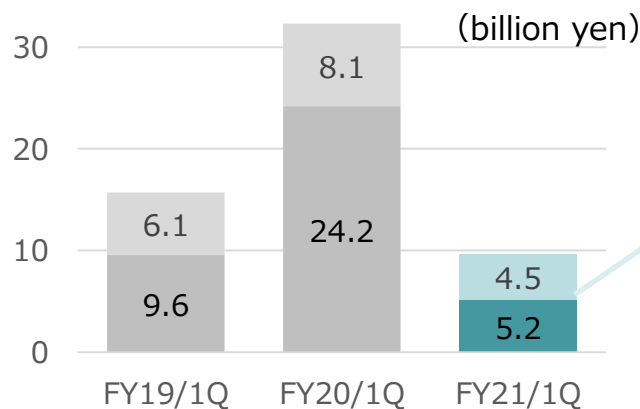
	Japan	Overseas
Card shopping	+10%	+2%
Housing Loan	+11%	—
Personal Loan	—	+22%
Installment	-10%	+38%
Card cashing	-11%	-17%

- Expanding demand with the use of loyalty point campaigns.
- Online-only membership campaigns

- Bolstering sales activities to home construction firms
- Improving online consultation and application services

- A preferential low interest rate campaign by partnering with a motorcycle manufacturer.

【AEON Financial Service : Expenses for bad debts※】



Focused on refinement of examination and debt collection
(Malaysia)

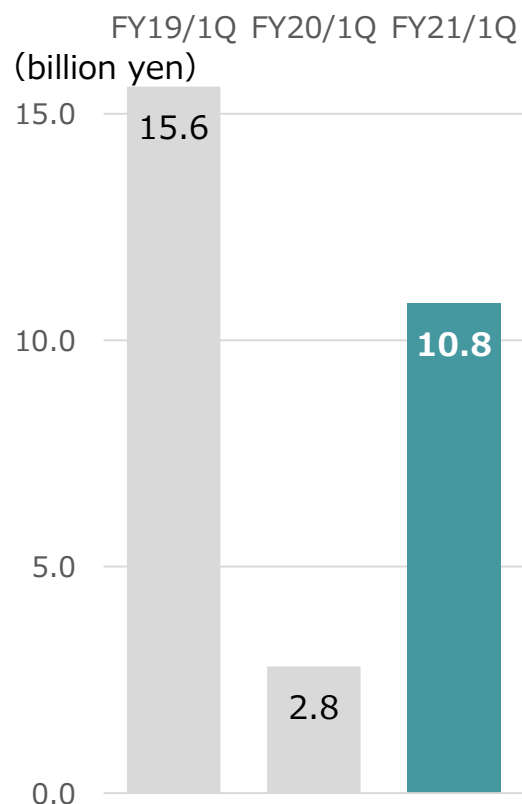
- Analyzed the impact of COVID 19 by AI for each category such as residence area, place of employment, income, etc. and utilized for examination.
- Established a collection system by prioritizing the allocation of debt collection personnel (Thailand)
- Achieved efficient collection by analyzing the customer's past repayment history

※Total amount of provision of allowance for doubtful accounts and bad debt losses

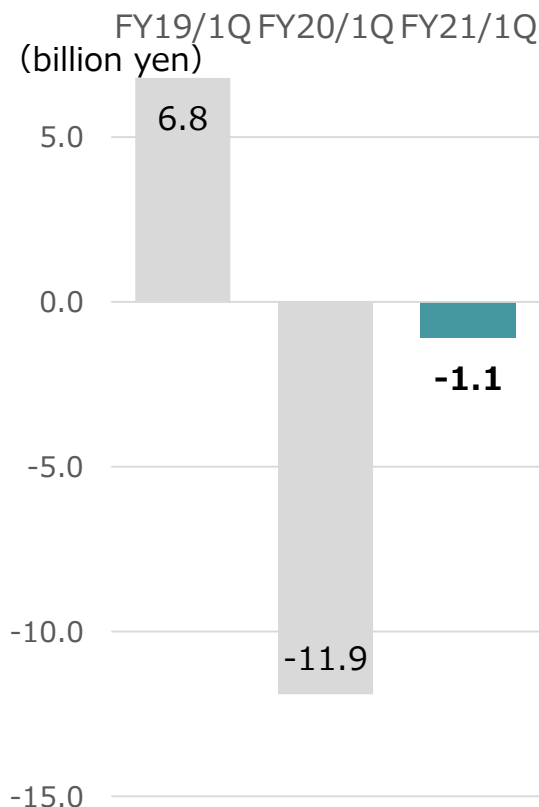
Shopping Center Development Business, Service & Specialty Store Business

- Earnings recovered strongly because of providing peace of mind to customers with thoroughgoing measures preventing COVID-19 infections.
- Earnings would have been mostly on par with expectations if there had been no suspensions of operations and shortened opening hours.

