

FY2022 2Q

---

# Presentation Materials

October 5, 2022

• Despite a seventh wave of COVID-19 infections and higher-than-expected increases in utility expenses, operating revenue, operating profit, and ordinary profit **all hit record highs.**  
**Quarterly profit was up approximately 300% YoY.**

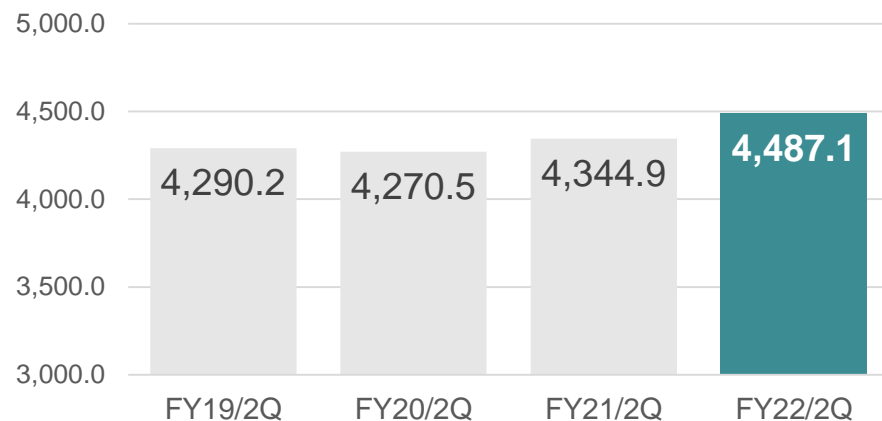
	FY2022 1H Results	YoY % / change* <sup>1</sup>	(billion yen) Impact from application of revenue recognition standard* <sup>2</sup>
Operating Revenue	4,487.1	103.3%	-86.3
Operating Profit	95.8	+18.1	+0.7
Ordinary Profit	95.3	+17.3	0.0
Profit attributable to owners of the parent	18.0	+13.4	

\*1 YoY comparison under old revenue recognition standard

\*2 Impact from application of revenue recognition standard on ordinary profit was 95 million yen

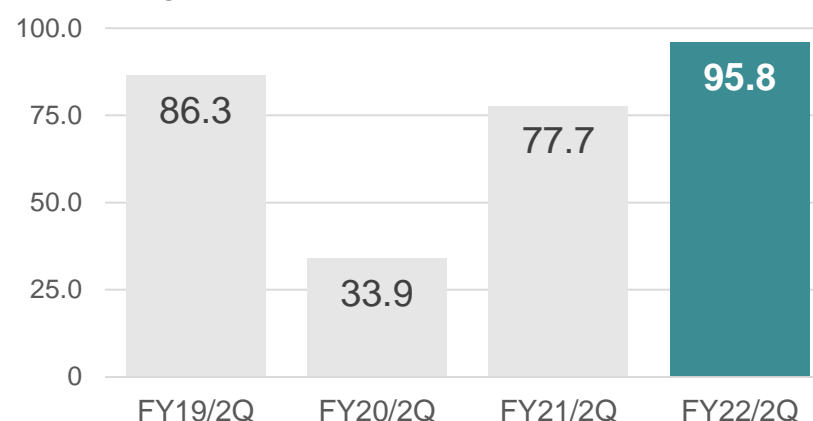
- Operating revenue and profit at all levels eclipsed pre-pandemic levels
- Higher utility expenses were absorbed by a recovery in sales and controlling SG&A costs

## Operating Revenue

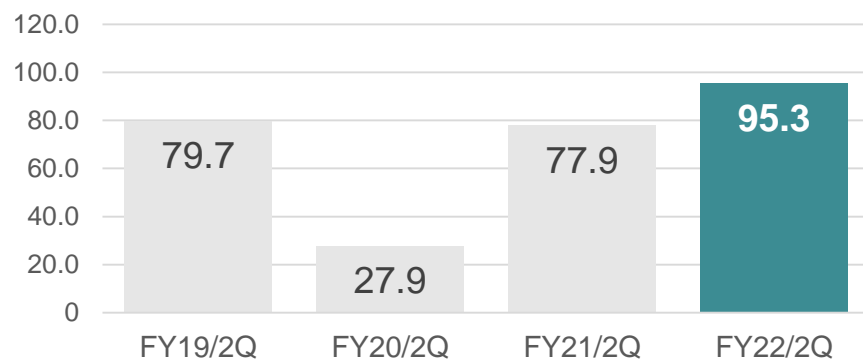


## Operating Profit

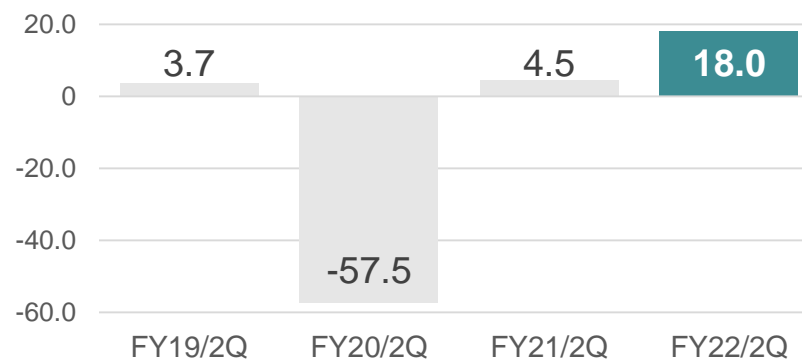
(billion yen)



