

FY2020

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# Presentation Materials

April 9, 2021

# Consolidated Results



- Operating revenue, operating profit, ordinary profit achieved higher than forecasts.
- For FY2021 we aim a V-shaped recovery to pre-pandemic levels.

(billion yen)

	FY2019 (Results)	FY2020 (Results)	To Forecast %・change※	FY2021 (Forecast)
Operating Revenue	8,604.2	8,603.9	+1.2	8,620.0
Operating Profit	215.5	150.5	+0.5 ~ +30.5	200.0 ~220.0
Ordinary Profit	205.8	138.8	+18.8 ~ +38.8	190.0 ~210.0
Profit attributable to owners of the parent	26.8	-71.0	—	20.0 ~30.0



# Profit attributable to owners of the parent



- Impacted by one-off factors : tenant rent exemptions and loss of sales opportunities during the temporary closure of malls.
- Made losses but lead to V-shaped recovery and long-term improvements of profitability.

(billion yen)

Main factors of YoY change (Efforts to Sustainable management, impact of COVID-19 )

Results	YoY change
-71.0	-97.8

Decrease of operating profit -64.9

- Loss on the valuation of products (Reducing Inventory)
- Temporary suspension and shortened business hours of shopping malls, service & specialty stores, financial service business

Decline in extraordinary income -21.7

- Decline in gain on sale of investment securities
- Decline in gain on sale of fixed assets

Increase of extraordinary loss +32.6

- Exempting rents for tenants (Mutually-beneficial and harmonious relationships with business partners )
- Fixed costs during suspension
- Expenses of infection control

Increase of taxes adjustment +7.6

Drawing down of deferred tax assets (AEON Retail +22.2)

Solve in FY2021

Through “earning structure improvements” and “infectious disease control measures and efforts for emerging “new normal”,  
V-Shaped recovery and stainable management

## Operating Results (by segment)



- SM and Health & Wellness posted sharp profit growth due to continued operation as lifelines.
- GMS impacted by temporary suspension of tenant zones. Implemented inventory reduction to improve gross profit margin.
- Financial Service, Service & Specialty Store, and International affected by suspended operation and shortened business hours in Japan and overseas. → Improving profitability through infectious disease control measures and response to the emerging “new normal”.

### 【Earnings by segment】

(billion yen)

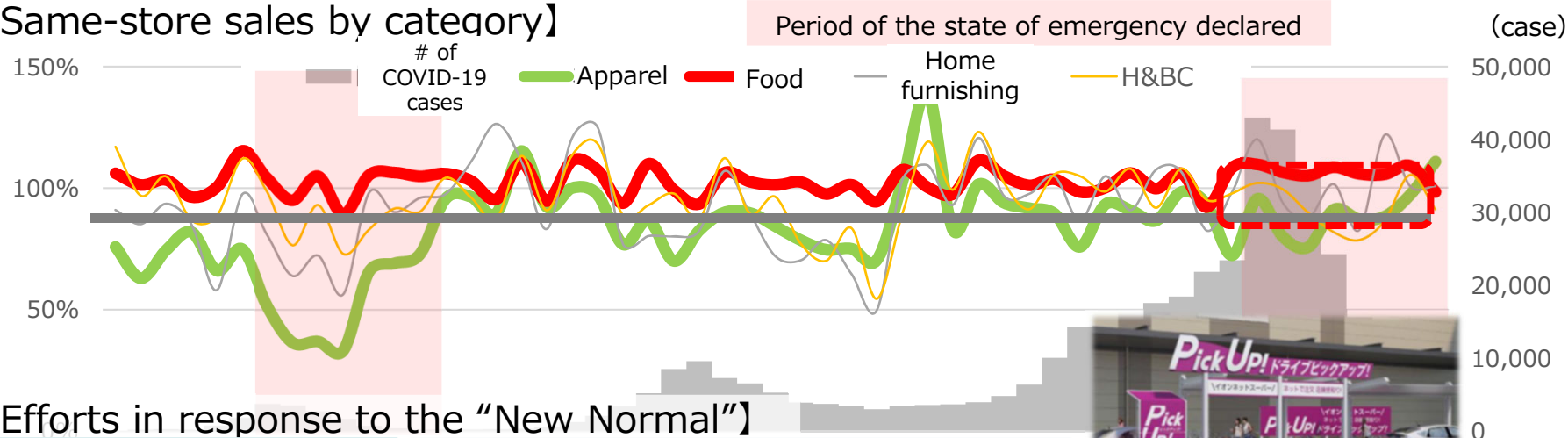
	Operating Revenue	YoY(%)	Operating Profit	YoY change	<b>Infection control</b> AEON COVID19 Protocol for Infectious Disease Control	
Consolidated Total	8,603.9	0.0	150.5	-64.9		
SM	3,265.6	+1.3	50.6	+29.1	<b>+35.0</b>	Continued operation as lifelines
Health & Wellness	956.5	+8.9	41.5	+5.9		
GMS	3,069.5	0.0	-15.6	-22.9	<b>-22.9</b>	Solving underlying issues
Financial Services	487.5	+0.6	42.6	-27.8	<b>-82.2</b>	Suspended operation and shortened business hours
Shopping Center Development	327.0	-12.1	35.7	-27.5		
Service and Specialty Store	642.3	-13.7	-17.6	-22.2		
International	414.4	-5.6	6.0	-4.7		

