



FY2024 1Q

Presentation Materials

AEON CO., LTD

July 12, 2024

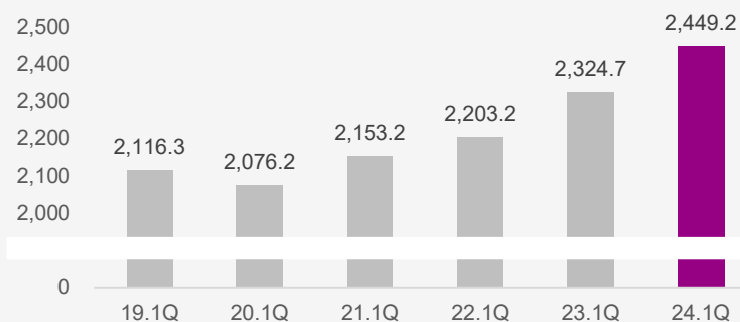
- Continuous increases in operating revenue have reached a record high.
- Operating revenue and quarterly net income attributable to parent company shareholders were generally in line with expectations.

Consolidated Results					(Billion yen)
	1Q Results				
	FY2024 1Q	FY2023 1Q	YoY %	Change	
Operating revenue	2,449.2	2,324.7	+5.4%	+124.4	
Operating profit	47.7	51.4	-7.1%	-3.6	
Ordinary profit	45.3	48.1	-5.7%	-2.7	
Profit attributable to owners of the parent company	5.1	17.7	-71.1%	-12.6	

- Operating revenue increased for the fourth consecutive Q1 in each fiscal year, breaking records.
- Operating profit and ordinary profit were at the second highest level after the previous year, which was the highest ever.

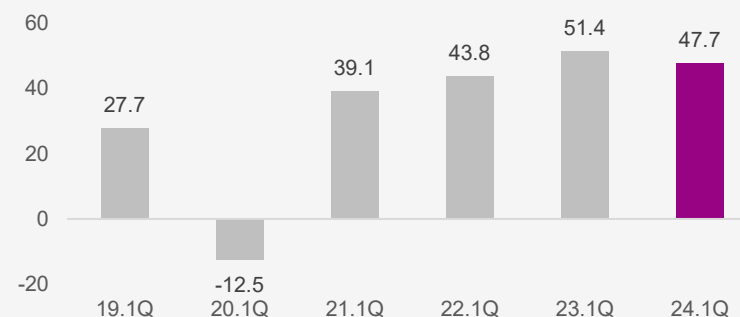
Operating revenue

(Billion yen)



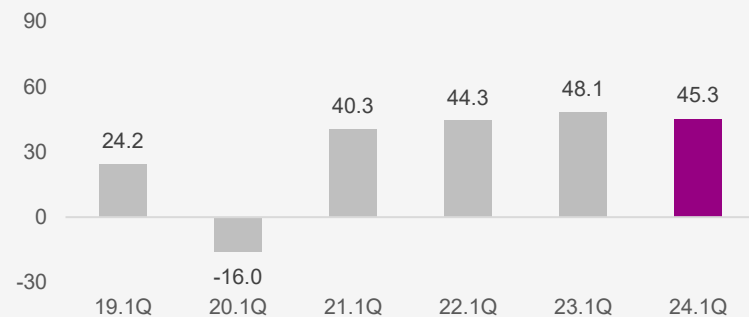
Operating profit/loss

(Billion yen)



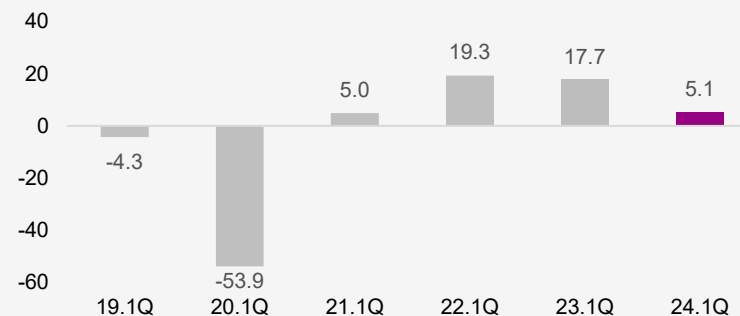
Ordinary profit/loss

(Billion yen)



Profit/loss attributable to owners of the parent company

(Billion yen)



- Operating revenue: Year-on-year increase in all segments other than the Services & Specialty Store Business
- Operating profit: Year-on-year increase in the Financial Service, Shopping Center Development, International, Services & Specialty Store, and Discount Store Businesses

Results by Segment		(Billion yen)			
		Operating revenue		Operating profit	
		Amount	YoY	Amount	YoY
S e g m e n t	General Merchandising Store (GMS)	853.9	+1.5%	-3.4	-4.6
	Supermarket (SM)	731.7	+10.1%	3.6	-2.6
	Discount Store (DS)	100.4	+0.9%	1.9	+0.2
	Health & Wellness	317.9	+6.1%	5.3	-1.8
	Financial Services	127.1	+9.8%	14.9	+5.4
	Shopping Center Development	121.8	+4.3%	15.7	+1.7
	Services & Specialty Store	179.9	-0.3%	5.9	+0.4
	International	142.2	+7.6%	3.9	+0.7
Others		15.2	+16.6%	-2.4	-0.4
Adjustment amount		-141.5	-	2.1	-2.8
Consolidated total		2,449.2	+5.4%	47.7	-3.6

