

FY2021 2Q

Presentation Materials

October 6, 2021

First-Half Consolidated Operating Results (6 Months)



- Operating revenue hit a record high due to the recovery from widespread temporary suspensions of our businesses in the previous year, the thorough of infection prevention measures, and the response to the dine-in demand.
- Quarterly net income returned to the black, improving sharply by 62.1 billion yen

(billion yen)

	FY 2021 1H Results	YoY % /change
Operating Revenue	4,344.9	+1.7%
Operating Profit	77.7	+43.8
Ordinary Profit	77.9	+49.9
Profit attributable to owners of the parents	4.5	+62.1

Consolidated Operating Results (by Business Segments)



- Operating Profit improved in 5 businesses: Financial Services, GMS, Services & Specialty Store, Shopping Center Development and International.
- 3 businesses; DS, Health & Wellness and SM increased operating revenue and profit compared to FY2019.
- The consolidated total revenue and profit increased due to the diverse business portfolio.

【Results by segment】

(billion yen)

	Operating Revenue	YoY(%)	Operating Profit	YoY change
Consolidated Total	4,344.9	+1.7	77.7	+43.8
Financial Services	239.5	+3.9	35.0	+26.3
General Merchandise Store (GMS)	1,532.9	+3.6	-16.2	+19.2
Services & Specialty Store	345.9	+13.8	-1.3	+13.3
Shopping Center Development	178.7	+20.5	19.7	+6.8
International	207.7	-4.9	2.7	+0.5
Discount Store (DS)	196.0	-4.1	1.2	-1.6
Health & Wellness	510.7	+6.2	22.1	-3.3
Supermarket (SM)	1,382.0	-8.5	14.1	-15.0

- Rapid spread of infection by the new variants is unexpected in our initial scenario.

【Changes of scenario】

Initial
Scenario

Although the infection spreads, there are no restriction on operating hours.
In the second quarter, the number of infected people will start to decrease.

Actual

**Stricter operating
restrictions in Japan
and overseas**

- Malls temporarily closed and reduced opening hours by the restrictions.
- The state of emergency prolonged, expanded to cover a larger area
- Due to self-restraint from returning home, the number of outing people over the Bon holiday period is less than expected.

**Declining consumer
sentiment due to
prolonged self-
restraint from going
out**

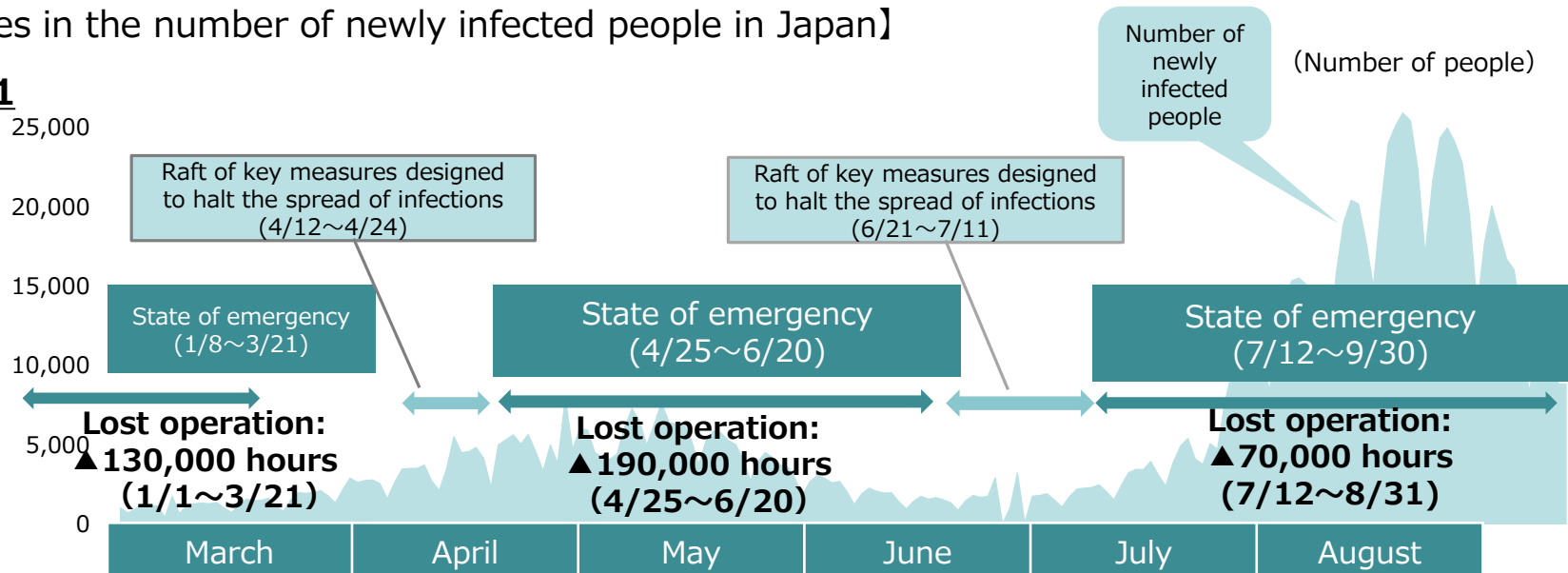
- Sales of non-food division of GMS are lower than expected due to continued decline in clothing and cosmetics.
- Sales of specialty stores in AEON MALL are also lower than expected