# General Merchandising Store Business (AEON Retail)



- Responded to the “new normal” through expanding online supermarket services and met stay-at-home demand. Efforts to improve profitability.

## 【Same-store sales by category】



## 【Efforts in response to the “New Normal”】

【Regi Go service】  
Implemented **27 stores**<sup>※1</sup>

1 【Online Supermarket】 (end of FY)  
**200 stores** offered online shopping and delivery service. All 200 stores provide the pick-up service<sup>※2</sup>

【Sporsium】 Expanded approx. **350 stores** in response to fitness at-home demand<sup>※3</sup>

【Winter Gifts】 Expanded sales of local brands

【Collaboration with producers】 Expanded sales of seafoods, having an issue in sales channels



## 【Improved earnings structure】

【Revised organization】 Redeployed about 860 employees from head office to stores

【Streamlined cost management】 Review of promotion, expansion of Regi Go, semi-self-checkout, online meeting, utilization of RPA・AI

【Reduced inventory】

※1 As of end of March 2021. Total of AEON Retail and AEON Retail Store

※2 Picture shows drive-through pick-up service. Counter pick-up service, locker pick-up service also offered.

※3 As of end of February 2021. Total of AEON Retail and AEON Retail Store.

# General Merchandising Store Business (AEON Retail)



• Initiatives in response to the “New Normal” resulted steadily. Operating Profit in the second half of the FY2020 recovered to prior-year levels.

Regi Go usage ratio  
(in food checkout)

Approx. **20%**

## Results of various initiatives

Inventory level compared to the beginning of the Fiscal year.

Approx. **20% decrease**

Winter Gifts EC Sales YoY

**+37%**

Online Supermarket Sales YoY  
(4Q)

**+35%**

Expenses of head office YoY

**-21%**

Sporsium Sales YoY

**+33%**

Number of orders of the Pick-Up service (4Q result compared to 3Q ) approx. **1.7 times**

Same-store expenses of stores YoY

**-5%**

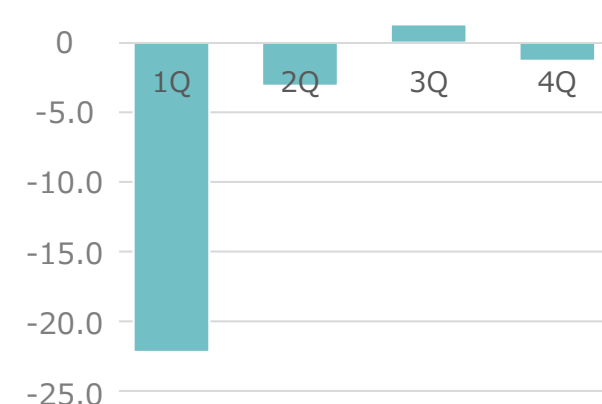
Same-store sales YoY※ (%)



Tenant Income YoY※ (%)



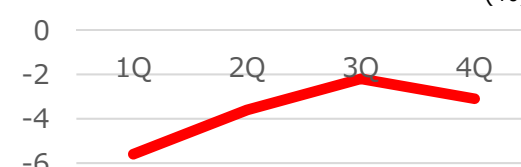
Operating Profit YoY change※ (billion yen)