## Ordinary Profit



## Profit attributable to owners of the parent



# Results by Segment



- Operating revenue: YoY increase in five business segments
- Operating profit: YoY increase and profitability improvement in five business segments

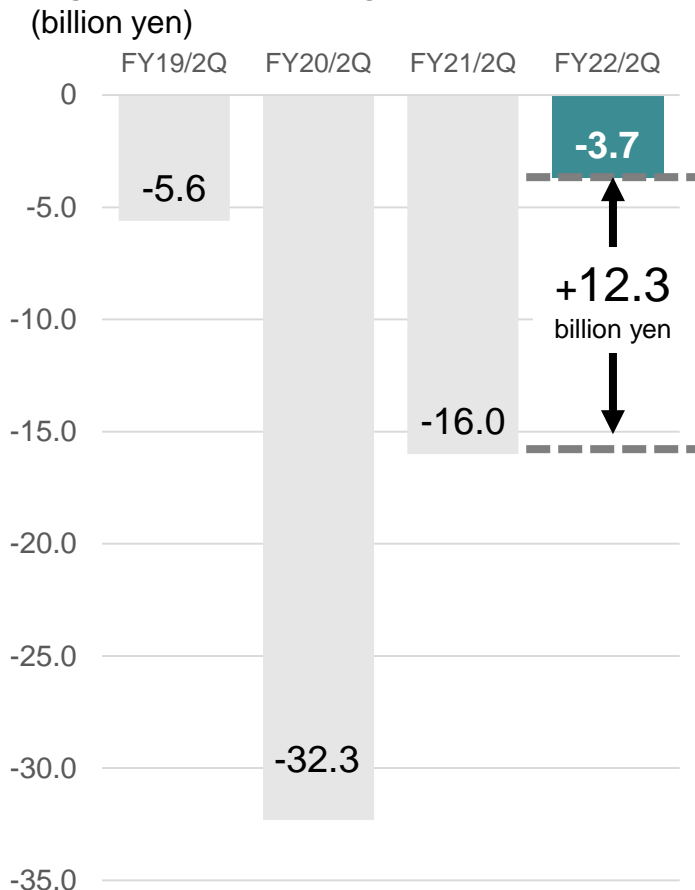
## Results by Segment

(billion yen)

	Operating Revenue		Operating Profit	
	Results	YoY*	Results	YoY change*
Consolidated total	4,487.1	103.3%	95.8	+18.1
General Merchandising Store (GMS)	1,598.8	98.0%	-3.7	+12.3
Services & Specialty Store	377.1	109.0%	5.9	+7.4
International	245.4	118.1%	7.3	+4.5
Shopping Center Development	216.3	121.1%	23.0	+3.2
Health & Wellness	565.4	110.7%	23.5	+1.3
Discount Store (DS)	191.3	97.6%	0.8	-0.3
Financial Services	224.3	93.7%	33.0	-2.0
Supermarket (SM)	1,309.1	102.9%	8.5	-5.6

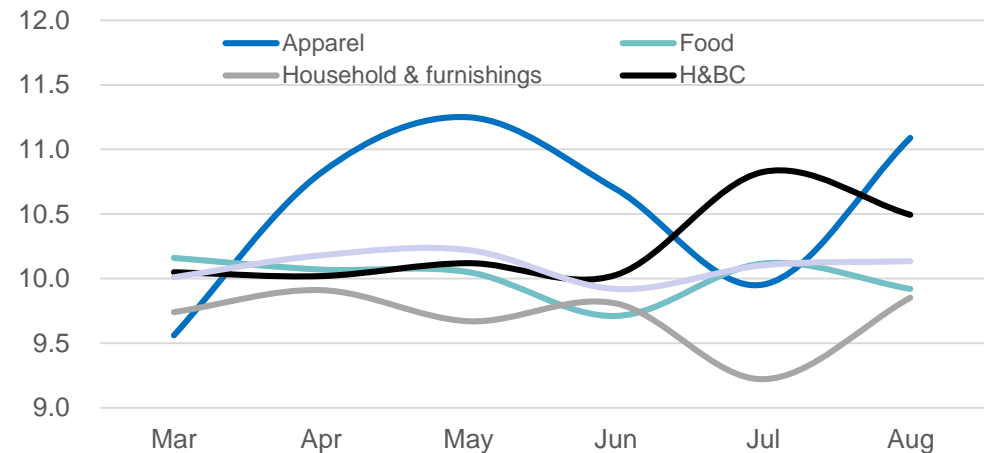
- Profitability improvement of 12.3 billion yen. Profitability has surpassed the pre-pandemic level.
- Overall sales and gross profit margin improvement driven by apparel and health and beauty care products.