The state of emergency (Japan)

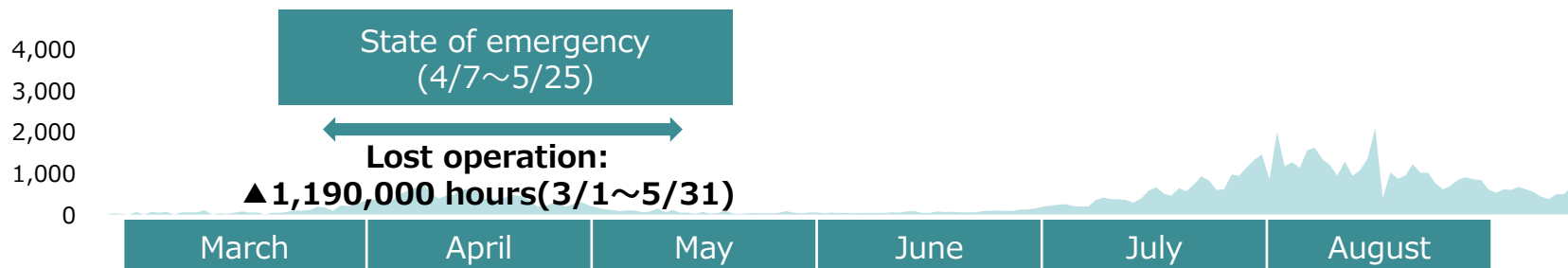
- Restrictions and measures continue almost throughout the whole period.
- Especially in May and August, it overlaps with states of emergency throughout the month.