Gross profit margin YoY change (%)



Same-store expenses YoY※ (%)

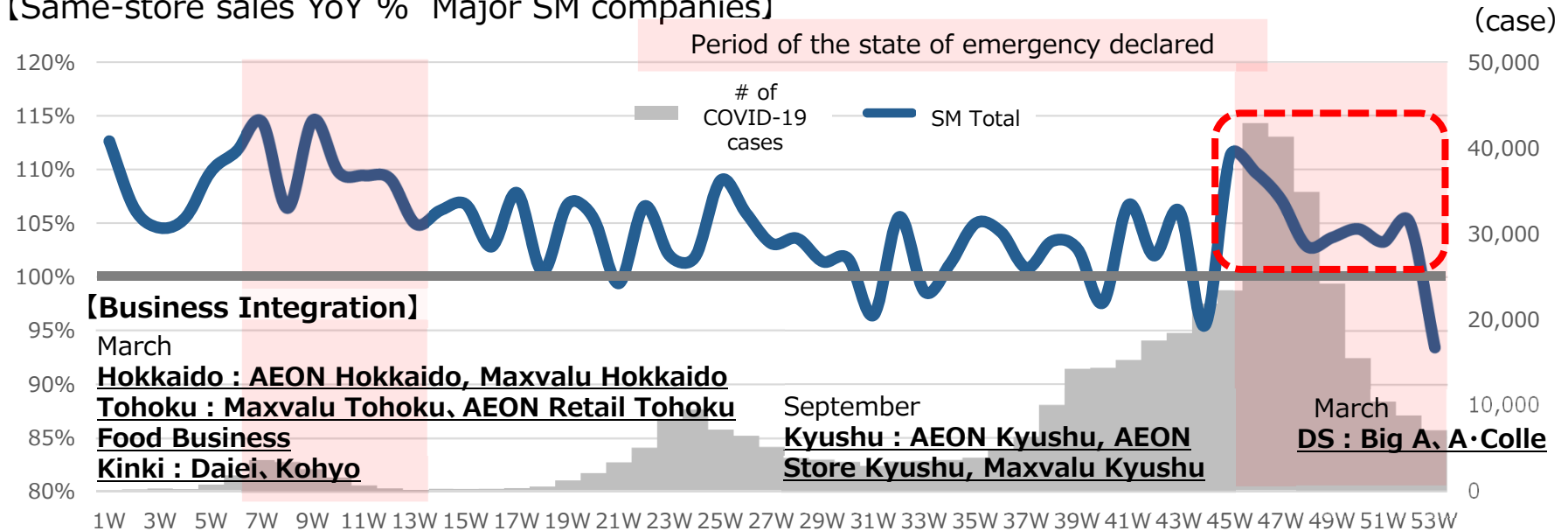


# Supermarket Business



- Gained demand for eating at home. Sales increased during the second state of emergency.
- Rapidly expanded the non-contact self-check out service in response to customer needs.
- Daiei achieved sales and profit growth and net profit returned to black for first time since 2007.

【Same-store sales YoY % Major SM companies】



【U.S.M.H Non-contact self-checkout service】

Jun. 2019 Introduced experimentally  
 Oct. 2019 Deployed for customers  
 Jun. 2020 Started full-scale expansion  
 Aug. 2020 Introduced to 72 Stores totally  
 Feb. 2021 **252 stores totally**