## Segment Operating Profit\*1



## Aeon Retail: Same-store sales YoY

(billion yen)



## Aeon Retail: Same-store sales YoY, and gross profit margin

1H	Apparel	Food	Household & recreational	HBC	Total	(%)
YoY same-store sales	105.2	100.0	96.9	102.6	100.9	
YoY gross profit margin	+2.4	-0.1	+0.1	+1.3	+0.4	

## Online supermarket

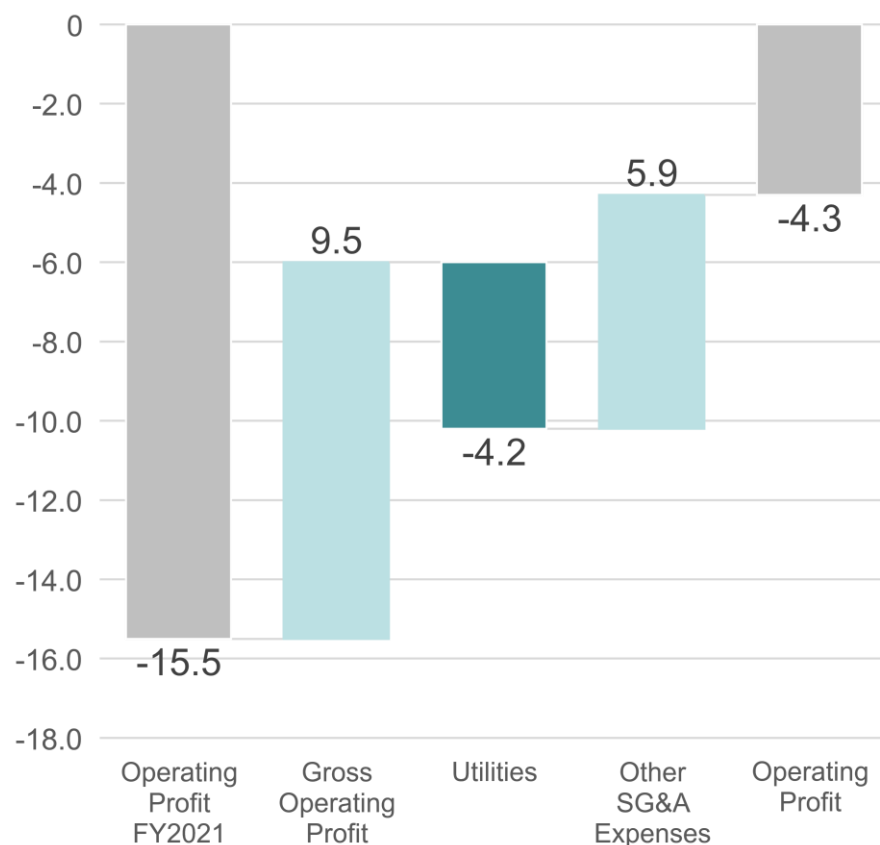
vs. 2019 1H

Approx. +60%

- Sharp profit growth from success of structural reforms over past two years
- Impact of rising electricity prices absorbed by controlling selling, general and administrative expenses

## Change in Operating Profit\*1

(billion yen)



## Product inventory and inventory turnover

	2019 1H	2020 1H	2021 1H	2022 1H
Product inventory	167.8 billion yen	126.1 billion yen	112.4 billion yen	<b>104.6 billion yen</b>
Inventory turnover days vs. 2019/1H*2	-	-5.5 days	-9.7 days	<b>-10.6 days</b>

## Rising electricity prices: YoY change in utility costs

	2022 1Q	2022 2Q	2022 1H
YoY change in electricity prices	134.8%	139.7%	<b>135.6%</b>
YoY change in electricity consumed	100.5%	96.5%	<b>98.2%</b>
YoY change in utility costs*2	+1.8 billion yen	+2.3 billion yen	<b>+4.2 billion yen</b>

