

Our History of Value Creation

AEON MALL continues to evolve in response to changing lifestyles.

As ever, we remain committed to growing and developing, both in Japan and overseas.

The rise of motorization

Innovating customer shopping experiences through malls in suburbs across Japan

The first AEON MALL location, AEON MALL Tsugaru Kashiwa (Aomori Pref.), opened in 1992 amid growing domestic motorization. A mall with a large parking lot and diverse tenants offering a wide variety of merchandise in a suburban area proved successful from the aspect of town planning in attracting customers who drove to the store in their own cars. It was the harbinger of an era in which lifestyles shifted from urban areas and train stations to the suburbs.

Ongoing need to revitalize communities

A community-based space offering a wide range of lifestyle services

As we expand to residential and business districts throughout Japan, AEON MALL has extended beyond the framework of commercial facilities. We have evolved into infrastructure for local communities, offering entertainment, public administration and community functions, and disaster relief support. We played a role in reactivating communities by responding to calls for opening AEON MALL shopping centers.

A growing community presence in Japan and overseas

Unique malls tailored to the characteristics of each region and country

Shopping centers throughout Japan became more homogenized and subject to even more competition. AEON MALL developed unique malls that focused on localization, pursuing a strategy of opening in growth areas of Asia seeing an expansion of the middle class. We are increasing our presence in local communities both in Japan and overseas.

Medium-Term
Management Plan
2011-2013

Medium-Term
Management Plan
2014-2016

Large-Scale Retail Stores Law

Three Laws Related to Town Development

Revised City Planning Act

•Operating Income

(¥ billion)
60 —

40 —

20 —

0

1989 1992 2000 2002 2004 2006 2008 2011 2012 2013 2014 2015 2016

Start of large-scale shopping center development, operations development business

Tree planting initiative at the first AEON MALL location in Japan

4.5

6.5

Listing on the First Section of the Tokyo Stock Exchange

Environmental management system ISO 14001 certification

14.9

21.9

Merger with Diamond City Co., Ltd.

Opened first mall in China

37.9

39.7

40.7

41.7

42.2

Contract management and operation of 69 large-scale commercial facilities owned by AEON Retail Co., Ltd.
* 49 malls as of July 2022

Names of the AEON Group mall facilities standardized as AEON MALL

Consolidated the development functions of the AEON Group development business under AEON MALL

Launched the AEON Store Association

* Managing organization for tenants opening stores in AEON Group commercial facilities

Opened first mall in Vietnam
Opened first mall in Cambodia

Converted OPA Co., Ltd., (urban shopping centers) to subsidiary
* 21 facilities as of July 2022

43.9

Opened first mall in Indonesia

44.9

A growing middle class in Asia

The dominant commercial developer in Asia, striving to resolve local issues in Japan and overseas

In China and ASEAN, AEON MALL serves as a partner in urban and regional development. We build malls that respond to strong consumer markets. In Japan, AEON is confronting the challenge of weakened connections within communities. Here, we pursue value by working with local governments as a leader in regional revitalization.