【Daiei Operating Results (non-consolidated) 】

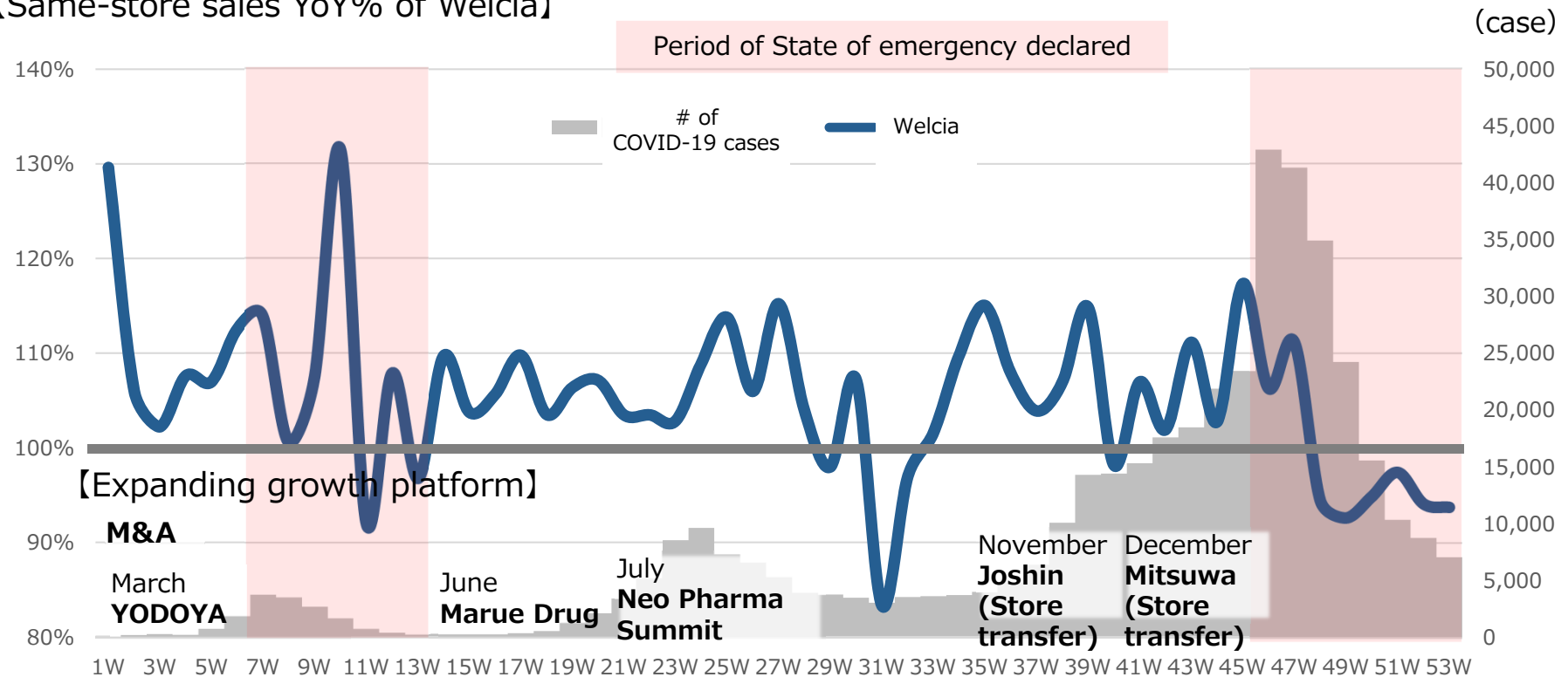
	Result	YoY % change	(billion yen)
Operating Revenue	310.1	+4.1%	<b>Growth 2 consecutive yr.</b>
Operating Profit	3.3	+4.3	<b>Black since 2011</b>
Net Profit	4.0	+5.2	<b>Black since 2007</b>

# Health & Wellness Business



- Responded the demand for infection prevention and stay-at-home.
- Pursued M&A and opening new stores. Accelerate expanding drugstores offers prescription drugs as up-front investment.