Results by Segment (1Q)

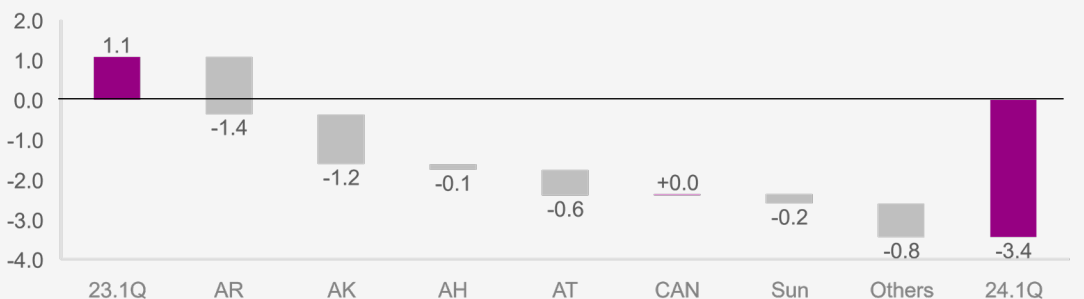
General Merchandising Store (GMS) Business

- Amid sluggish consumption and a growing frugal mindset due to continued inflation and negative real wages, existing stores exceeded their targets from sales promotion efforts.
- A significant decrease in profits due to the disappearance of revenue spending after “COVID-19” and the use of points granted by the government to recipients of the My Number Card.
- Prompting strengthened product and pricing strategies in the second quarter

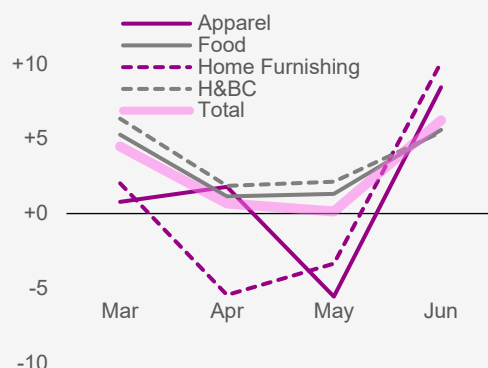
Segment operating profit/loss*1 (Billion)



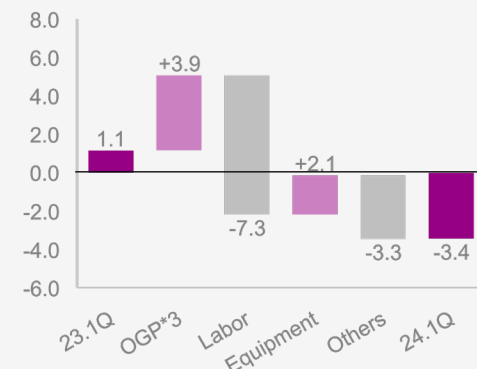
Operating profit/loss +/-*2 (Figures by company) (Billion yen)



Same-store sales, YoY*3 (%)



Operating profit/loss +/- factors (Billion)



*1 Prior year results were adjusted for reportable segment transfers

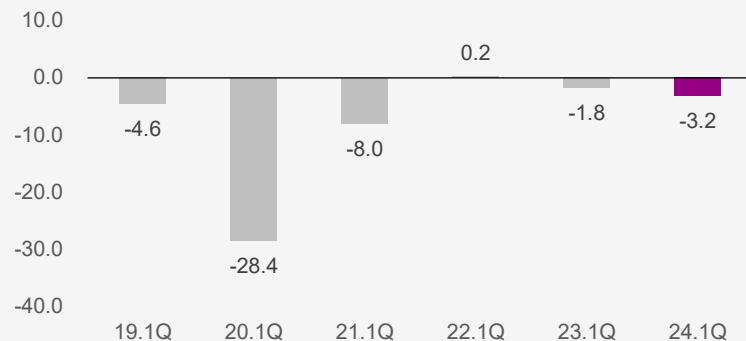
*2 AR:AEON Retail (separate), AK:AEON KYUSHU (cons.), AH:AEON Hokkaido (separate), AT:AEON Tohoku (separate), CAN:CANDO (cons., segment changed), Sun: SUNDAY (cons.)