Medium-Term Management Plan 2017-2019

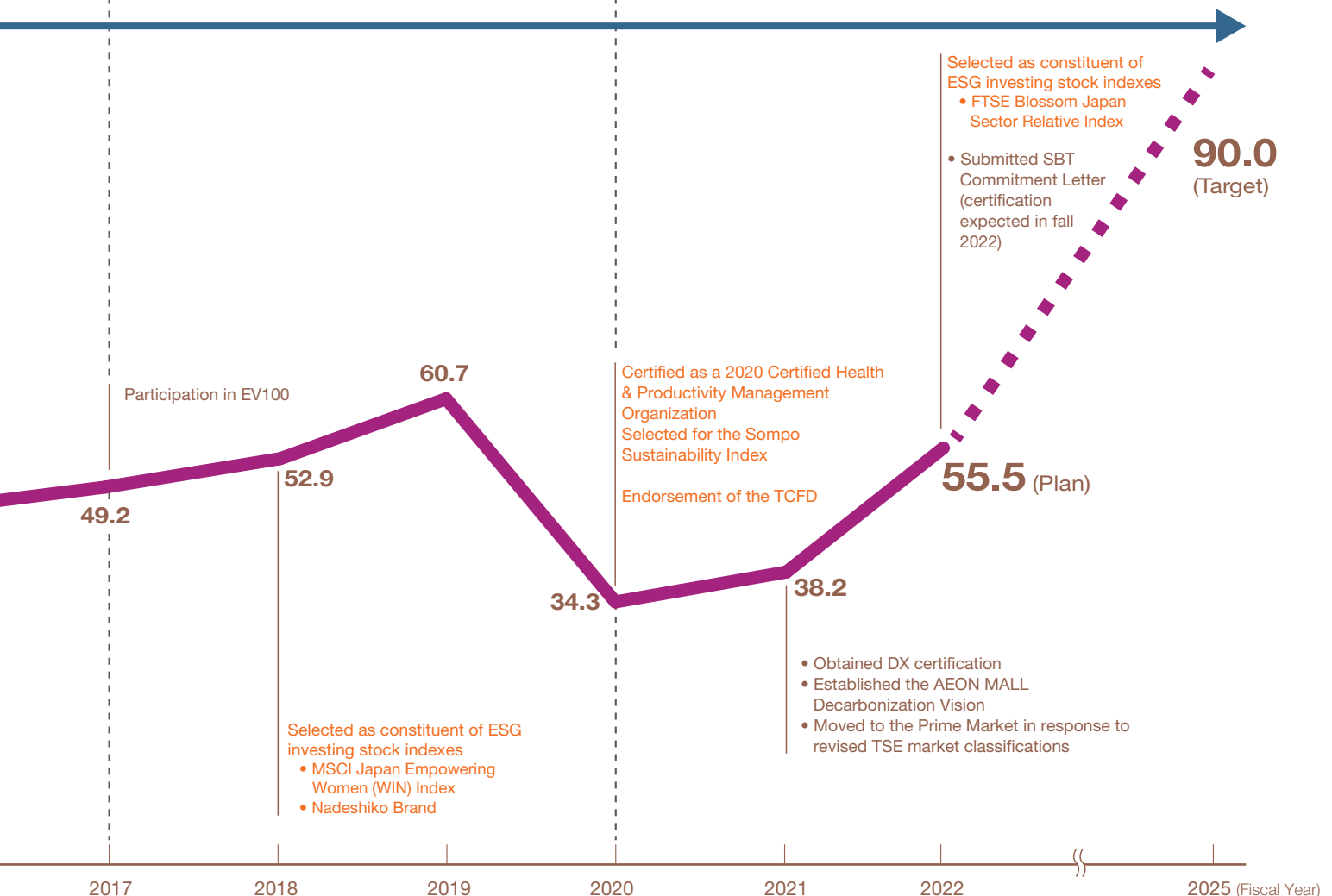
Toward Sustainable Societies

**Becoming a Life Design Developer
Offering Solutions for the Future of
Community Living**

In a business environment of increasing uncertainty and accelerating change, we aim to become a business that provides solutions to issues faced by local communities and society, without being bound to the framework of a commercial facility. In so doing, we will establish ourselves as core facilities and social infrastructure in local communities.

Medium-Term Management Plan 2020-2022

Pursing measures for high profit growth in our overseas business and expand the regional market share of our businesses in Japan



The Strengths of AEON MALL

AEON MALL has continued to grow in step with the growth of our communities through shopping mall development, management, and operations.

By building on our six strengths, we intend to establish an even stronger management foundation.

Leveraging Retail Development Expertise



Based on Customer-Centric Management

Strength

1

Ability to Generate and Procure Funds for Growth

We generate cash flows through managing and operating shopping malls. This allows us to maintain a consistent sound financial position and leverage borrowing capacity to procure funds. We generate growth funds through the sale of mall land and buildings to real estate investment trusts and the use of development leases. These vehicles allow us access to flexible investments in growth, while accelerating the speed of return on investment and improving asset efficiency.