【Same-store sales YoY% of Welcia】



Opened new stores  
**120 stores**

Renovation  
**102 stores**

Drugstores offers prescription drugs  
**1,638 stores (YoY +201 stores)**



## Shopping Center Development and Service & Specialty Store Business

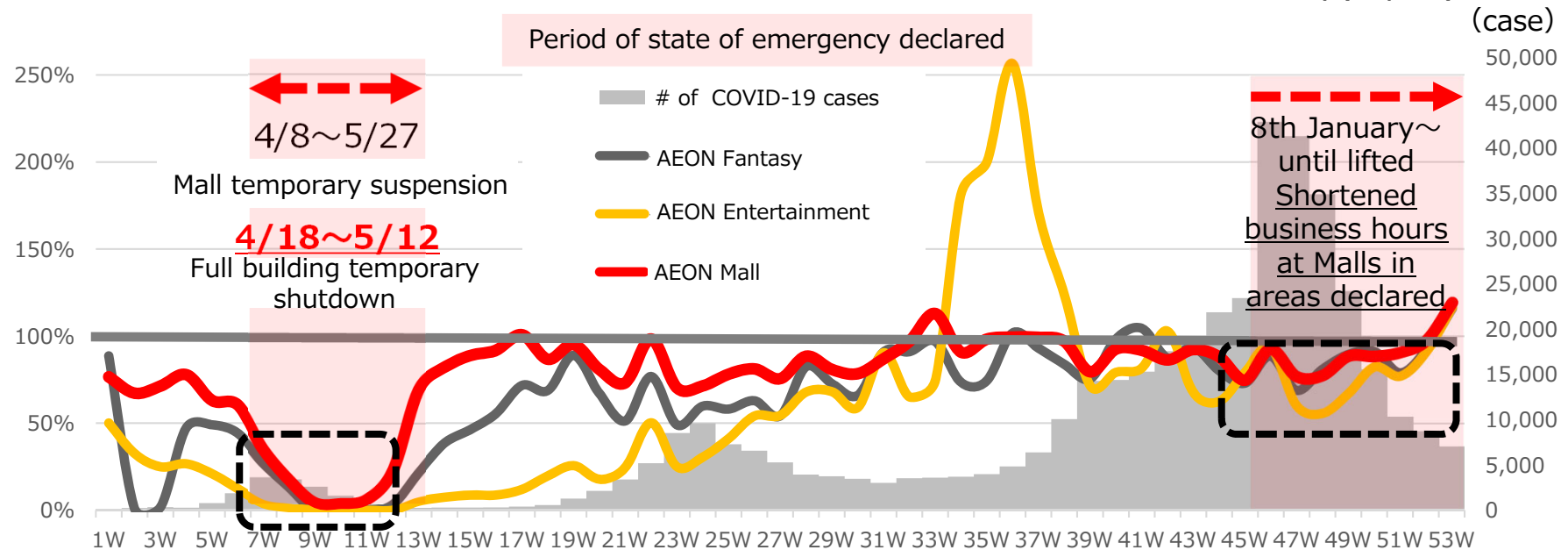


- Earnings impacted significantly with temporary closure of all domestic malls in the first quarter.

Thorough infection disease control got back on track for a recovery.

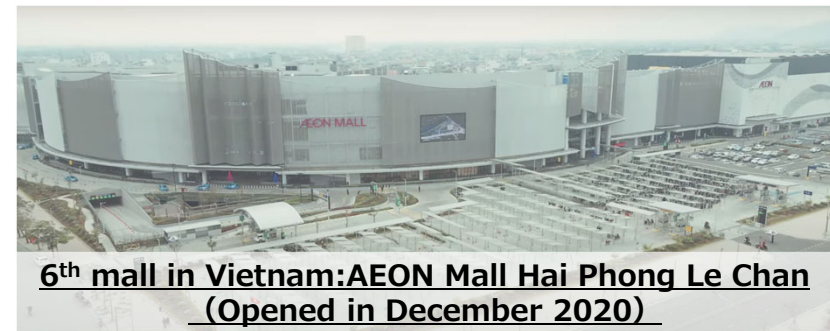
- Continued opening new malls in Japan and overseas.

【Same-store sales YoY % of AEON Mall tenants, AEON Entertainment, AEON Fantasy(Japan)】



【AEON Mall: Opening & refurbishment in FY2020】

Area	Opening	Refurbishment
Overseas	2 (Indonesia, Vietnam)	2 (including one expansion)
Japan	1 (Saitama Pref.)	10 (including 2 expansions)