*3 GMS major 14 companies included

- Focusing on price strategy to secure market share
- Still room for improvement in the gross profit mix due to a backlash from pent-up demand after COVID-19, despite increased sales promotion efforts.
- Continuous profit structure reforms and productivity improvements through the use of AI tools

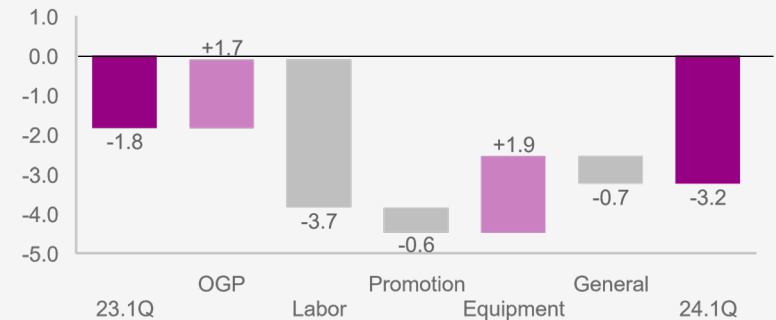
Operating profit/loss

(Billion yen)



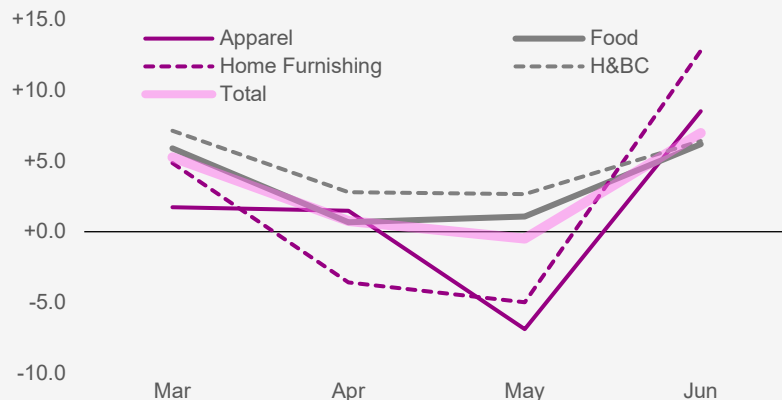
Operating loss +/- factors

(Billion yen)



Same-store sales YoY

(%)



Progress in MTP and structural reforms, Impact of cost increase

TOPVALU sales YoY	103.4%	Man-hour productivity YoY	102.2%
Inventory ^{*1} Change from previous Year-End	¥124.4 bn +¥1.5 bn	Wage increase YoY	+¥2.2 bn ^{*3}
Tenant rent revenue YoY	+¥0.1 bn	Utility cost increase YoY	- ¥2.5 bn
Sales in EC channel YoY	107.6%	Online supermarket Warehouse robotics	100 stores
Regi Go (Full self-checkout)	218 stores	AI work Mal board ^{*4}	326 stores
AI order ^{*2}	337 stores	AI kakaku (AI price)	Delicatessen 347stores Daily 323 stores

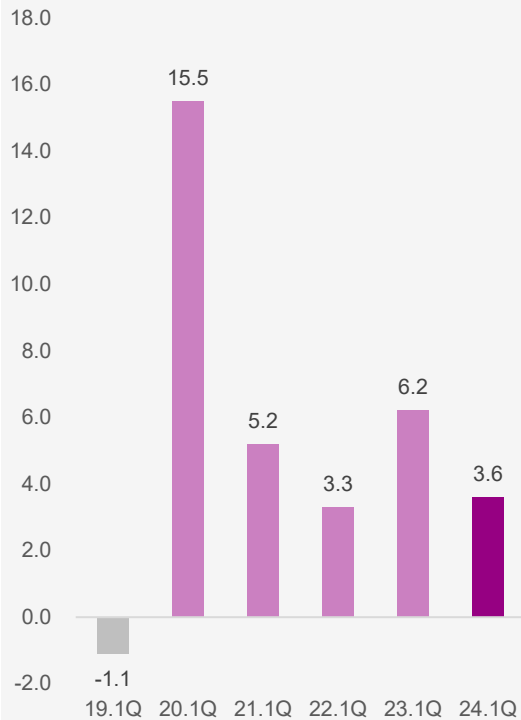
Among 369 stores in AEON Retails at the end of May 2024

^{*1} Including the impact of transferring to the TOPVALU Collection

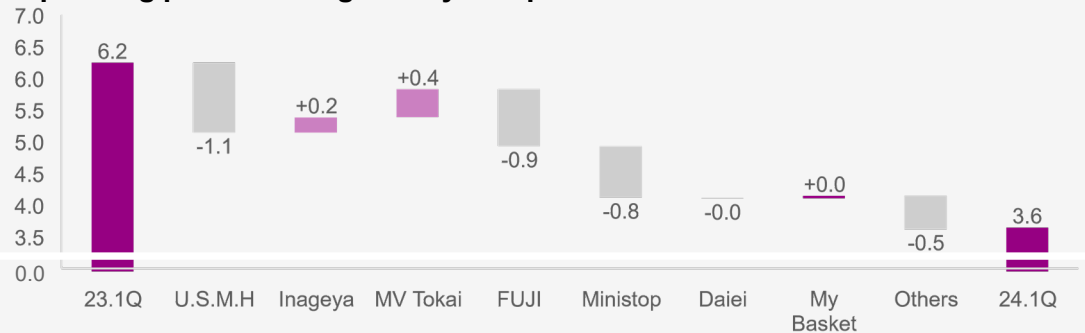
^{*2} Daily 11 categories, Delicatessen 2 categories ^{*3} Including the impact of the minimum wage revision ^{*4} A tool for sharing information via digital signage

- Profit increased in Maxvalu Tokai, My Basket, and the newly consolidated Inageya also contributed.
- Offsetting the impact of cost increases by boosting sales and gross profit margins through the expansion of TOPVALU and regional PB, and enhancing productivity through DX initiatives.