- EBITDA: **¥101.9 billion**
(Overseas: ¥28.6 billion *Simplified operating cash flows)
- Equity ratio: **28.5 %**
- Net D/E ratio: **1.6 times**
- ESG Bonds issued: **¥50.0 billion**

Strength

2

Overwhelming Scale of Operations and Ability to Attract Customers

AEON MALL manages and operates more than 160 malls in Japan, serving nearly 1.0 billion customer visits annually. We leverage the retail-based development expertise we cultivated in Japan through localized operations to expand in China, ASEAN, and other countries overseas. In anticipation of an increase in car ownership overseas, we have secured property to provide an abundance of parking space from the beginning stages of development to win a competitive advantage.

- No. of malls: Japan: **142** Overseas: **34**
(Other urban shopping centers: 21)
* as of July, 2022
- No. of customer visits in Japan: **Approx. 1.0 billion**
- Gross leasable area (GLA): **10,399,000m²**
Japan: 8,033,000m² Overseas: 2,366,000m²
* as of July, 2022
- App membership: **Approx. 7.5 million downloads**

Strength

3

Diversity of Staff
Driving Growth

We strive to create an environment in which a diversity of human resources can maximize their abilities regardless of gender, age, or nationality. Along with giving our Japanese employees the opportunity to obtain business experience overseas, we strive to promote overseas local staff to senior management positions. We view the development of diverse, creative, adaptable human resources as the most important capital we possess, and we are engaged in a variety of measures to this end.

• Percentage of women in managerial positions: **19.4%**

• Percentage of local personnel in management positions: **26.0%**
(GM/Director or above)

• No. of local staff overseas: **1,465 employees**

• Percentage of male employees taking child care leave: **100%**

Strength

4

Sustainable Malls that
Coexist with
Local Communities

We use the expertise gained through operating nearly 200 locations worldwide to develop and operate safe, secure, and comfortable malls that meet the needs of a wide spectrum of customers. We aim to be the sustainable mall of choice for customers and specialty store operators.

• No. of malls signing disaster prevention agreements with local authorities: **121**

• No. of malls serving as disaster prevention sites: **48**

* Disaster prevention site: A location that provides temporary shelter, rescue and relief space, and food sales areas in the event of a disaster. Disaster prevention sites also offer an energy supply system, including in-house power generation facilities, to allow stores and facilities to resume operations as soon as possible after a disaster.

Strength

5

Robust Network

We have established a nationwide network of specialty store operators and work in close and equal partnership to expand public functions by creating local community spaces and strengthening cooperation with local governments based on the characteristics and needs of each community. We hold customer service role playing contests in Japan and overseas, aiming to raise awareness of customer service and share excellent examples and knowledge across industries. In this way and others, we strive to raise the service level of AEON MALL as a whole.

• No. of specialty store operators:

Approx. **8,000 companies**

• No. of participants in the AEON Store Association Customer Service Role-Playing Contest* (Japan):

Approx. **8,000 companies**
and employees from approx. **30,000 retail stores**

* Events where tenant specialty store employees compete, displaying their customer service skills. In addition to Japan, these events are held in China, Cambodia, Vietnam, and Indonesia.
* FY2019 results

• Community localization projects: **1,547 projects**
(Cumulative since 2015)

• No. of vaccination centers provided: **17**

Strength

6

Environmental Preservation

AEON MALL has introduced technologies to reduce our environmental impact, including LED lighting, solar power generation, EV (electric vehicle) charging stations, and trash recycling systems. We are working to save energy, reduce CO₂ emissions, and decrease waste emissions. We also act as centers of the community in the areas we serve, conducting environmental communication activities for our customers, educational visits for elementary school students, and more. At the same time, we foster stronger environmental management by acquiring ISO 14001 certification and other initiatives.

• No. of malls using 100% renewable energy: **6**

• No. of malls with ABINC® certification: **15**

• No. of EV charging stations:

Japan: **1,841 stations** (136 malls)

China: **563 stations** (17 malls)

ASEAN: **10 stations** (5 malls)

Our Value Creation Model

AEON MALL leverages our comprehensive strengths as a life design developer experienced in everything from development to mall management and operations to solve social issues and achieve our 2025 long-term vision.

Basic Principle

The Customer Comes First

Management Philosophy

AEON MALL is a Life Design Developer*, creating the future of community living.