【 Shopping Center Development Segment Operating Profit 】



【 Service & Specialty Store Segment Operating Profit※ 】



Safe and secure environment

- Measurement and display of CO₂ concentration



- Ensured sufficient spacing



Loss of operating hours

Approximately
160,000 hours

Shopping Center Development Business



- In China the coronavirus has been brought under control with achieving double-digit sales growth compared to pre-pandemic levels.
- Introduced digital technology at a new mall in China. Horizontally being deployed in the future.

【AEON Mall : Profit by area】 (billion yen)

	FY21/1Q	YoY change	Compared to FY2019
Japan	8.0	+5.3	-4.8
China	2.2	+3.3	+0.7
ASEAN	0.4	-0.2	-0.2

Tenant sales in same-mall basis in China

Compared to FY2019 %

+11.5

AEON Mall Guangzhou Xintang (Opened in May)

- LED Screens surrounding 360 degrees



- CRM : WeChat-based membership system (First Introduction)



- AI-powered information service (First Introduction)

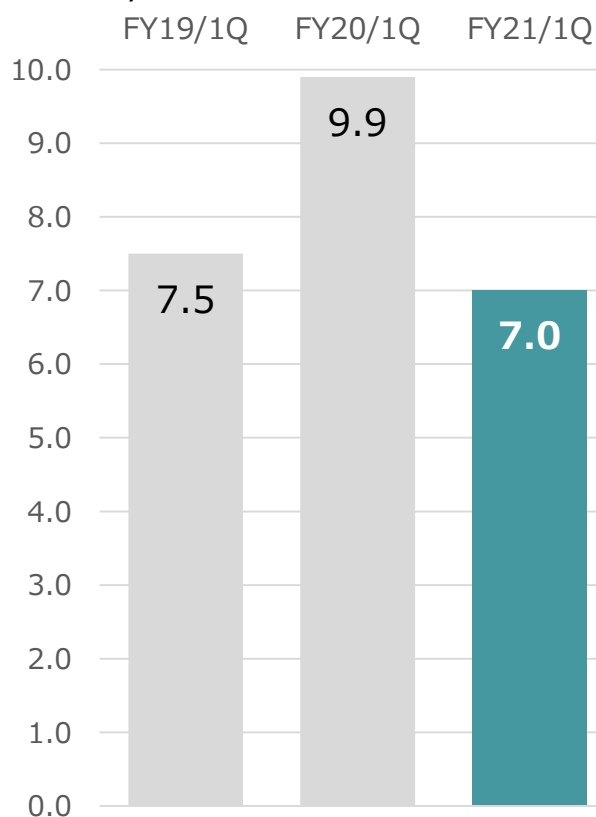


Health & Wellness Business

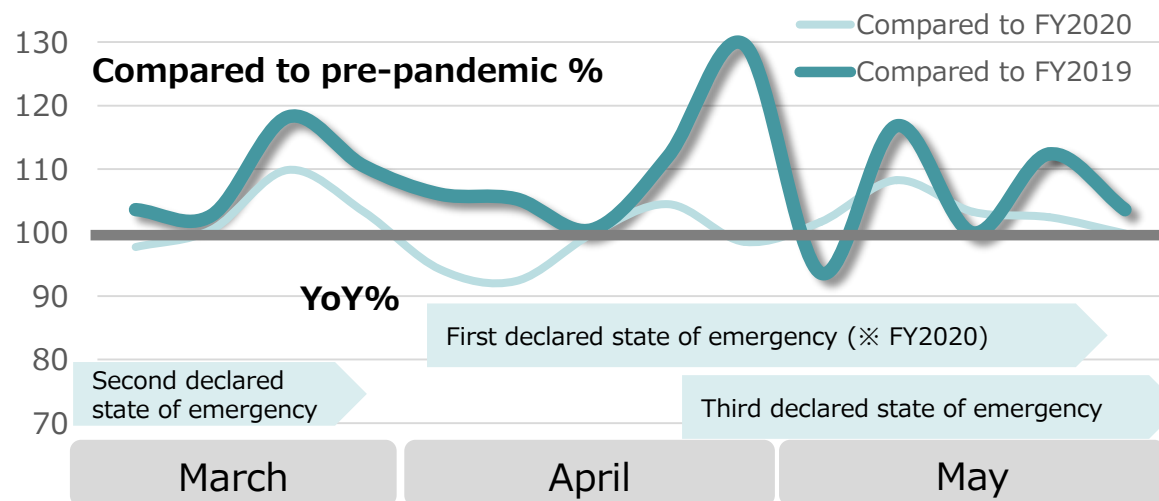
- Sales steadily outpacing pre-pandemic levels.
- Prescription drug division drove sales by demonstrating the strength in having a high proportion of which are able to process prescriptions.
- Increasing the number of new stores selling prescription drugs to further grow and strengthen profitability in the future.