【Changes in the number of newly infected people in Japan】

FY2021



FY2020



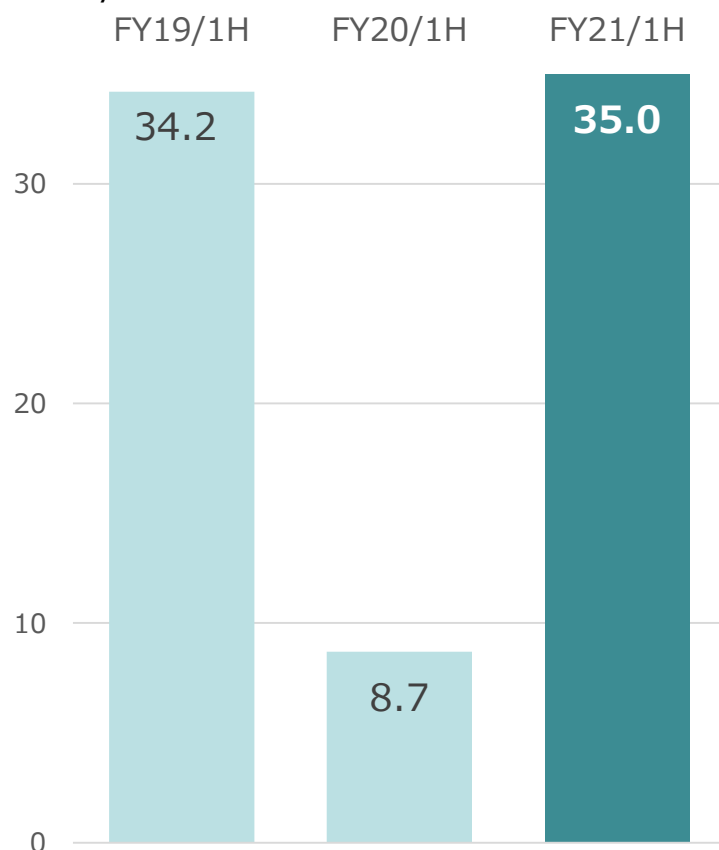
Financial Services Business



- Harnessing the strengths of the AEON Group, the transaction volume increased in food and online sales.
- As the credit examination and collection system continues to be strengthened, the quality of receivables improved, and bad debt expenses fell below expectations.

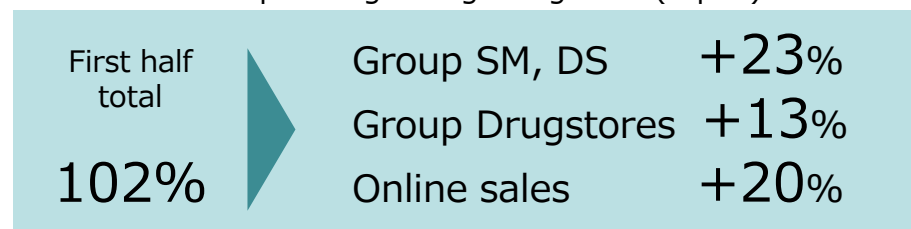
【Segment operating profit】

(billion yen)

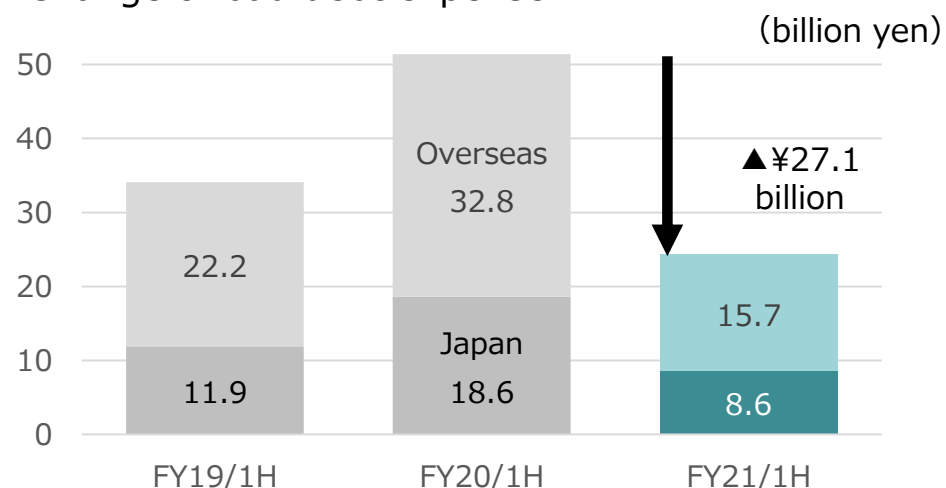


【AEON Financial Service】

• Credit card shopping transaction volume compared to the first half of 2019. Examples of growing categories. (Japan)



• Change of bad debt expense※



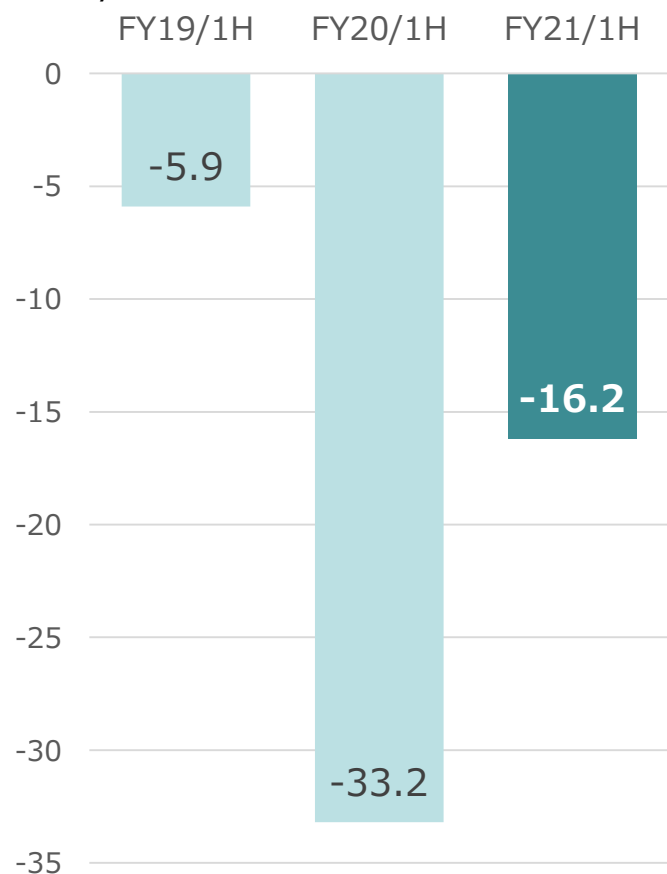
General Merchandising Store (GMS) Business