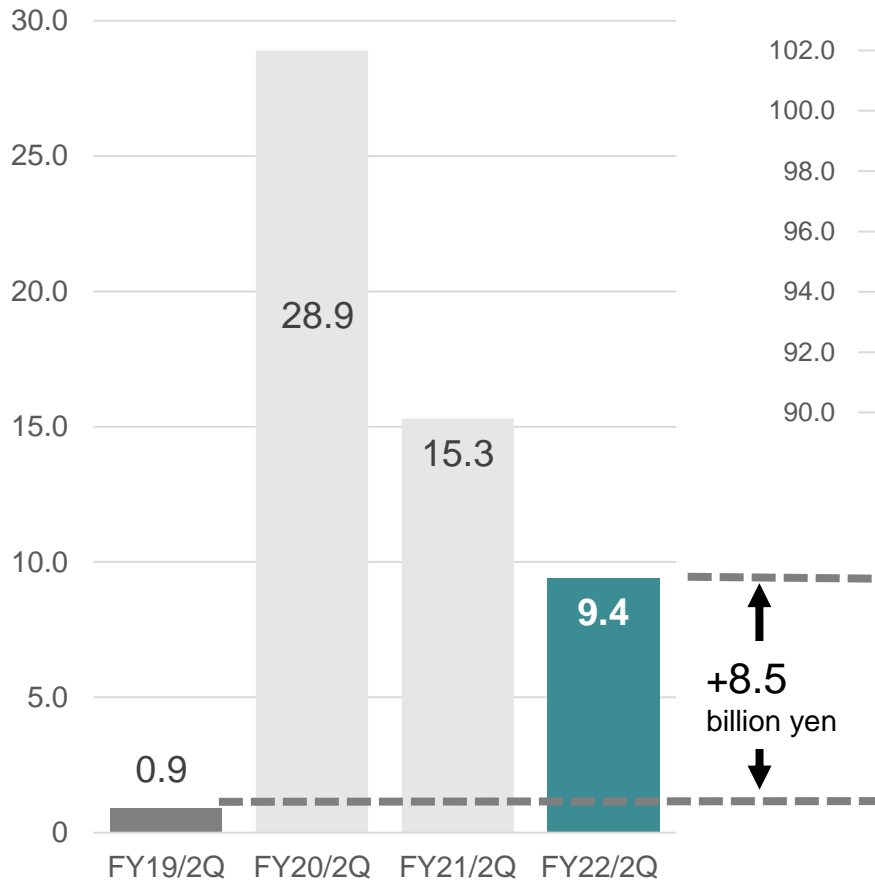
# SM Business / DS Business



- Profit growth of 8.5 billion yen compared to before the pandemic. First-half utility costs increased by roughly 10.0 billion yen from last year.
- Sales were impacted by subdued stay-at-home demand and customers seeking to economize, leading to lackluster customer traffic

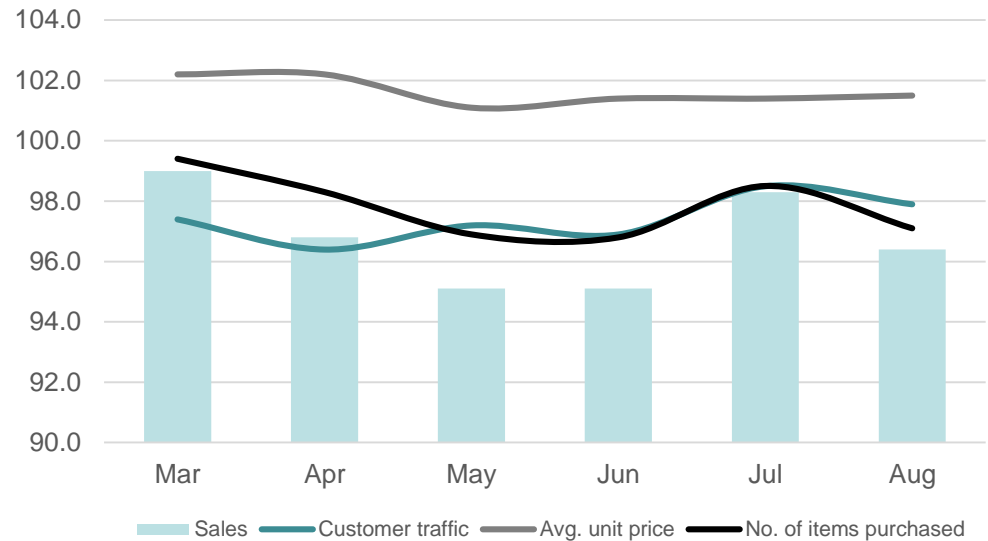
## Segment Operating Profit\*1

(billion yen)



## Same-store sales YoY\*2

(%)



**+5.6 billion yen**  
existing businesses

Operating revenue\*2 +104.0%

SG&A ratio\*2 -0.6pt

**+2.8 billion yen** impact of Fuji consolidation

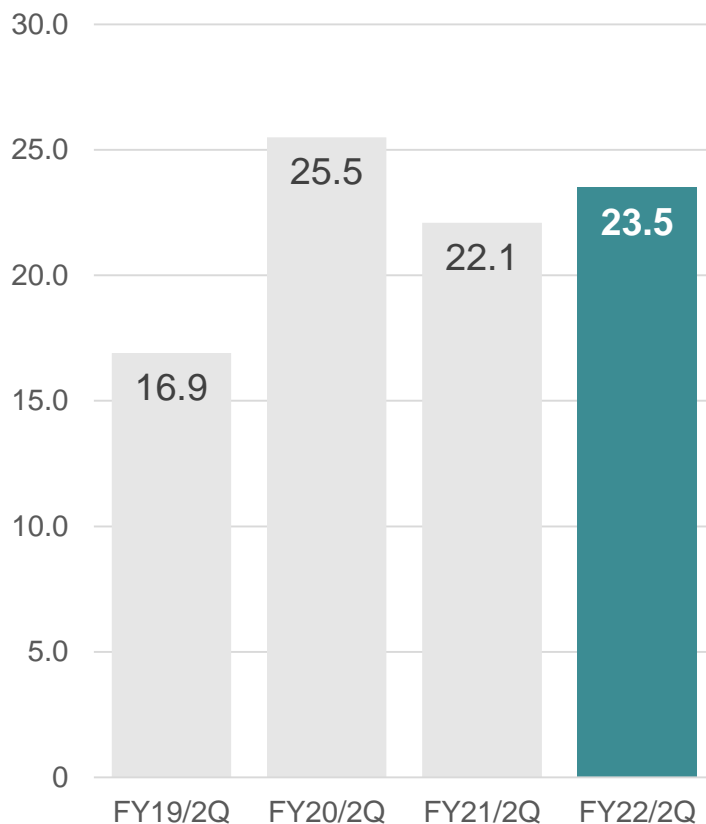
\*1 FY2019 and FY2020 results adjusted for changes in segments; results for FY2021 and FY2022 are the simple sum of the Supermarket Business and Discount Store Business

\*2 Total for main companies

- Pressing ahead with growth strategy of adding more stores capable of processing prescriptions, the opening of new stores, and M&A deals
- Proactive initiatives included free PCR testing at stores with dispensing pharmacy and free handouts of antigen test kits; customer traffic increased, which led to sales of mainly cold medicine and tablets for reducing fever