Segment operating profit/loss*¹ (Billion)



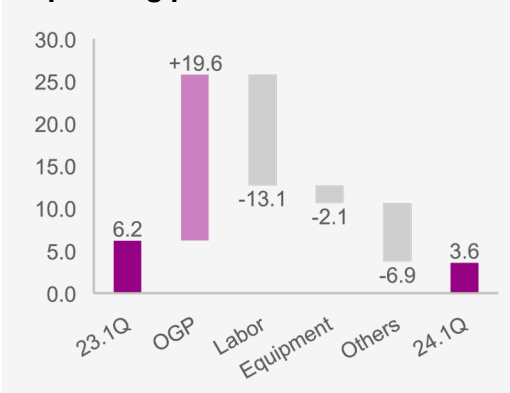
Operating profit +/- (Figures by companies) *² *³



Same-store sales in major companies YoY *⁴



Operating profit +/- factors (Billion yen)



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

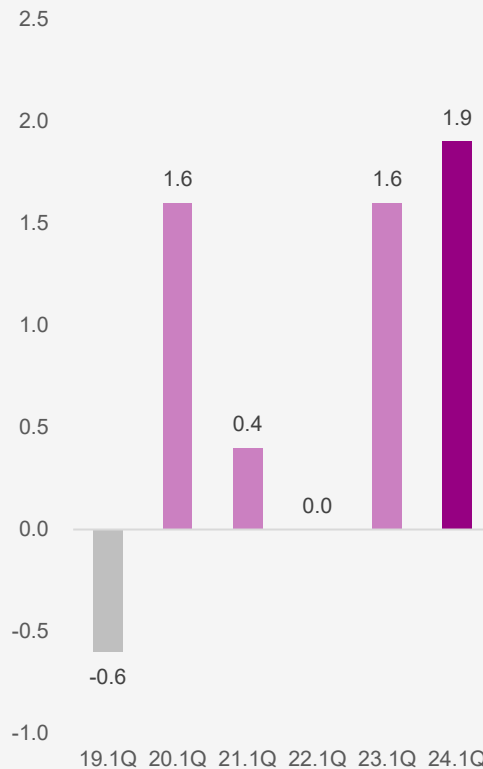
*² Results of FUJI, U.S.M.H, MAXVALU Tokai, MINISTOP, and Inageya are consolidated results in each group. Data of Inageya, Daiei, and My Basket are non-consolidated results.

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

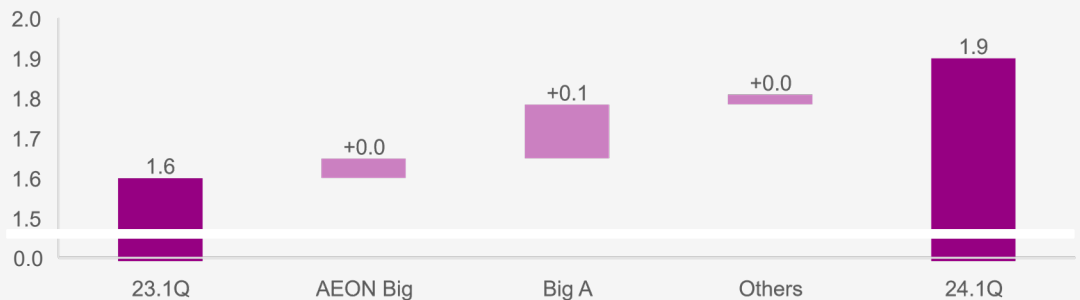
*⁴ SM major 13 companies included

- Increased revenue and profits through the establishment of a dedicated PB and DS format with low-cost operations.
- The PMI of the new AEON Big is progressing smoothly, and the company aims to open double-digit numbers of stores from 2025 onwards while strengthening its structure.

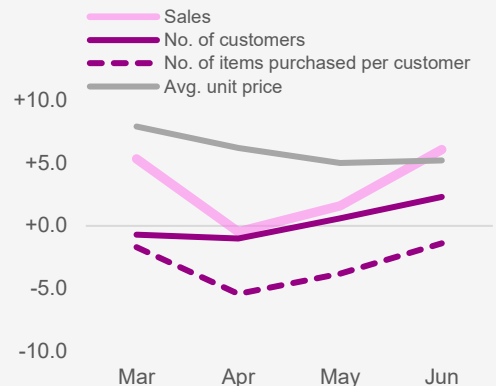
Segment operating profit/loss (Billion)



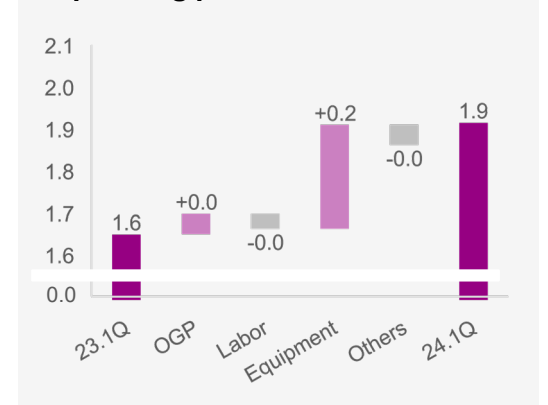
Operating profit +/- (Figures by company)