- In addition to the food categories, sales increased in categories responding to health enhancement and stay-at-home demand.
- Gross profit margin and tenant income also improved. SGA expenses other than sales promotion expenses, which refrained in the previous year, were under control.

【Segment Operating Profit※】

(billion yen)



【AEON Retail】

• Same-store sales (by dept.) (%)

	YoY	Compared to FY2019
Food	+2.2	+4.2
Apparel	+3.8	-21.1
Home furnishing・Health & Beauty Care	-4.4	-12.1
Total	+1.0	-4.9

• Major growth division from before COVID-19

Compared to FY2019
Agricultural +9.0
Livestock +8.7
Marine +7.6
Daily foods +6.3
Gardening supplies +138.2
Entertainment +59.6
Sporsium +55.8
Prescription drugs +9.2
Household items +7.8

• Factors of increase of operating profit (Excluding the impact of the transfer of procurement and supply function)

Operating profit (YoY change) +16.3	Gross operating profit +20.8	<ul style="list-style-type: none"> • Sales same-store YoY% +1.0% • Gross profit margin YoY% +1.4% • Tenant income YoY% +9.2%
	SGA expenses +4.5	<ul style="list-style-type: none"> • Excl. sales promotion expenses ▲0.2%

GMS Business (Progress of AEON Retail's revival plan)



- Establish a foundation for growth and advance structural reforms.

Establish a foundation

Online supermarket

- Sales **YoY%+21% (Compared to FY2019 +43%)** ※
- Expanded order slots, such as expanding delivery services in the morning. Strengthen pre-order sales of Olympics, Obon-related items, etc.
- Store Pick-up recorded a record high of over 10,000 orders in August

Reform of clothing department

- Optimized the sales floor space breakdown between business and casual wear. Bolstering categories recorded strong sales growth (Sales same-store YoY%)
- Trend-oriented casualwear brand "ESSEME" **+253%**
- Sportswear "Sporsium" **+ 31%**
- Ethical fashion brand "SELF+SERVICE" **+ 27%**



Cost restructuring

Reducing losses on price reductions

- Completed the introduction of the AI pricing system "AI Kakaku", to propose the most appropriate price discounts, in the delicatessen category. Reduced losses on price reductions in delicatessen **▲1.2%**
- Trimmed losses on price reductions in food categories as a whole by head quarter's strengthening control of operations from sales planning through to sellout by head quarter. **▲0.4%**