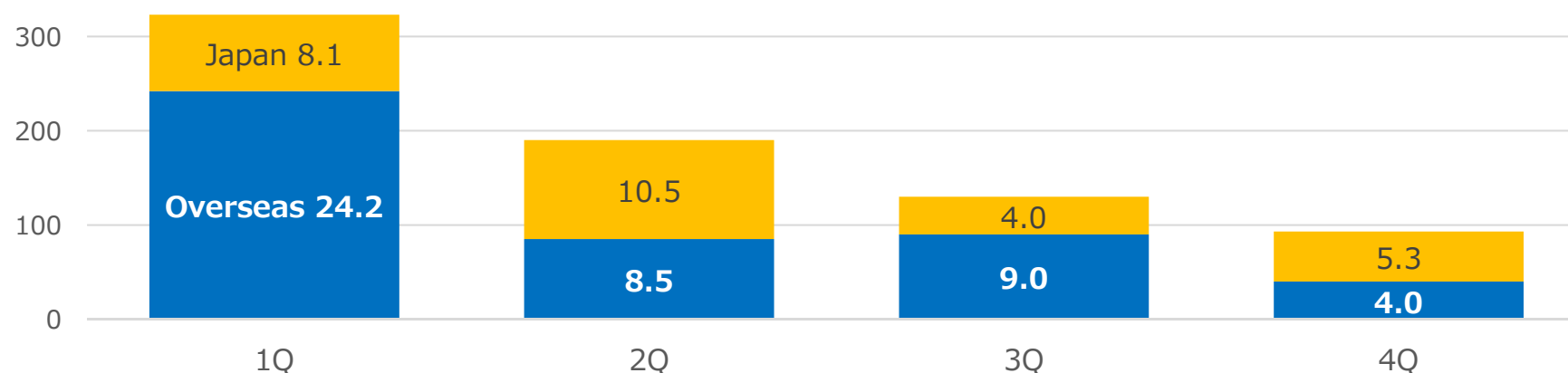
## Financial Service Business



- Expense increased due to building up allowance for doubtful accounts in the first half in Japan and overseas. Collection activities smoothly progressed.
- Financial results of AEON Financial Service exceeded its earnings forecasts.

【AEON Financial Service : Bad debt expenses※】

(billion yen)



【Financial Service Business : change of quarterly Operating Profit】

(billion yen)

	1Q		2Q		3Q		4Q	
	Result	YoY change	Result	YoY change	Result	YoY change	Result	YoY change
Operating Profit	-0.6	-17.1	9.3	-8.3	17.4	+11.9	16.5	-14.2
Main factors of YoY change	<b>Overseas</b> : Restrictions on activities such as lockdown. Built up allowance for doubtful accounts for future risk.		<b>Japan</b> : Built up allowance for doubtful accounts.		<b>Japan</b> : Decrease in promotion expenses (Big marketing campaign to promote cashless in prior year)		<b>Japan</b> : Decline in gains from the securitization of receivables compared with prior year	