* Life Design extends beyond the framework of the shopping mall. Life Design addresses functions associated with different customer life stages, including not only shopping, but also interaction with other people, cultural development, and other features contributing to future lifestyles.

External environment/Risks and opportunities

Overseas

- Population growth
- Intensifying competition with other commercial facilities

Japan

- Demographic change due to declining population and aging society
- Rise of the sharing economy

Domestic/Overseas

- Advancements in digitalization ahead of Society 5.0
- Global warming and constant abnormal weather

Businesses and Six Strengths



- 1 Ability to generate and procure funds for growth
- 2 Overwhelming scale of operations and ability to attract customers
- 3 Diversity of staff driving growth
- 4 Sustainable malls that coexist with local communities
- 5 Robust network
- 6 Environmental preservation

Foundation for value creation → P49



Materiality

Developing community and social infrastructure

Build community relationships

Corporate Governance → P77

Local Communities

- Acceleration of regional development and return to rural areas, reconsideration of suburbs
- Pressure on local government finances

Consumers

- Changes in lifestyles, scope of activities, and modes of transportation
- Acceleration of e-commerce, acceleration of the cashless economy

Corporations

- Increase in the power of e-commerce players
- Acceleration in restructuring and formation of oligopolies among business partners and competing facilities

Three-Year Medium-Term Plan

2020-2022

Vision for 2025**Priority Measures**

- 1 Achieve high profit growth overseas
- 2 Achieve stable growth in Japan
- 3 Build a financing mix and governance structures supporting growth
- 4 Pursue ESG-based management

Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.

Put in the same class as the top global commercial developers, aiming for consolidated operating income of ¥90 billion.

Conduct floor space expansions and renovations in Japan to become the dominant mall in each area.

Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27 billion (25% profit margin).

Quantitative Goals

Operating Revenue **¥490** billion

Operating Income **¥90** billion

Environment

Diversity and
work-style reformPromote responsible
business**The AEON MALL Vision**

Provide solutions to regional and social issues, establishing a position through social infrastructure functions to be a central facility for the local community.