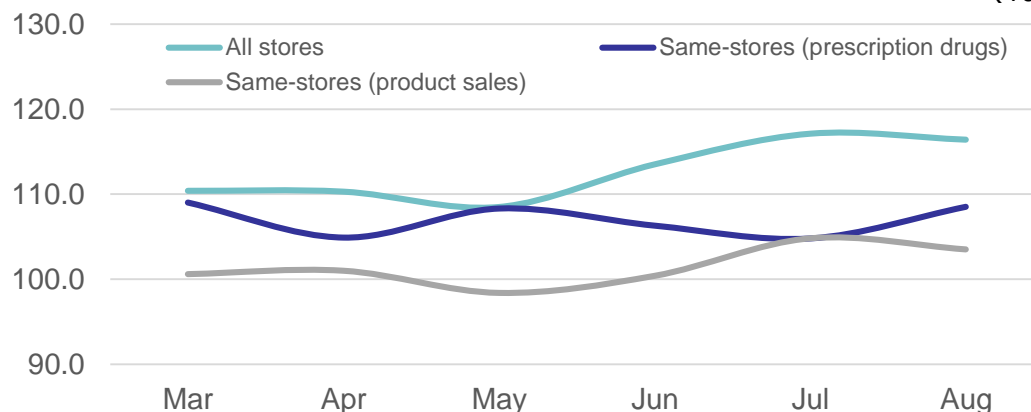
## Segment Operating Profit

(billion yen)



## Welcia Holdings' sales YoY

(%)



### Welcia Holdings

#### Sales YoY (same-store)

Pharmaceuticals: 107.6%, merchandise total: 101.5%,  
prescription drugs total: 107.0%

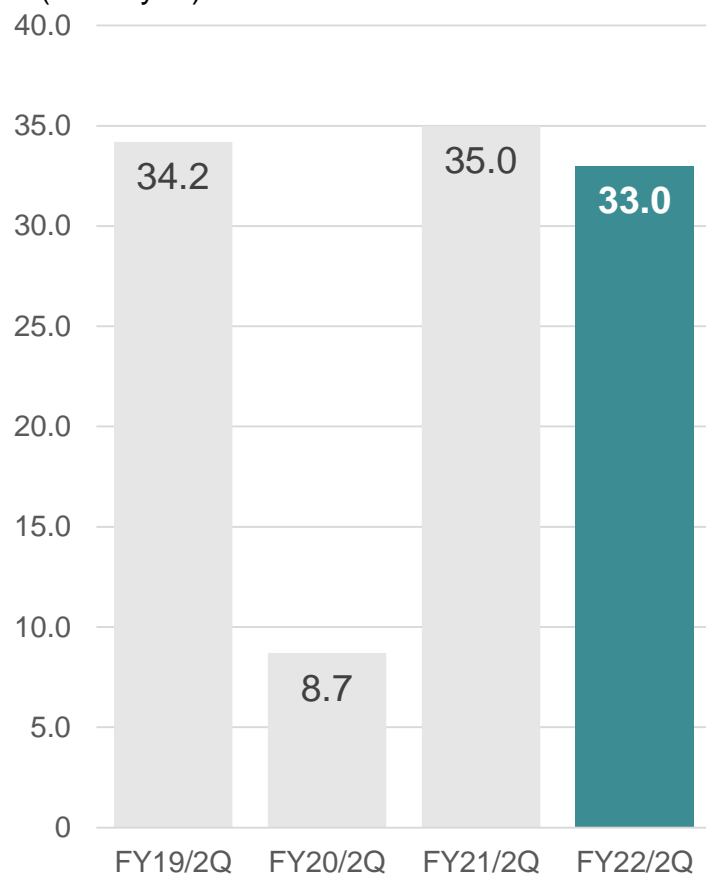
#### Growth strategy

- Drugstores capable of processing prescriptions (domestic): 1,943 stores (now capable: 73.5%)
- New store openings (domestic): 79 stores
- Kokumin was made a consolidated subsidiary in June
- Number of Group stores: 2,702 stores

- Overseas: Recovery in transaction volumes and balances of operating receivables; revenue and profit growth due to sustained improvements in productivity
- Japan: Credit card shopping transaction volume and balance of operating receivables remain brisk

## Segment Operating Profit

(billion yen)



## Aeon Financial Service: Earnings by area

(billion yen)

	Operating profit	YoY	
Overseas	21.8	+3.6	<ul style="list-style-type: none"> <li>• Stepped-up promotional measures drove transaction volume higher</li> <li>• Balance of operating receivables topped 2019 level</li> </ul>
Japan	10.4	-5.0	<ul style="list-style-type: none"> <li>• Growth in credit card shopping transaction volume</li> <li>• Cash advance transaction volume bottomed out</li> </ul>

## Transaction volumes and balances of operating receivables

(overseas)

(billion yen)