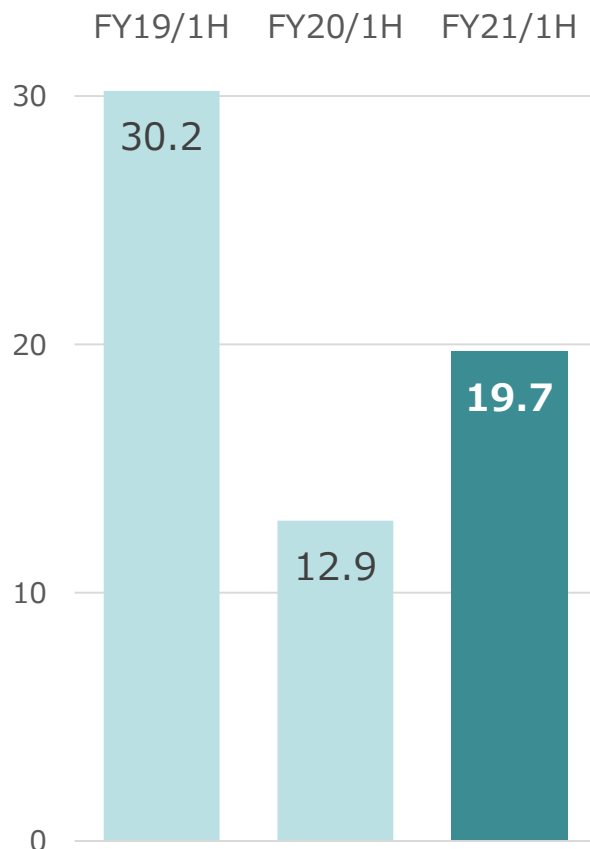
Reducing inventory

- **Difference from beginning ¥▲12.7billion, Difference YoY ¥▲8.4billion** ※※
- Reducing inventory through better purchasing controls and lowering SKUs at stores.

Shopping Center Development Business

- In China, which has managed the spread of infection under control, specialty store sales exceeded pre-COVID 19 levels.
- We remodeled existing malls and opened new malls in Japan and overseas. Providing the unique charms of shopping at brick-and-mortar malls.

【Segment Operating Profit】 (billion yen)



【AEON Mall】

- Tenant Sales compared to FY 2019 in same-mall basis (%)

	1Q	2Q	Spread of COVID19
China	+11.5	+7.7	Managed the spread under control.
Japan	-22.5	-22.4	A state of emergency widespread and prolonged.
Vietnam	+23.8	-32.4	Infection spread in South since May.

- In China: Refurbished in response to the growth of the local area

AEON Mall Wuhan Jinqiao
 AEON Mall Wuhan Jingkai
 AEON Mall Wuhan Jinyintan
 AEON Mall Suzhou Yuanqu Hudong
 Others

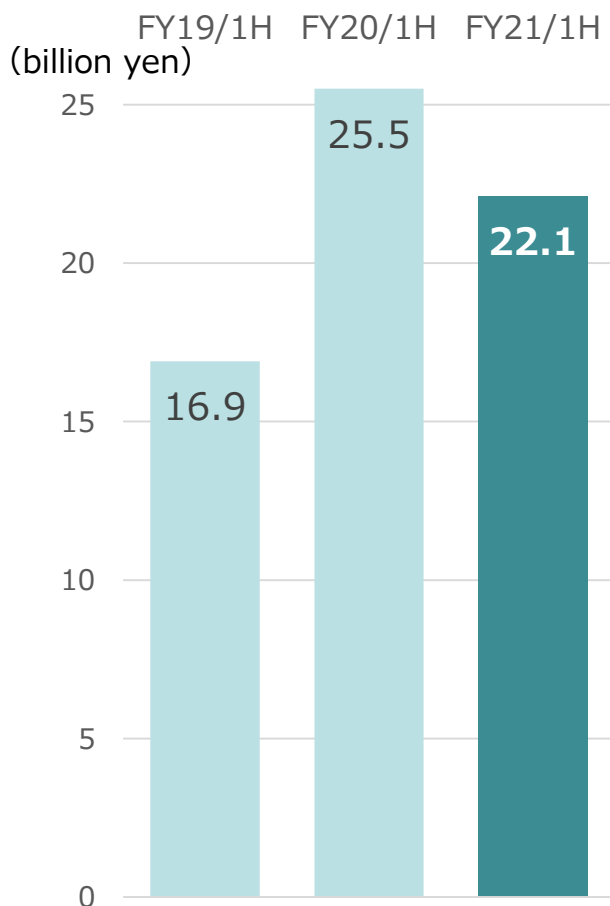


- In Japan: Opened AEON Mall Hakusan
 A new format created by 6 companies that operate popular restaurants in Kanazawa