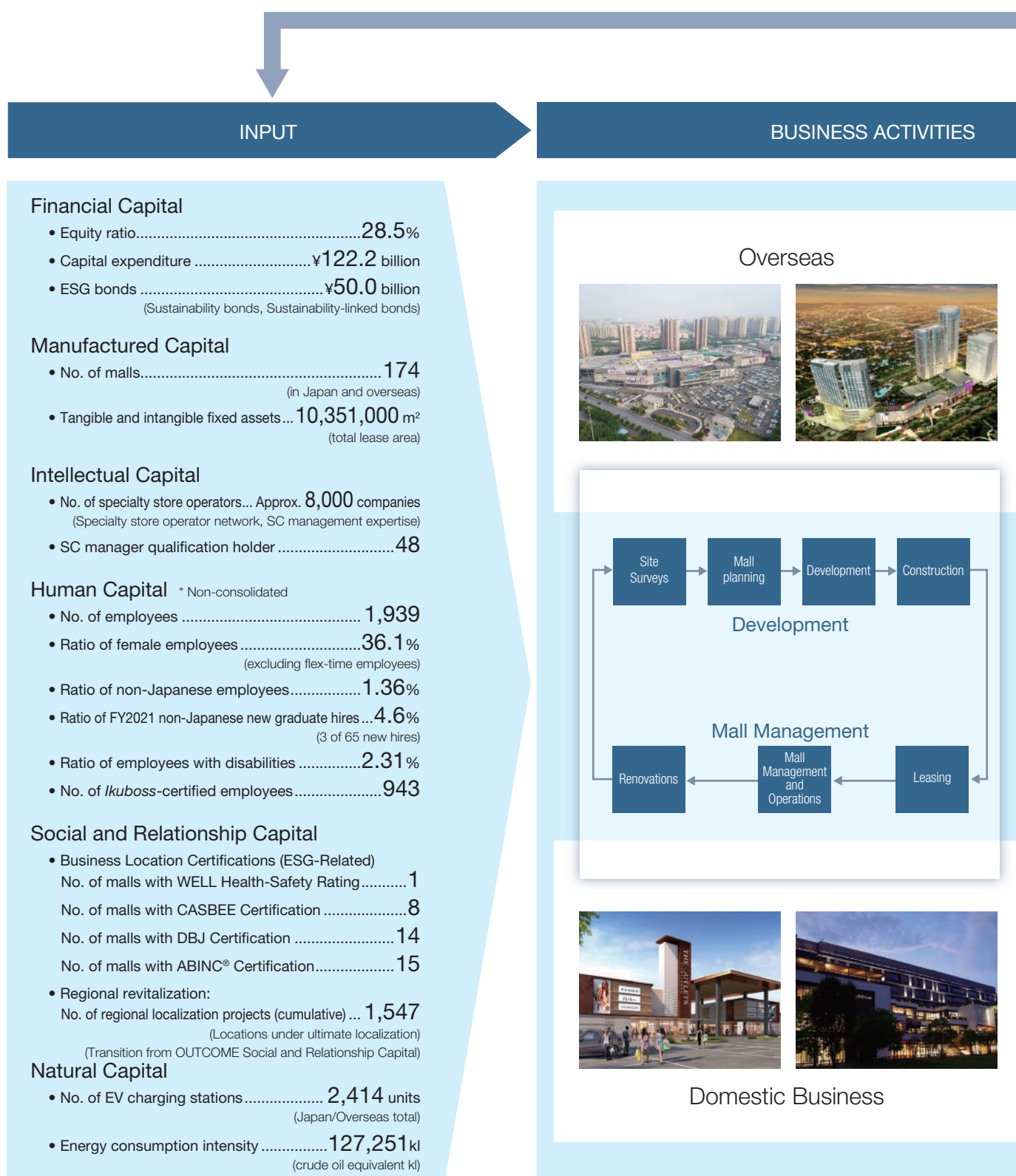
Management Vision

Becoming a Company That will Touch the Hearts of 5 Billion Visitors Throughout Asia



Our Value Creation Model [Capital and Value Proposition]

AEON MALL leverages our comprehensive strengths as a commercial developer experienced in everything from shopping mall development to mall management and operations to solve social issues and achieve our 2025 long-term vision.



OUTPUT

OUTCOME

Overseas



- No. of total malls: **34** (+2)
- Operating Income: **¥6.2 billion** (+¥2.4 billion)

Japan



- No. of total malls: **140** (+4)
- No. of reactivated malls: **10**
- Operating Income: **¥31.9 billion** (+¥1.3 billion)

ESG



- No. of malls with 100% renewable energy: **6**
- No. of malls serving as disaster relief facilities: **48**

* FY2021 results. Numbers in () represent year-on-year comparison.

Economic Value

Financial Capital/Manufactured Capital

- Operating revenue **¥316.8 billion**
- Operating income **¥38.2 billion**
- Net interest-bearing debt/EBITDA ratio **6.6 times**
- ROIC **2.4%**
- EPS **¥-25.0**
- Dividends..... **¥11.3 billion**

Social Value

Intellectual Capital

- Service/Operations
..... Secure, safe, comfortable malls
(Strengthened BCP system, established AEON COVID-19 Prevention Protocol, etc.)

Human Capital

- Percentage of male employees taking childcare leave. **100 %**
(36)
- Ratio of female officers to total officers..... **35.3%**
- Ratio of female managers to total managers **19.4%**
(Manager and higher)

Social and Relationship Capital

- No. of customer visits (annual) Approx. **1.0 billion**

Environmental Value

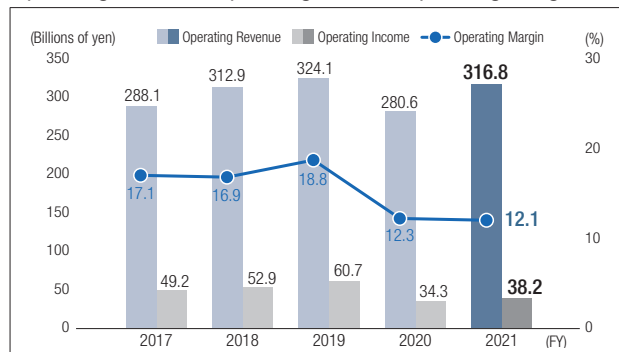
Natural Capital

- Renewable energy generated **79,887 MWh**
- GHG emissions..... **285,168 t-CO₂**
- Wastewater discharge **3,119,524 m³**
(Japan total)