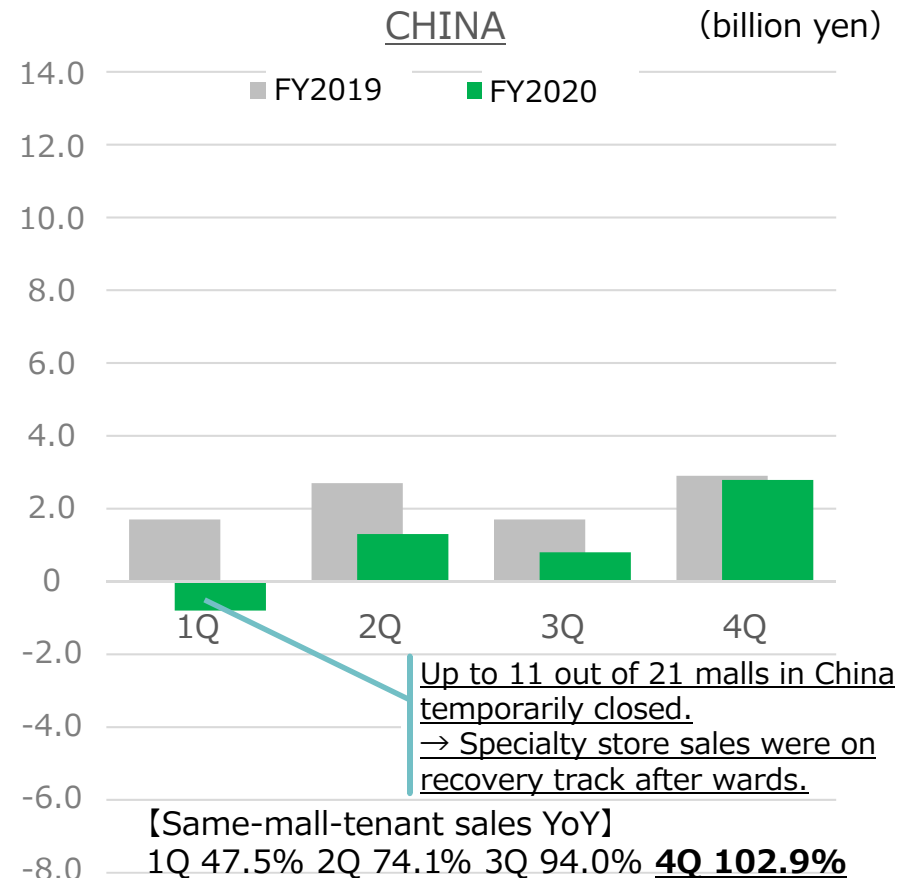
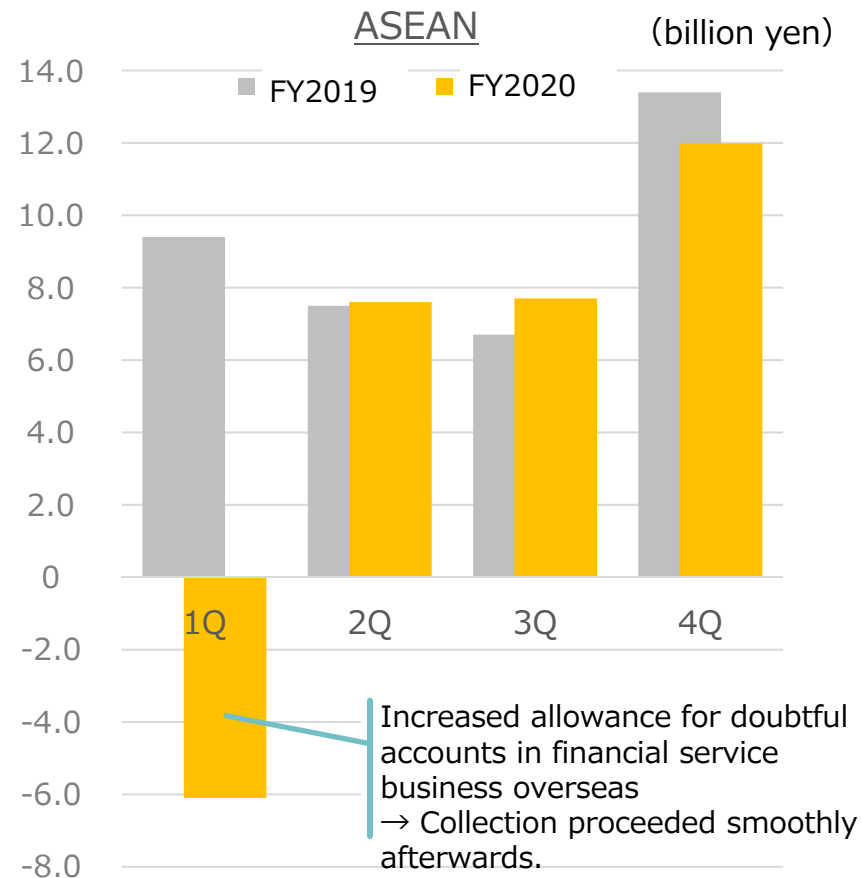
※Total amount of allowance for doubtful accounts and bad debt loss

## Operating Results by Area



- Both ASEAN and China were on recovery track after 2<sup>nd</sup> quarter, although there were differences in infection status and activity restrictions by the government in each country.

### 【Operating Profit by Area】



# Fiscal 2021 Forecast



- V-shaped recovery to the pre-pandemic levels by recovery of GMS, Shopping Center Development, Service & Specialty Store and International Businesses.

## 【FY2021 Forecast】

(billion yen)

	FY2019	FY2020	<b>FY2021 (Forecast)</b>	<b>YoY %・change</b>
Operating Revenue	8,604.2	8,603.9	<b>8.620.0</b>	<b>+0.2%</b>
Operating Profit	215.5	150.5	<b>200.0~220.0</b>	<b>+49.4~+69.4</b>
Ordinary Profit	205.8	138.8	<b>190.0~210.0</b>	<b>+51.1~+71.1</b>
Profit attributable to owners of the parent	26.8	-71.0	<b>20.0~30.0</b>	<b>+91.0~101.0</b>

## Forecast of Dividend Payment



- Maintain dividends level. V-shaped profit recovery in FY2021 and stable dividend policy.