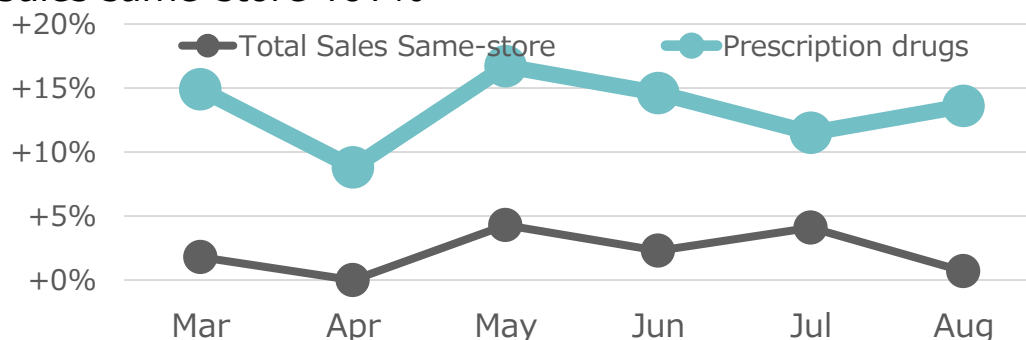
- Total sales increased due to prescription drugs sales growth. The increase in the number of stores with dispensing pharmacies was also more than initial planned.
- Progressed opening new stores and M&A for future growth.

【Segment Operating Profit】



【WELCIA Holdings】

•Sales same-store YoY%



•Progress with dispensing pharmacies (Japan)

Number of stores with dispensing pharmacies: **1,742**stores
 (YoY **+104**stores) (Plan difference **+17**stores)
 Ratio of dispensing pharmacies : **78.0%**
 (YoY **+2.4%**) (Plan difference **+0.5%**)

•Increasing the scope of business

Number of stores (Japan) : **81**stores
 (Plan difference **+6** stores)
 New grouping : Formed a capital alliance with Pupule Himawari.
 (Hiroshima)
 Plan to be a subsidiary on December 1st.

Supermarket Business, Discount Store Business



- Sales of fresh produce and delicatessen increased by strengthening the response to dine-in demand. Operating profit increased by 14.1 billion yen compared to FY2019.
- Promote community-based management and productivity improvement efforts.

【Segment Operating Profit※】

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

Sales same-store YoY

(%)

	YoY	Compared to FY2019
Livestock	-5.1	+6.1
Agricultural	-6.1	+6.5
Marine	-0.4	+7.0
Delicatessen	+6.5	+4.1
Sum of fresh produce and delicatessen	-1.6	+5.8

【Community-focused initiatives, measures to improve productivity】

U.S.M.H : More than 500 stores introduced Scan&Go, self-scanning, self-checkout system
Maxvalu Tokai : Opened a small-scale supermarket in formerly the area served by Maxvalu Chubu.

My Basket : Improved the accuracy of placed orders, standardized installing self-checkouts at new stores and opened 50 stores.



※FY2019 results excluded Maxvalu Hokkaido, Maxvalu Kyushu, FY2020 results excluded Maxvalu Kyushu. FY2021 results as shown sum up with SM Business and DS Business.

Outlook for the second half of FY2021

- Vaccination program looks set to finish earlier than anticipated at the beginning of the term.
- Continuing to steadily implement measures based on the five growth strategies of our medium-term management plan.

【Major difference in assumptions from initial forecast (Japan)】



Continuing to steadily implement measures based on the five growth strategies in 2nd Half

Acceleration and evolution of the digital shift

Establishment of unique value by supply chain

Advancement of Health & Wellness for a new era

Creation of the AEON Living Zone

Further acceleration of the Asian shift

- Promote business integration and aim to become the number one corporate entity in the region.

Integration of Fuji and Maxvalu Nishinihon (Holding company in March 2022, Merger in March 2024)



Sales approx. ¥**870**billion
Stores approx. **500**stores
Employees approx. **32,000**heads

Integration of AEON Tohoku and AEON Retail's Tohoku business division (Non food) (September 2021)



Sales approx. ¥**280**billion
Stores approx. **150**stores
Employees approx. **17,800**heads

- Fuji opened the first store in AEON Shopping Center. Strengthening cooperation ahead of business integration in March.
- AEON Mall is scheduled to open a mixed-use, office/retail complex mall this month by deeper cooperation by the community.

AEON Town Kawanoe (Opened in September)

~Fuji's first store in AEON Group Shopping Center, and WELCIA's first store in Shikoku.~



Mixed-use, office/retail complex mall (open in October)

"AEON Mall Nagoya Noritake Garden"

4~6F BIZrium Nagoya (Office zone)

1~3F Retail zone

Advancing Growth Strategies

Creation of the
AEON Living Zone

Acceleration and
evolution of the
digital shift



- AEON Group's "TOKIMEKI point" merged into the "WAON POINT" system, creating a points system that's "easier to understand", "easier to earn", and "easier to use".
- Using "WAON POINT" as a key, the comprehensive AEON Group's app called "iAEON" launched as an online and offline gateway to the Group's services.