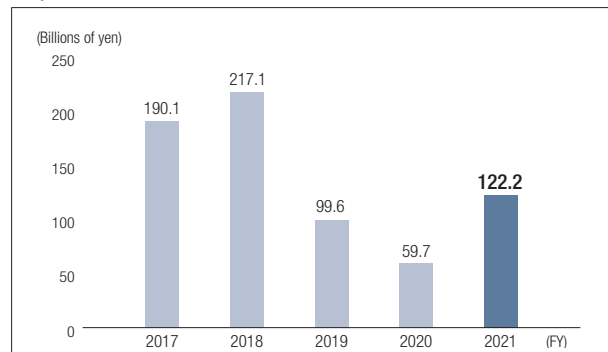
Financial and Non-Financial Highlights

Financial Highlights

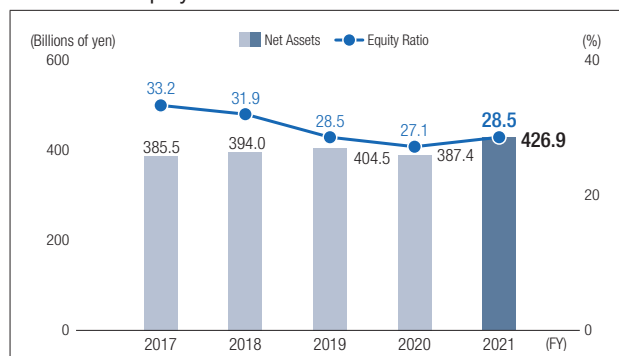
Operating Revenue/Operating Income/Operating Margin