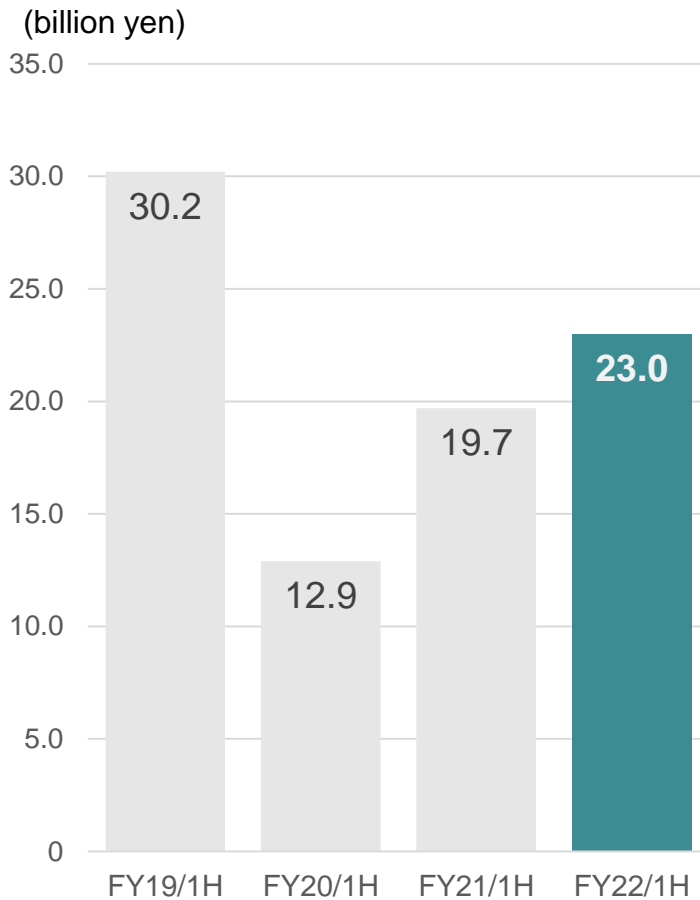
		FY2022 1H	YoY (change)	vs. 2019 (change)
Credit cards	Transaction volume	233.3	<b>148%</b>	112%
	Balance of operating receivables	245.7	<b>+60.3</b>	+44.5
Installment loans	Transaction volume	57.7	<b>158%</b>	90%
	Balance of operating receivables	247.5	<b>+45.9</b>	+64.8
Personal loans	Transaction volume	79.4	<b>155%</b>	96%
	Balance of operating receivables	272.1	<b>+49.9</b>	+33.4
Total	Transaction volume	370.6	<b>151%</b>	104%
	Balance of operating receivables	765.4	<b>+156.3</b>	+142.8

# Shopping Center Development Business



- Operating profit growth of 3.2 billion yen from last year, but still below pre-pandemic level
- Domestic Aeon Mall specialty store sales declined compared to 2019, but increased by double digits from last year
- Sharp improvement in Vietnam Aeon Mall specialty store sales; recovery in China since April

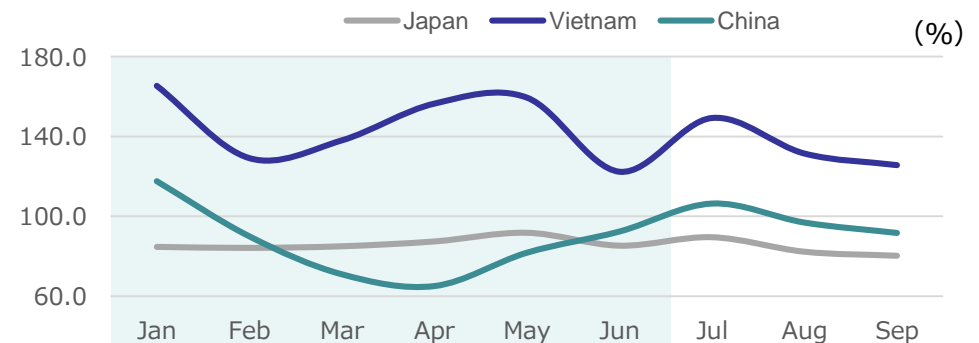
## Segment Operating Profit



## Aeon Mall: Same-mall specialty store sales YoY (%)

	vs. 2021		vs. 2019	
	1Q	2Q	1Q	2Q
Japan	112.9	111.5	88.0	86.8
Vietnam	113.8	156.8	145.2	147.6
Cambodia	135.0	198.3	87.5	93.7
Indonesia* <sup>1</sup>	136.3	123.5	71.8	75.1
China	85.0	80.5	94.4	87.8

## Aeon Mall: Same-mall specialty store monthly sales vs. 2019\*<sup>2</sup>



\*1 Comparison of customer traffic at existing malls shown for Indonesia

\*2 Shaded area represents consolidated accounting period (Jan to Jun) in Vietnam and China; preliminary figures for September as of September 30