Same-store sales YoY

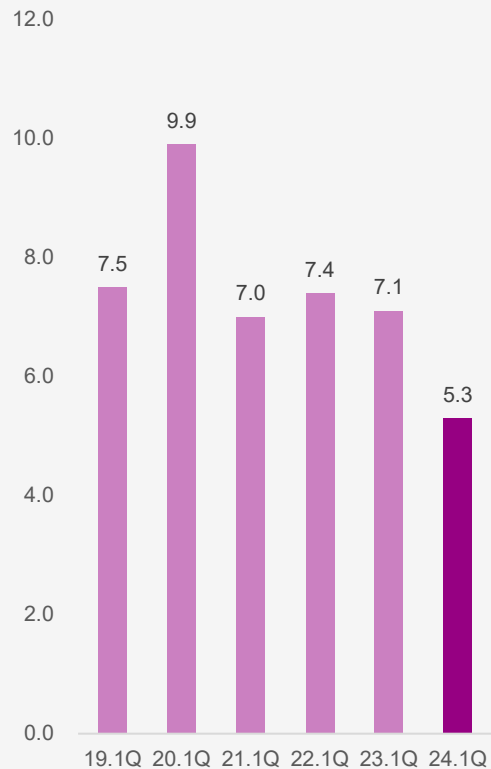


Operating profit +/- factors

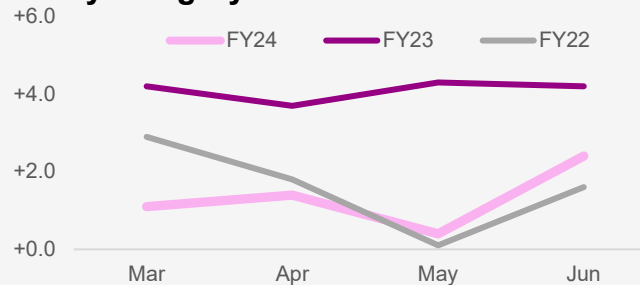


- Revenue increased due to the expansion of PB and store dispensing prescription drugs, as well as increased purchases from visitors to Japan
- A new loyalty program was introduced; The number of stores ceasing cigarette sales reached 1,000
- TSURUHA, WELCIA, and AEON share the "Ideal Image" of the drugstore alliance, and discussions on integration are progressing.

Segment operating profit (Billion yen)



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



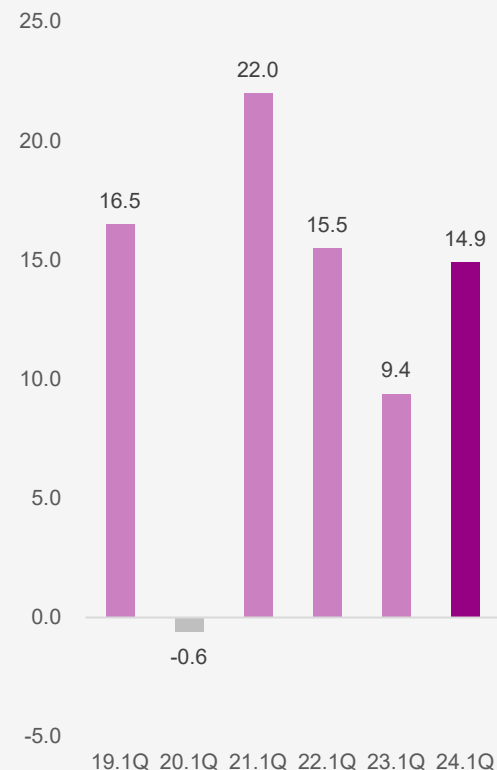
Category	YoY (%)
OTC products	97.6
Cosmetics	103.0
Household goods	103.4
Food products	104.1
Others	92.6
Total sales of products	101.1
Dispensing	106.8
Subtotal	102.2

Operating profit +/- factors

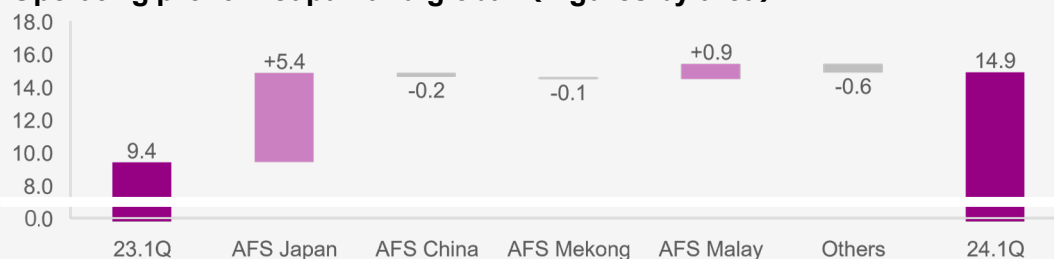


- Domestic: Revenue increased due to higher card and financial revenue, while profits rose despite increased bad debt-related expenses, thanks to controlled promotional expenses.
- Overseas: Although the speed of recovery varied by area, the Malay region rebounded strongly, driving overseas operating income.