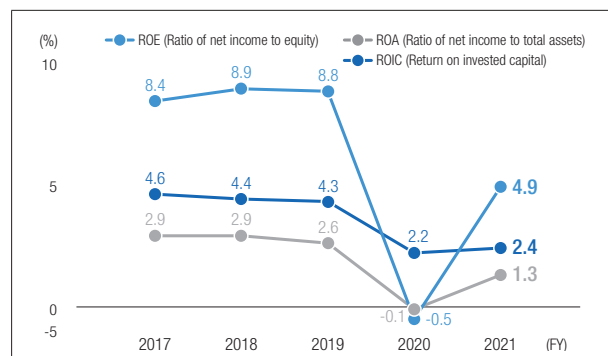
Capital Investment



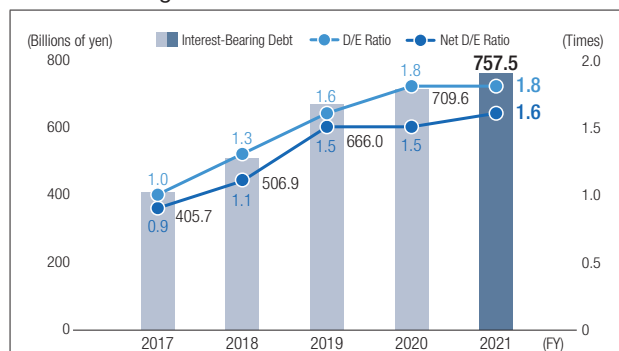
Net Assets/Equity Ratio



ROE/ROA/ROIC

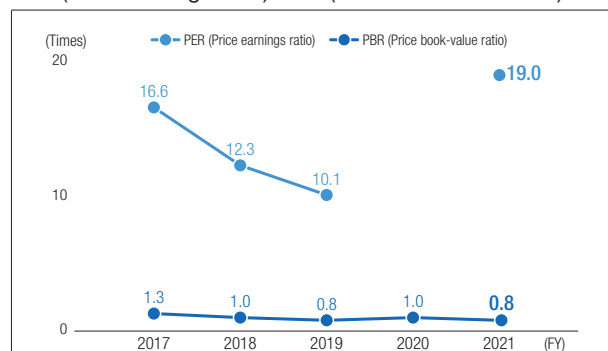


Interest-Bearing Debt/D/E Ratio



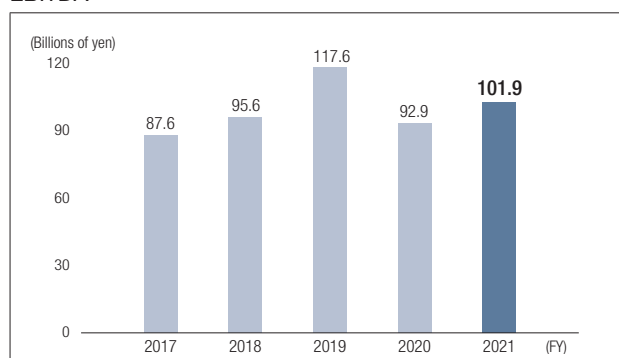
* The company has applied IFRS 16 beginning in fiscal 2019 for consolidated subsidiaries overseas.

PER (Price earnings ratio)/PBR (Price book-value ratio)

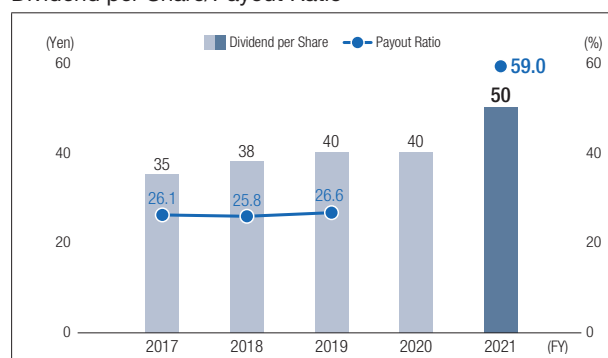


* PER for fiscal 2020 is not provided, as the company recorded a net loss attributable to owners of the parent.

EBITDA



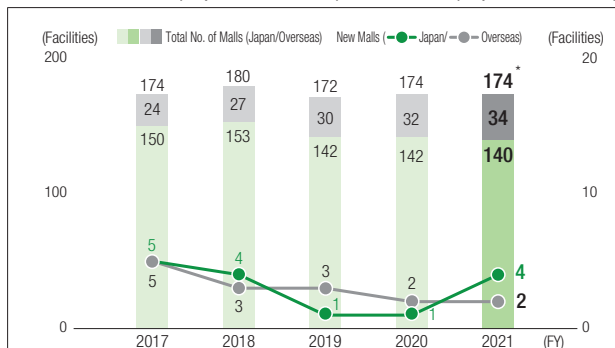
Dividend per Share/Payout Ratio



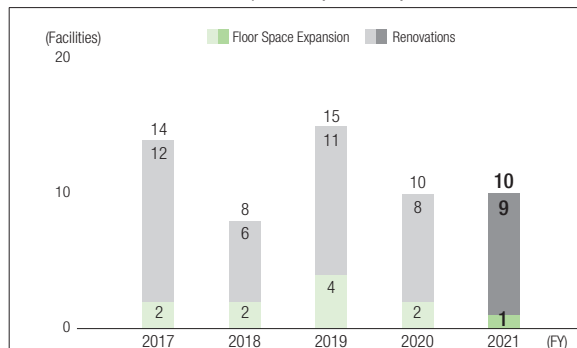
* We did not calculate a dividend payout ratio for fiscal 2020 as we recorded a net loss per share.

Non-Financial Highlights

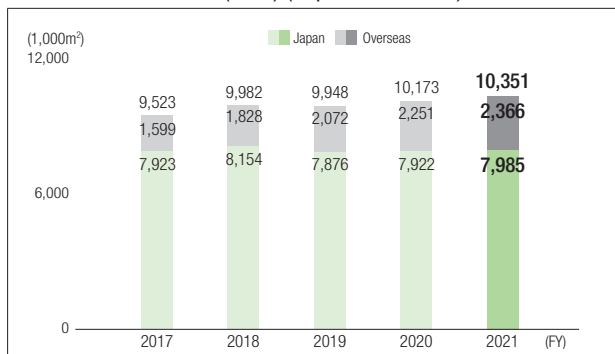
Total No. of Malls (Japan/Overseas)/New Malls (Japan/Overseas)