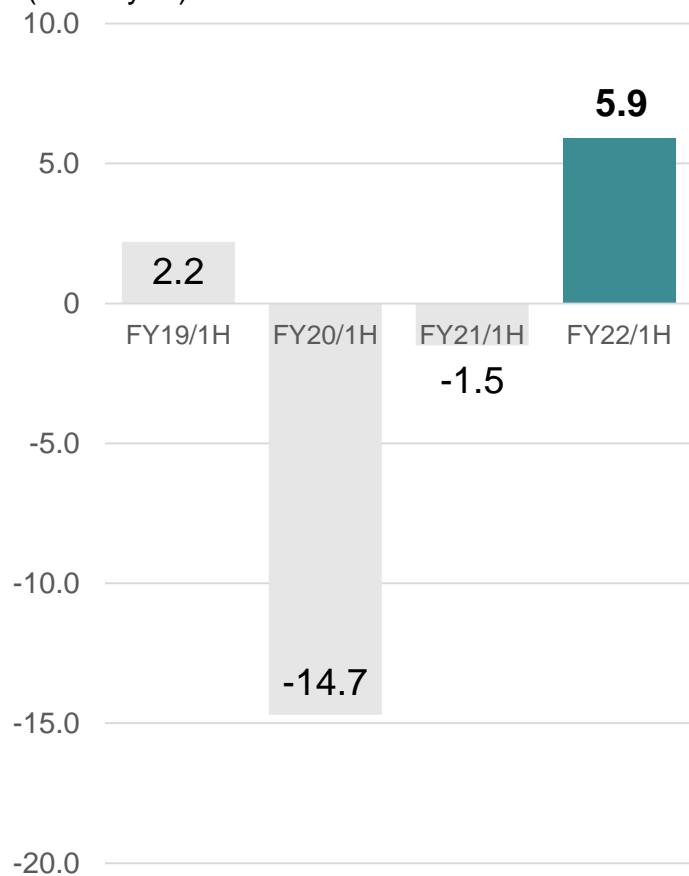
# Services & Specialty Store Business



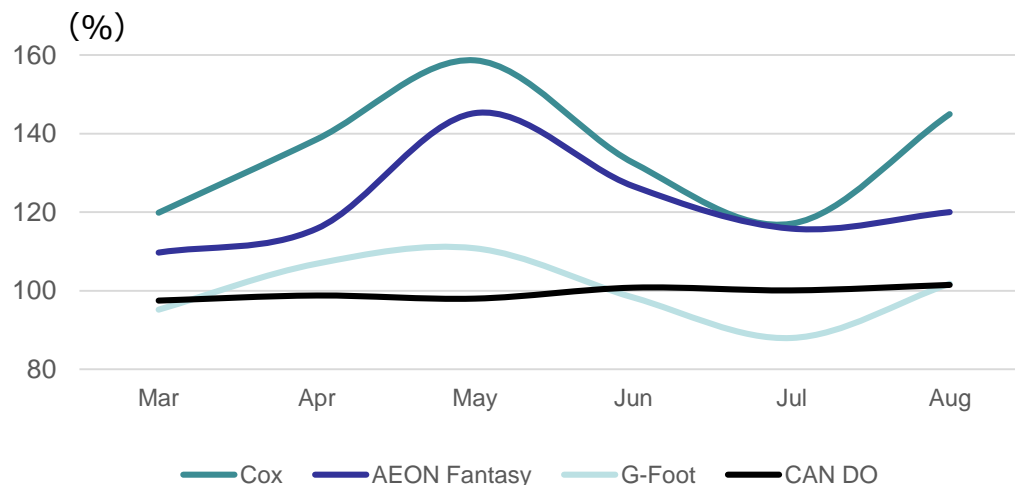
- A return to profitability in 1H; a surge in infections in the second half of 2Q slowed the recovery, but only until August when the recovery gained momentum again
- Contributions to profit growth came from amusement businesses, which had struggled to attract customers under COVID-19 restrictions

## Segment Operating Profit

(billion yen)



## Same-store sales YoY



## Results for amusement businesses

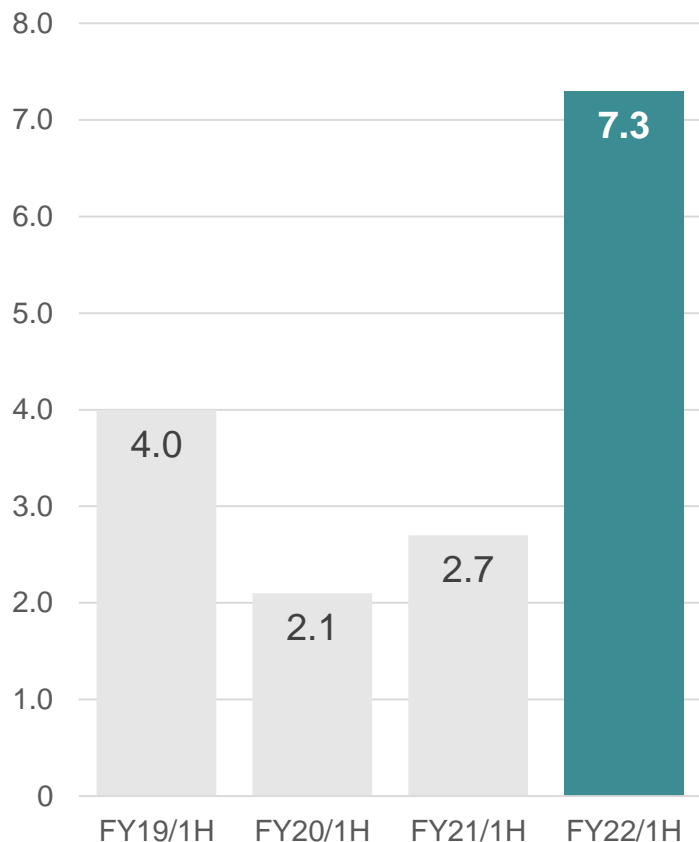
(billion yen)

	Operating Revenue	Operating Profit
	YoY	YoY change
Aeon Entertainment	132.3%	+2.6
Aeon Fantasy	115.6%	+2.4