変更前



変更後

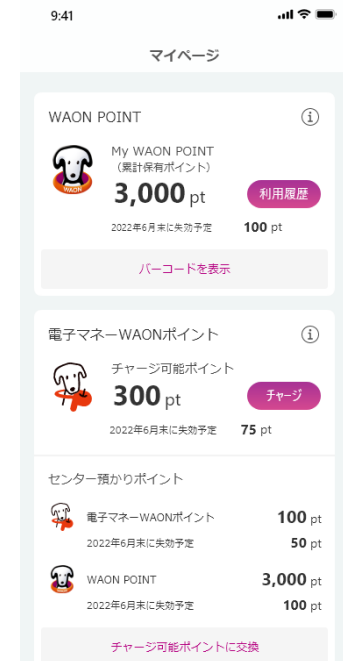


ポイントまとまる。支払いめづらか。
暮らしとつながる、イオンのトータルアプリ

iAEON

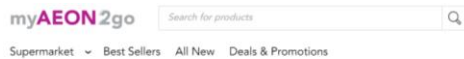
Entrance to various
services of the
group

Convenient point
management and
point usage



- Customized the e-commerce platform of Boxed in U.S. for AEON Malaysia.
- In Indonesia, started collaboration with major e-commerce platform both online and offline.

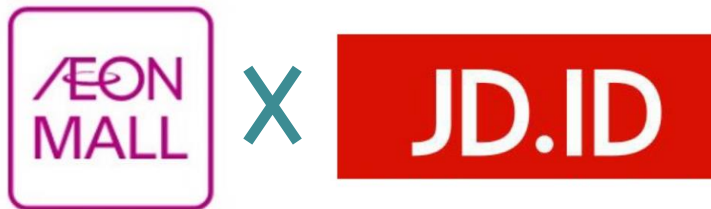
AEON Malaysia ~Enhanced e-commerce based on BOXED platform~



© 55100 | AEON STYLE Taman Maluri Store Login | Create Account



AEON Mall Indonesia ~Collaboration with major e-commerce platform JD.ID~



New WELCIA concept store ~WELCAIA AEON Town Makuharinishi open in October~

Medical Services

- Local medical cooperation with clinics and hospitals
- Introduction of online and drug receiving tools
- Health check and consultation

Local community-based

- Expand sales zone of food and gardening categories to meet local needs

Prevention・Pre-symptomatic treatment

- Self-check with measuring equipment
- Health consultation by a dietitian
- Promotion of self-medication

Expertise

- Experts such as pharmacists, registered sellers, registered dietitians, beauty advisors, and gardening staff

Wearing Celliant products helps with recovery from fatigue. Launched new items in autumn/winter range. **Bolstering protein-related products in response to the growing demand**



Advancing Growth Strategies

Establishment of unique
value by supply chain



- A price on Topvalu brand food products leave unchanged until the end of 2021 to help keep living costs down in response to increasingly cautious customer spending.
- Actively developing products that meet changing customer demand, such for increased health consciousness.

AEON announced a price freeze on Topvalu brand food products.



Australian organic lamb



International Fair Trade Certified, Organic JAS Certified Coffee



Enjoy professional taste at home anytime.
Supervised by a first-class cook



Fiscal 2021 Forecast



•No change in FY2021 forecasts from the figures announced at the beginning of the fiscal year.

【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



The end of FY2021 1H Consolidated Balance Sheets



(億円)