【Segment Operating Profit】

(billion yen)



【WELCIA : Same-store sales YoY % (weekly) 】 (%)



【WELCIA : Prescription drugs (Japan・end of 1Q) 】

Prescription drugs
division sales YoY

+16.7%

Number of stores
selling prescription
drugs

1,684 stores

1Q +46store
Gap w/ Plan +5store

Proportion to process
prescription drugs

76.3%

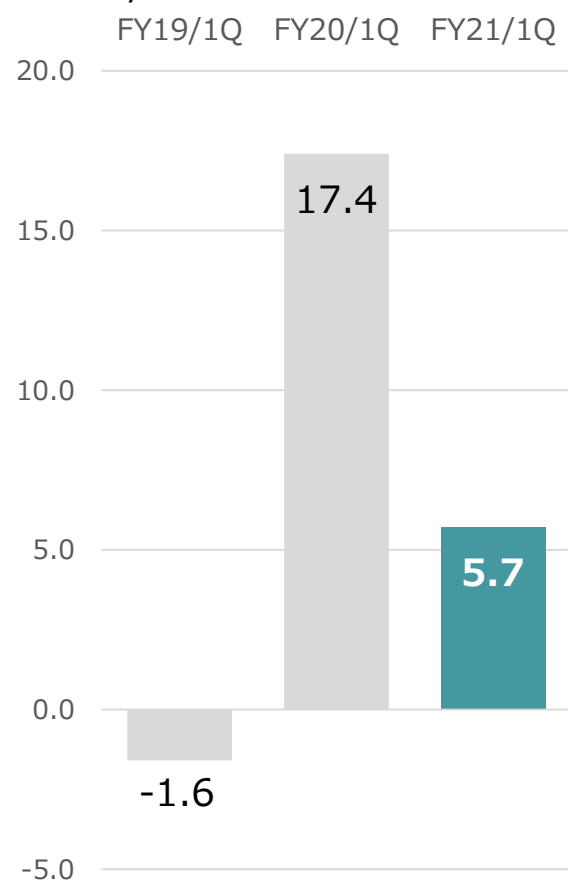
(compared to end
of last year +0.7)

Supermarket Business, Discount Store Business



- Profit increased compared to FY2019 due to increase of sales by enhancing fresh produce and delicatessen.
- Working to improve streamline operations after the business integration to aim for sustainable profit growth.

【Segment Operating Profit※】 (billion yen)



【11 SM companies : sales of fresh produce and delicatessen】

Same-store sales YoY%			Share of sales in food dept. (%)	
	YoY %	Compared to FY2019	1Q result	YoY change
Livestock	-7.9	+6.3	10.0	-0.3
Agricultural	-7.1	+5.6	13.5	-0.4
Marine	-0.4	+6.0	7.6	+0.3
Delicatessen	+6.4	+3.3	11.9	+1.3
Total of 4 departments	-2.8	+5.2	43.0	+0.9

【Enhancing supermarket business reform】

SM: Maxvalu Nishinohon merged with its subsidiaries, marunaka and SANYO MARUNAKA (March)

DS: Business Integration between Big-A and A•Colle (March)

DS: AEON Big merged Maxvalu Nagano (June)

Acceleration and evolution of the digital shift

Creating a space where you can have a more convenient and attractive shopping experience **by digitizing stores.**



U.S.M.H : Implemented "Scan & GO" at all Maruetsu and Kasumi stores



AEON Retail : Customer service and on site operation improved with AI technologies

Establishment of unique value by supply chain

Strengthen fresh foods product lineup and product development capabilities to boost earning power.