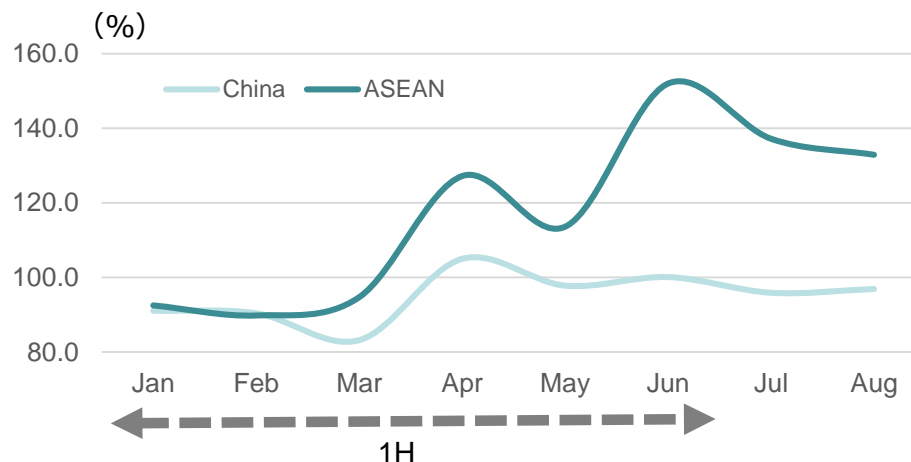
- ASEAN: Higher sales and profit at Aeon Malaysia and Aeon Vietnam; record highs at all profit levels
- China: Still impacted by lockdowns in some regions, but a recovery from 2Q drove profit growth

## Segment Operating Profit

(billion yen)



## China/ASEAN companies Same-store sales YoY\*



## Aeon Malaysia and Aeon Vietnam

(billion yen)

	Operating Revenue	Operating Profit
	YoY	YoY change
Aeon Malaysia	122.7%	+2.2
Aeon Vietnam	142.8%	+1.8

# Fiscal 2022 Forecasts



• No change to our initial forecasts; 2Q results were mostly in line with our projections

## FY2022 Forecast

(billion yen)

	FY2019	FY2020	FY2021	FY2022 (Forecast)	YoY % / change
Operating Revenue	8,604.2	8,603.9	8,715.9	<b>9,000.0</b> ( <b>9,200.0</b> ) <small>old revenue recognition standard</small>	– <b>(+5.6%)</b>
Operating Profit	215.5	150.5	174.3	<b>220.0</b> <b>to 210.0</b>	<b>+45.6</b> <b>to +35.6</b>
Ordinary Profit	205.8	138.8	167.0	<b>210.0</b> <b>to 200.0</b>	<b>+42.9</b> <b>to +32.9</b>
Profit attributable to owners of the parent	26.8	-71.0	6.5	<b>30.0</b> <b>to 25.0</b>	<b>+28.4</b> <b>to +13.4</b>

The logo for AEON, featuring the word "AEON" in a bold, purple, sans-serif font. A stylized, three-dimensional purple ring is positioned horizontally across the middle of the letters "E" and "O".

**AEON**

# Consolidated Balance Sheet at End-August 2022



(billion yen)

Assets (main items only)	2022/2	2022/8	Change from '21/2	Liabilities and net assets (main items only)	Feb 2022	Aug 2022	Change from '21/2
Cash & deposits	1,172.2	1,228.0	+55.7	Notes and accounts payable	975.5	1,073.9	+98.4
Notes and accounts receivable—trade (incl. installment receivables)	1,655.0	1,845.2	190.1	Interest-bearing debt (excl. finance subsidiaries)	2,203.1	2,298.0	+94.9
Inventories	555.1	577.4	+22.3	Interest-bearing debt (finance subsidiaries)	1,087.8	1,195.9	+108.0
Operating loans and loans & bills discounted for banking business	2,835.6	2,934.0	+98.3	Deposits for banking business	4,173.4	4,327.6	+154.2
Property, Plant and equipment	3,130.8	3,323.3	+192.4	Total liabilities	9,820.6	10,327.6	+506.9
Investments and other assets	990.1	997.8	+7.7	Shareholders' equity	897.7	915.7	+17.9
Total assets (excl. financing subsidiaries)	11,633.0 (5,726.7)	12,311.8 (6,154.9)	+678.7 (+428.2)	Total net assets (excl. financing subsidiaries)	1,812.4 (1,414.8)	1,984.2 (1,558.6)	+171.8 (+143.8)
				Total net assets and liabilities (excl. financing subsidiaries)	11,633.0 (5,726.7)	12,311.8 (6,154.9)	+678.7 (+428.2)

# Dividend Forecast



	FY2021	FY2022 (Forecast)
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

# Disclaimer regarding Forecast Statement

---



- These materials are intended for the purpose of providing information, and not to encourage any specific actions. The company has prepared these materials (including business plans) based on available information believed to be reliable, but there are risks and uncertainties. The company bears no liability for the accuracy or completeness of the information.
- Please use these materials at your own discretion. The company bears no liability for any loss or harm that may arise from investment decisions made on the basis of any of the projections or targets contained in these materials.
- All rights of authorship of these materials revert to AEON CO., LTD. These materials may not be reproduced or distributed without the permission of the company