Segment operating profit/loss*1 (Billion)



Operating profit in Japan and global (Figures by area) *2 *3 (Billion yen)



AEON Financial Service Co., Ltd.: Results by area *3 (Billion yen)

		Japan	YoY	China	YoY	Mekong	YoY	Malay	YoY
Operating profit	1Q	6.3	753%	1.9	91%	2.5	96%	4.2	128%
Bad debt related expenses	1Q	6.0	130%	2.3	196%	8.8	104%	5.9	113%

Transaction volumes and balance of operating receivables*4 (Billion yen)

		Transaction volumes	YoY	Balance of operating receivables	Increase in 1Q
Japan	Shopping	1,849.8	105%	1,384.1	+ 80.0
	Cash advance transaction	102.7	102%	427.1	+ 14.8
Global	Shopping	126.0	127%	154.6	+ 3.4
	Cash advance transaction	46.4	132%	147.6	+ 3.0

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

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

*3 Changes in AFS Japan's operating profit and year-on-year comparisons are calculated based on figures that have been retrospectively adjusted from the previous year's results.

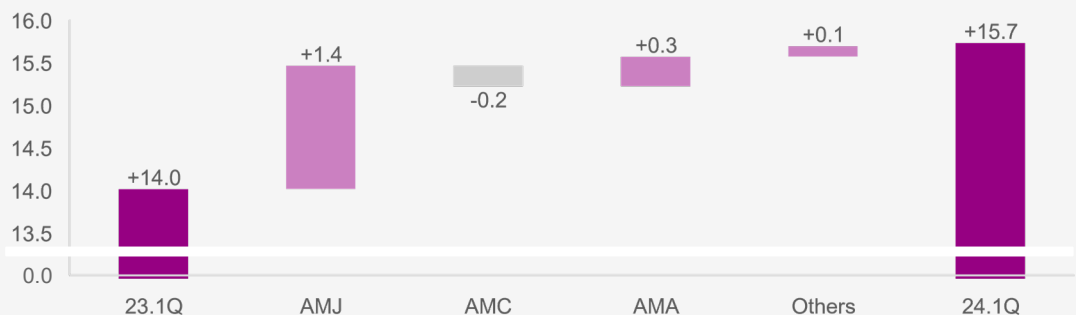
*4 The balance of operating receivables is the value before liquidation

- AEON Mall achieved record highs in operating revenue and operating profit.
- Domestic: Operating profit increased due to growth in sales-based payment on the increase in specialty store revenues, and reduced electricity costs due to a switch to market-price-linked pricing, etc.
- Overseas: Operating profit reached a record high due to increased profits in Vietnam, driven by specialty store sales growth, and in Indonesia, where the reduction of vacant floor space progressed.

Segment operating profit (Billion yen)



Operating profit +/- YoY*1 (Figures by company)



Specialty store sales

Existing malls by area (%)	YoY	Existing malls in Japan by business category (%)	YoY
Japan	103.1	Large-scale specialty stores	106.0
China	106.7	Apparel	99.7
Vietnam	108.8	Accessories	103.7
Cambodia	100.6	Miscellaneous goods	104.2
Indonesia*2	114.9	Dining	105.0
		Amusement	94.9
		Services	107.2
		Total	102.6

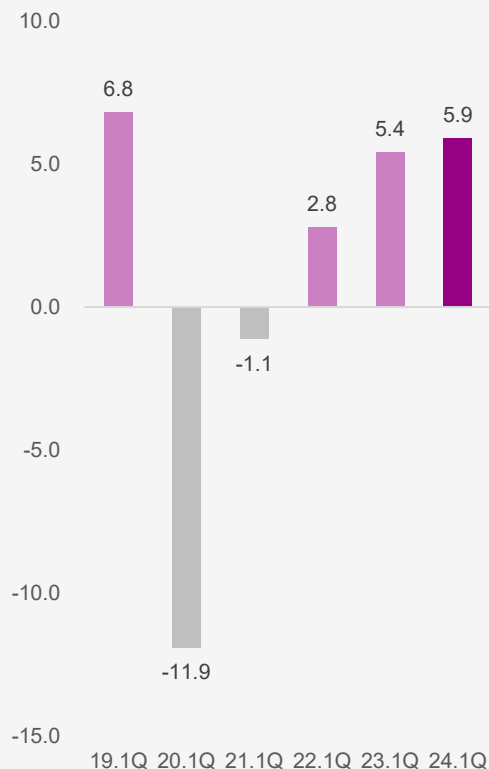
*1 AMJ refers to AEON Malls' operating segment in Japan, while AMC represents the same segment in China. Similarly, AMA denotes the equivalent segment in ASEAN.