AEON Hokkaido : Processing Center in Ishikari (open in August 2021)



Maxvalu Nishinihon : General Processing Center in Okayama (open in next fiscal year)

Advancement of Health & Wellness for new era

Incorporate “health”-related aspects into each business, and launch new products and service

<Response to the “new normal”>

- Needs for non-contact, non- face-to-face pick-up
- Needs to pick up prescriptions before/after business hours



WELCIA YAKKYOKU :
Pick-up lockers for prescription drugs



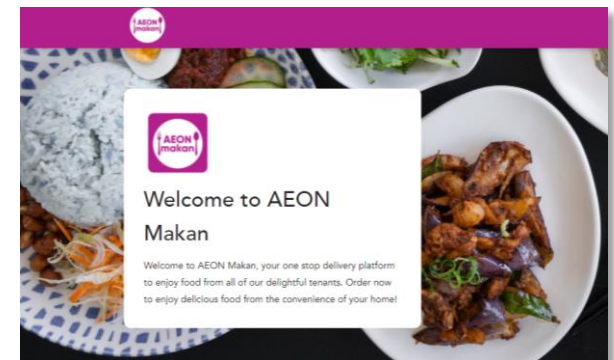
AEON Topvalu : “Celliant” products - which help people recover from fatigue by wearing

Further acceleration of the Asian shift

Accelerate to both our digital and brick-and-mortar businesses



China :
Opened AEON Mall Guangzhou Xintang



ASEAN (AEON Malaysia) :
Launched on-line food delivery service

- Tokimeki Points awarded to AEON card users will be changed to WAON POINTs (from September) .
- By improving customer convenience, we will strengthen the attractiveness of the “AEON Living Zone” set forth in the AEON group medium-term management plan, which will lead to sales and profit growth for the entire group.
- From the second half of the year, we will aggressively promote WAON POINTs to make people aware that points are easier to collect and use, and accelerate the cycle of "improving customer convenience" and "increasing AEON group profitability".



【Improving customer convenience】

Simple and easier to collect points

- Whether you use AEON credit card, WAON e-money, or cash with WAON POINTs card, you can earn WAON POINTs when shopping at AEON.
- Paying by AEON credit card
 - WAON POINTs can be earned for shopping other than AEON, and for automatic withdrawal of utility charges and mobile phone charges.
 - Abundant attractive WAON POINTs campaigns

Easy to use

- Can be used from 1 point (Tokimeki Points can't use if less than 1,000 points)
- Points can be used at the cash register for daily shopping (Tokimeki Points required prior exchange procedures)

【Increasing profitability】

- Easier for customers to collect points and be able to use them at stores from 1 point, which will motivate customers to return to the store and increase the purchase amount, and will increase sales.
- Less than 1,000 points that could not be used will be used and contribute to sales
- By unifying to WAON POINTs, easy-to-understand sales promotion is possible.
- By improving the attractiveness of points, the number of new members of AEON Card and the usage amount of existing customers will increase
= Acceleration of cashless payment

Fiscal 2021 Forecast



- Our full-year earnings forecasts announced at the beginning of the term remain unchanged.

【FY2021 Forecast】

(billion yen)

	FY2019	FY2020	FY2021 (Forecast)	YoY %・change
Operating Revenue	8,604.2	8,603.9	8,620.0	+0.2%
Operating Profit	215.5	150.5	200.0~220.0	+49.4~+69.4
Ordinary Profit	205.8	138.8	190.0~210.0	+51.1~+71.1
Profit attributable to owners of the parent	26.8	-71.0	20.0~30.0	+91.0~101.0

Restoring Safety and Peace of Mind to Lives of Local Residents



•Our initiatives to aim for early termination of new coronavirus infection

Provided venues to vaccinate to local governments

Provided **30** venues
Vaccinated **30,000** residents

Organized workplace vaccinations

Participated **40** companies
Scheduled to vaccinated ※
156,000 persons

Donated a total of 350 million yen to the governments of ASEAN nations ※※ for the purpose of supporting vaccination.