### 【Dividend per share】

	FY2020	FY2021 (Forecast)
End of second quarter	Ordinary Dividend 18yen	Ordinary Dividend 18yen
Year-end	Ordinary Dividend 18yen	Ordinary Dividend 18yen
Total	Ordinary Dividend 36yen	Ordinary Dividend 36yen



# The End of FY2021 Consolidated Balance Sheet



(billion yen)

Assets (main items only)	2020/2	2021/2	change from '20/2	Liabilities and net assets (main items only)	2020/2	2021/2	change from '20/2
Cash & deposit	1,221.9	1,287.5	+65.5	Notes and accounts payable	1,068.4	1,072.4	+3.9
Notes and accounts receivable – trade (incl. installment receivables)	1,626.7	1,602.7	-24.0	Interest bearing debt (excl. finance subsidiaries)	1,941.7	2,102.2	+160.5
Inventories	575.7	542.8	-32.8	Interest bearing debt (finance subsidiaries)	1,064.9	1,043.4	-21.4
Operating loans, loans & bills discounted for banking business	2,483.1	2,733.2	+250.0	Deposits for banking business	3,784.3	4,010.0	+225.7
Property, buildings, and equipment	3,094.3	3,062.9	-31.4	Total liabilities	9,213.4	9,725.4	+512.0
Investments and other assets	953.1	977.3	+24.2	Shareholders' equity	1,025.8	923.9	-101.8
Total Assets (excl. finance subsidiaries)	11,062.6 (5,665.3)	11,481.2 (5,749.2)	+418.5 (+83.8)	Total net assets (excl. finance subsidiaries)	1,849.2 (1,498.6)	1,755.7 (1,393.6)	-93.5 (-105.0)
				Total net assets and liabilities (excl. finance subsidiaries)	11,062.6 (5,665.3)	11,481.2 (5,749.2)	+418.5 (+83.8)

# FY2020 Consolidated Cash Flow Statement



(billion yen)

Main items only		FY2019	FY2020	YoY change
<b>Cash Flow from Operating Activities</b> (Except for increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business)		<b>624.6</b> <b>(408.5)</b>	<b>396.4</b> <b>(418.4)</b>	<b>-228.1</b> <b>(9.8)</b>
	Income before income taxes	174.6	53.2	-121.4
	Depreciation	292.7	296.6	3.8
	Increase (decrease) in working capital	6.7	56.2	49.5
	Increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business	216.0	-21.9	-238.0
	Payment of corporate taxes	-100.8	-83.5	17.3
	Other-net	35.2	95.8	60.6
<b>Cash Flow from Investing Activities</b>		<b>-341.4</b>	<b>-341.8</b>	<b>-0.3</b>
	CAPEX	-417.7	-301.2	116.5
	Sale of tangible fixed assets	87.0	34.8	-52.1
	Other-net	-10.7	-75.4	-64.6
<b>Cash Flow from Financing Activities</b>		<b>51.1</b>	<b>24.2</b>	<b>-26.8</b>
Increase in cash and cash equivalents		326.6	75.8	-250.8



## FY2020 Investment Results (by segment)



(billion yen)

	FY2020	YoY change
Consolidated Total	301.2	-116.5
GMS	58.6	-66.6
SM	60.1	-12.7
Health & Wellness	15.6	-0.6
Financial Service	44.8	-0.7
Shopping Center Development	84.5	-26.0
Service & Specialty Stores	18.4	-3.0
International	5.8	-5.5
Other	13.0	-1.1

## FY2020 Consolidated Financial Indicators



	FY2019 Result	FY2020 Result
ROE	2.5%	-7.0%
ROIC	3.9%	2.6%
DE Ratio ※	1.2	1.2
Debt/EBITDA Ratio ※	3.3	3.5

※Debt has been adjusted considering the capital nature of hybrid bonds and hybrid loans excluding Financial Service Business.  
Debt offset by cash and cash equivalents.

## FY2020 Results of Daiei and ex-Daiei GMS



(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	109.5	-10.1%	-3.2	+2.0
SM	Daiei	310.1	+4.1%	3.3	+4.3

※AEON Store Kyushu, which succeeded the former Daiei GMS in Kyushu, merged with AEON Kyushu and Maxvalu Kyushu in September 2020.

## Disclaimer regarding Forecast Statement

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