*2 Number of visitors to existing malls

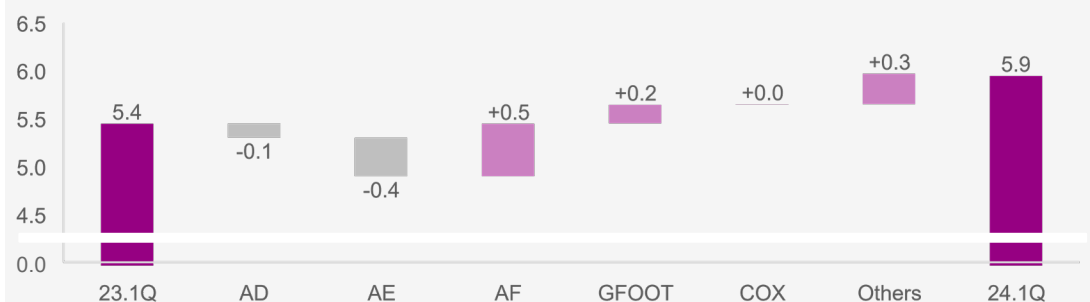
Services & Specialty Store Business

- AEON Fantasy experienced increased revenue and profits driven by higher sales at the new business model in Japan and the impact of new strategic small-format stores.
- COX achieved increased profits by lowering the cost of sales and absorbing the growth in SG&A expenses through an improvement in the gross profit margin.
- AEON ENTERTAINMENT saw a reactionary effect from the record-breaking sales of the previous year's blockbuster movie release in the first quarter and profit decreased.

Segment operating profit/loss*¹ (Billion)



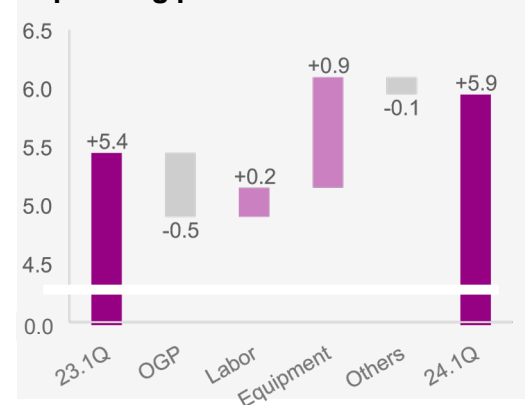
Operating profit +/- *² by company



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



Operating profit +/- factors (Billion yen)



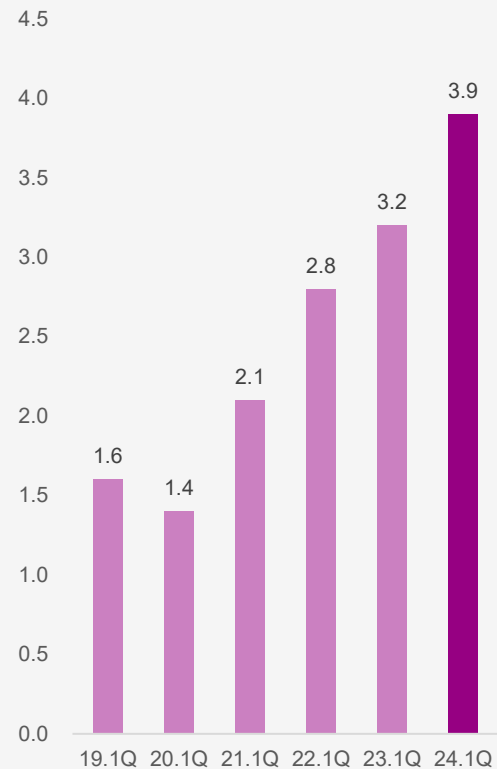
*1 FY2019 results exclude the impact of Kajitaku.

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

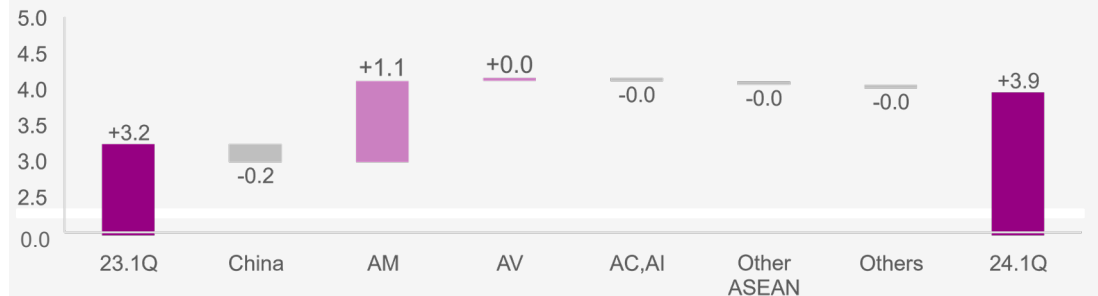
*3 Services include major 4 companies and Specialty stores includes major 7 companies

- ASEAN: AEON Malaysia increased revenue and profits through improved profitability and stringent cost management.
- China : Despite sluggish results in Hong Kong, profit increased, or losses decreased in Guangdong, South China, Qingdao, Beijing, and Hubei. The Wuhan Jiangxia Branch in Hubei performed well.