Assets (main item only)	2021/2	2021/8	Change from '21/2	Liabilities and net assets (main item only)	2021/2	2021/8	Change from '21/2
Cash & deposit	1,287.5	1,142.9	-144.6	Notes and accounts payable	1,072.4	979.8	-92.5
Notes and accounts receivable - trade (incl. installment receivables)	1,602.7	1,668.6	+65.9	Interest bearing debt (excl. finance subsidiaries)	2,102.2	2,146.3	+44.0
Inventories	542.8	527.8	-15.0	Interest bearing debt (finance subsidiaries)	1,043.4	1,099.9	+56.4
Operating loans, loans & bills discounted for banking business	2,733.2	2,767.2	+34.0	Deposits for banking business	4,010.0	4,091.6	+81.5
Property, buildings, and equipment	3,062.9	3,155.5	+92.5	Total liabilities	9,725.4	9,686.4	-39.0
Investments and other assets	977.3	975.7	-1.5	Shareholders' Equity	923.9	913.6	-10.3
Total assets (excl. finance subsidiaries)	114,81.2 (5,749.2)	11,481.2 (5,681.8)	-0.0 (-67.4)	Total net assets (excl. finance subsidiaries)	1,755.7 (1,393.6)	1,794.7 (1,407.6)	+38.9 (+14.0)
				Total net assets and liabilities (excl. finance subsidiaries)	11,481.2 (5,749.2)	114,81.2 (56,81.8)	-0.0 (-67.4)

Forecast of Dividend Payments



	FY2020 (Result)	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

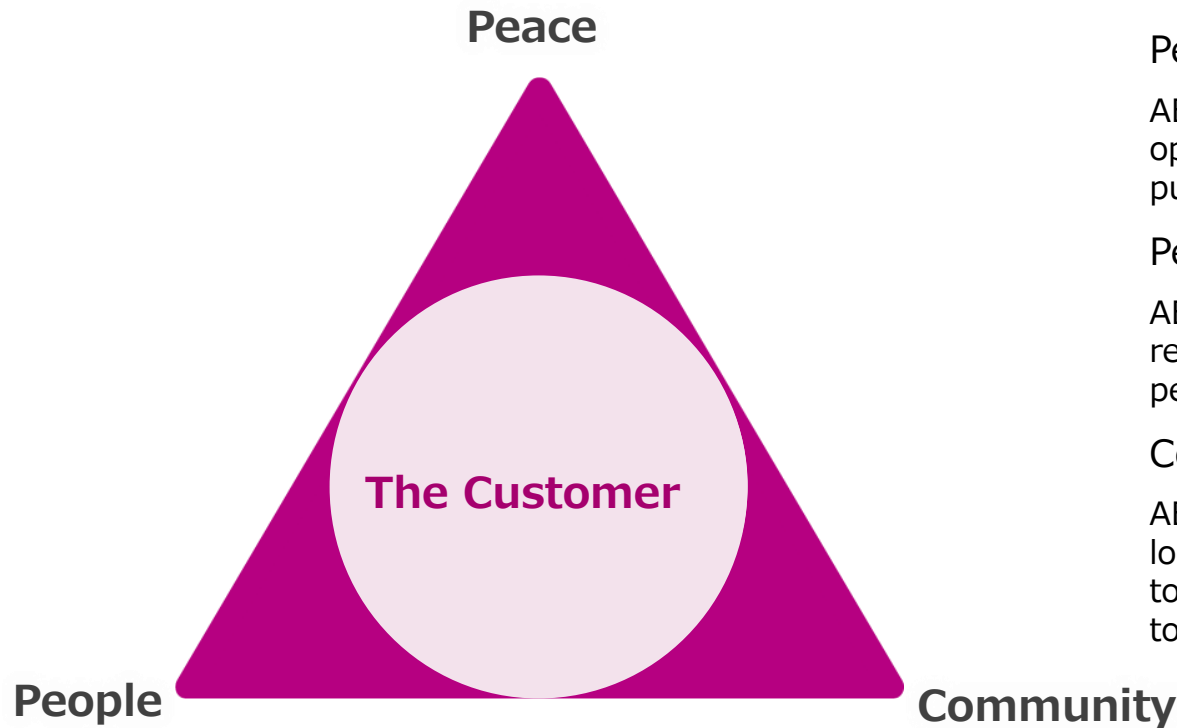
FY2021 1H Results of Daiei and ex-Daiei GMS



(billion yen)

Business Segment	Company Name	Operating Revenue			Operating Profit		
		Result	YoY	Compared to FY2019	Result	YoY	Compared to FY2019
GMS	AEON Retail store ※Former Daiei GMS in Kanto, Nagoya and Kinki region	54.4	-0.8%	-15.2%	-1.7	+0.7	+1.0
SM	Daiei	151.5	-3.7%	+2.4%	0.2	-2.2	+1.9

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.

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