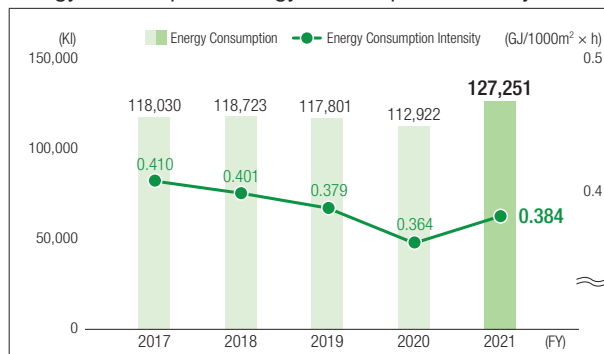
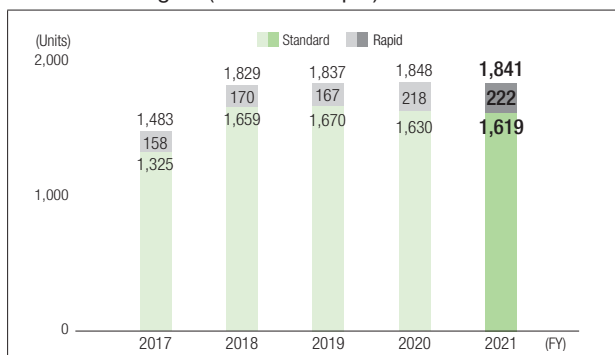
* The company ended contract management and operations services for 6 largescale shopping facilities owned by AEON Retail Co., Ltd. on February 28, 2022.

No. of Reactivated Malls (Floor Space Expansion/Renovations)*¹

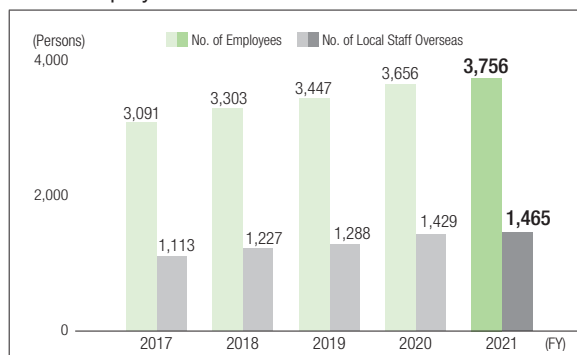
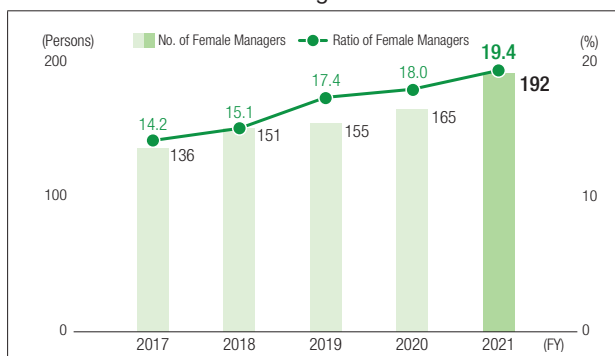
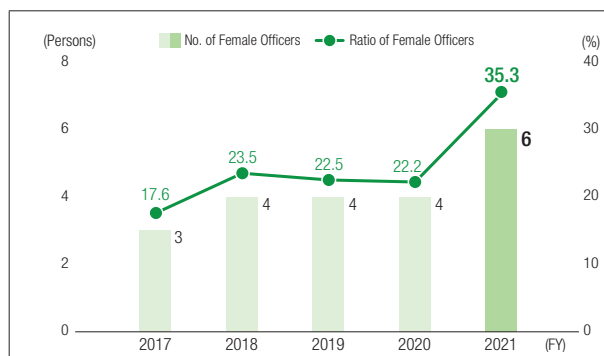
Gross Leasable Area (GLA) (Japan/Overseas)



Energy Consumption/Energy Consumption Intensity

No. of EV Chargers (Standard/Rapid)*¹

No. of Employees/No. of Local Staff Overseas

No. and Ratio of Female Managers*¹No. and Ratio of Female Officers*¹

*1 Non-consolidated