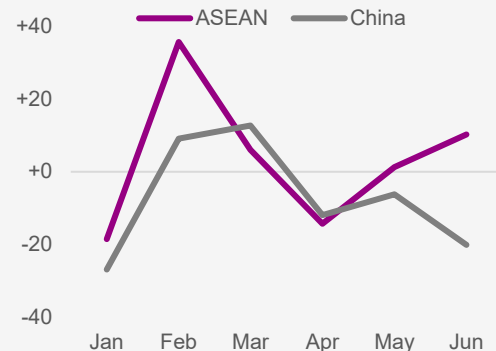
Segment operating profit (Billion yen)



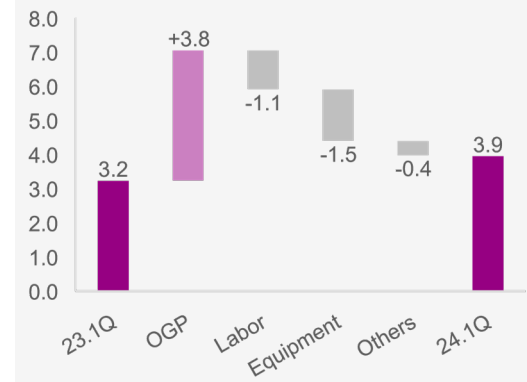
Operating profit +/- by company *1 (Billion yen)



Same store sales YoY *2 (%)



Operating profit +/- factors (Billion yen)



*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

Forecast for FY2024

Same-store sales in June remarkably increased year-on-year. Strengthening group-wide measures to recover the top line.

Same-store sales YoY in July

Business	Same-store sales YoY
General Merchandising Store (GMS)	+6.2
Supermarket (SM)	+2.5
Discount Store (DS)	+6.1
Health & Wellness	+3.1
Shopping Center Development	+12.5
Services	-2.8
Specialty Store	+13.9
China	-15.0
ASEAN	+6.1

Group initiatives in Q2 and onwards



Next Generation Delicatessen Process Center “Craft Delica Funabashi”



The figures for each business are based on the performance of major companies. General Merchandising Store: 14 companies, Supermarket: 13 companies, Discount Stores: 3 companies, Health & Wellness: 3 companies, Services: 4 companies, Service & Specialty Stores: 7 companies, Shopping Center Development: AEON Mall, AEON Retail, AEON Tohoku DV, China: 7 companies, ASEAN: 4 companies

Assumptions and 1Q results of increase in electricity cost and wage

	YoY impact on consolidated FY2024 financial results compared to FY2023*	FY2024 1Q results
Electricity cost increase	<p>Impact on utility cost</p> <p>+¥10.0 bn YoY</p>	<p>Impact on utility cost</p> <p>- ¥7.1 bn YoY</p>
The 2024 problem in logistics	<p>Impact on Group logistics cost</p> <p>+¥4.0 bn YoY</p>	<p>Impact on Group logistics cost</p> <p>+¥0.9 bn YoY</p>
Wage increase	<p>Impact on labor cost</p> <p>+¥65.0 bn YoY</p> <ul style="list-style-type: none">• Normal increase +15.0 bn yen• Strategical increase +50.0 bn yen	<p>Impact on labor cost</p> <p>+¥12.5 bn YoY</p>

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

- No change to the initial forecast. First quarter results were generally in line with expectations.

(Billion yen)					
	Forecast	FY2024		FY2023	
		YoY	Change	1Q Results	Results
Operating revenue	10,000.0	+4.7%	+446.4	2,449.2	9,553.5
Operating profit	270.0	+7.6%	+19.1	47.7	250.8
Ordinary profit	260.0	+9.5%	+22.5	45.3	237.4
Profit attributable to owners of the parent	46.0	+2.9%	+1.3	5.1	44.6



Consolidated Balance Sheet at the End of May 2024



Assets (main items only)

(Billion yen)

	Feb. 2024	May 2024	Change from Feb.2023
Cash & deposits	1,165.5	866.7	-298.7
Notes and accounts receivable—trade (incl. installment receivables)	1,957.4	1,838.1	-119.3
Inventories	625.2	651.7	+26.4
Operating loans and loans & bills discounted for banking business	3,222.8	3,566.6	+343.7
Property, Plant and equipment	3,414.9	3,475.5	+60.5
Investments and other assets	1,105.7	1,173.4	+67.7
Total assets [excl. financial subsidiaries]	12,940.8 [6,400.6]	13,087.4 [6,540.9]	+146.5 [+140.3]

Liabilities and net assets (main items only)

(Billion yen)

	Feb. 2024	May 2024	Change from Feb.2023
Notes and accounts payable	1,073.1	1,123.9	+50.7
Interest-bearing debt (excl. financial subsidiaries)	2,402.7	2,466.7	+64.0
Interest-bearing debt (finance subsidiaries)	1,312.9	1,308.4	-4.4
Deposits for banking business	4,533.2	4,563.5	+30.2
Total liabilities [excl. financial subsidiaries]	10,853.5 [4,779.0]	11,010.3 [4,931.8]	+156.6 [+152.8]
Shareholders' equity	913.3	904.7	-8.6
Total net assets [excl. financial subsidiaries]	2,087.2 [1,621.5]	2,077.1 [1,609.0]	- 10.0 [- 12.4]
Total net assets and liabilities [excl. financial subsidiaries]	12,940.8 [6,400.6]	13,087.4 [6,540.9]	+146.5 [+140.3]

Reference

- 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.

	FY2024	FY2025 (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

(Billion yen, %)

Business 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	23.3	-6.0%	-0.6	+0.2
SM	Daiei	75.7	+3.1%	-0.4	-0.0

Disclaimer regarding Forecast Statement

- These materials are intended to provide information, 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.
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