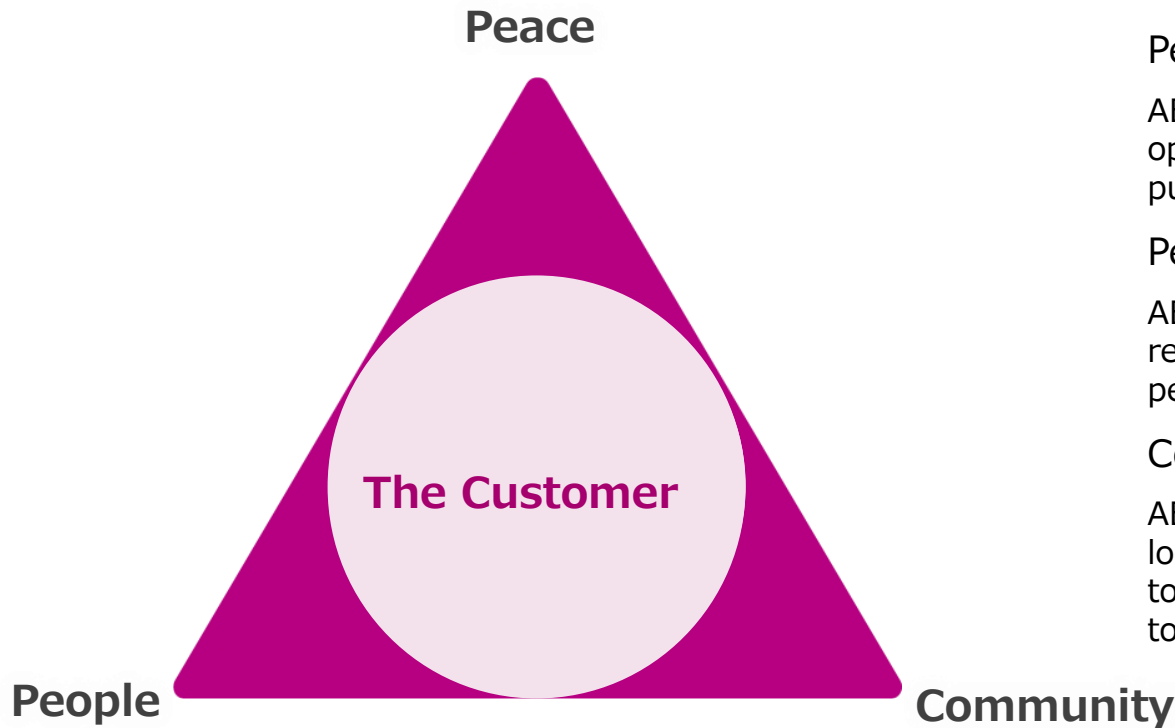
•Presentation ceremony of COVID19 vaccination support fund in Vietnam



(Contribution organizations)



Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core.



Peace :

AEON is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People :

AEON is a corporate group that respects human dignity and values personal relationships.

Community :

AEON is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

On the basis of the AEON Basic Principles, AEON practices its “Customer-First” philosophy with its ever-lasting innovative spirit.



FY2021 1Q Consolidated Balance Sheets



(billion yen)

Assets (main items only)	2021/2	2021/5	Change from '21/02	Liabilities and net assets (main items only)	2021/2	2021/5	Change from '21/02
Cash & deposit	1,287.5	1,091.3	-196.2	Notes and accounts payable	1,072.4	985.2	-87.1
Notes and accounts receivable -trade (incl. installment receivables)	1,602.7	1,666.9	+64.2	Interest bearing debt (excl. finance subsidiaries)	2,102.2	2,183.4	+81.2
Inventories	542.8	556.4	+13.5	Interest bearing debt (finance subsidiaries)	1,043.4	1,124.2	+80.7
Operating loans, loans & bills discounted for banking business	2,733.2	2,836.0	+102.8	Deposits for banking business	4,010.0	4,023.3	+13.3
Property, buildings, and equipment	3,062.9	3,102.1	+39.1	Total liabilities	9,725.4	9,711.1	-14.3
Investments and other assets	977.3	984.6	+7.2	Shareholders' equity	923.9	913.0	-10.9
Total Assets (excl. finance subsidiaries)	11,481.2 (5,749.2)	11,492.9 (5,715.7)	+11.6 (-33.4)	Total net assets (excl. finance subsidiaries)	1,755.7 (1,393.6)	1,781.8 (1,404.3)	+26.0 (+10.7)
				Total net assets and liabilities (excl. finance subsidiaries)	11,481.2 (5,749.2)	11,492.9 (5,715.7)	+11.6 (-33.4)

FY2021 1Q Results of Daiei and ex-Daiei GMS



(billion yen)

事業	社名	Operating Revenue			Operating Profit		
		Result	YoY	Compared to FY2019	Result	YoY change	Compared to FY2019 change
GMS	AEON Retail Store ※Former Daiei GMS in Kanto, Nagoya and Kinki Region	26.8	-0.8%	-16.3%	-0.8	+0.9	+0.7
SM	Daiei	74.5	-5.6%	+2.9%	0.1	-1.6	+0.9

Forecast of Dividend Payment



	FY2020	FY2021 (Forecasts at the beginning of the term remain unchanged)
End of second quarter	Ordinary Dividend 18 yen	Ordinary Dividend 18 yen
Year-end	Ordinary Dividend 18 yen	Ordinary Dividend 18 yen
Total	Ordinary Dividend 36 yen	Ordinary Dividend 36 yen

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