

Seizing on social change as opportunity, we will shift paradigms through co-creation with local communities, reassessing current business models and creating new value.

FY2022 Review and Issues for FY2023

Impacted by COVID-19 in fiscal 2022, but strengthening a foundation for future growth. AEON MALL sees the challenges that will emerge in fiscal 2023 and the transition to post-COVID-19 as opportunities to pursue change.

AEON MALL Co., Ltd. (the "Company") has defined a Vision for 2025 by which we will pursue our management philosophy and achieve further business growth. We are working together with local communities to achieve sustainable growth by creating economic, social, and environmental value.

In fiscal 2022, the final year of our most recent medium-term management plan, we achieved year-on-year growth in operating revenue, operating income, and ordinary income. However, many countries in which we operate experienced the negative impact of COVID-19. At the same time, our overseas business contributed to AEON MALL Group (the "Group") profit growth through record-high profits. Despite the impact of rapid changes in the business environment, we made steady progress in strengthening the foundation of future growth, opening five new malls overseas and seven in Japan during the past three-year period.

Entering 2023, we saw the beginnings of post-COVID advancements across numerous countries. Sales and customer traffic are improving. However, new challenges are emerging due to changes in economic situations and social environments, not to mention evolving customer values and needs.

In these times of uncertainty, we must always meet the expectations of our customers and transform ourselves into a company that supports and is supported by our communities more than ever. Beyond the framework of commercial shopping facilities, we intend to take on the challenge of fostering deeper ties with communities and business partners, reforming old business models and creating new values.

Consolidated Statements of Income

(Million yen)

	FY2021	FY2022	YoY		Full-Year Plan	
	Results	Results	Change	%		Progress (%)
Operating revenue	316,813	398,244	+81,431	125.7	404,000	98.6
Operating costs	248,884	322,829	+73,945	129.7	—	—
Gross profit	67,928	75,414	+7,485	111.0	—	—
Selling, general and administrative expenses	29,700	31,434	+1,734	105.0	—	—
Operating income	38,228	43,979	+5,751	115.0	55,500	79.2
Ordinary income	32,540	36,409	+3,868	111.9	45,500	80.0
Net income (loss) attributable to owners of parent	19,278	12,994	▲6,284	67.4	23,000	56.5
Net income per share (yen)	84.72	57.10	▲27.62	—	101.07	—

* Announced April 2022

Yasutsugu Iwamura

President and CEO

Top Message

2030 Vision: Achieving Our Goals Through Community Co-Creation

We work together with like-minded stakeholders to co-create activities that lead to sustainable futures for our communities.

This year, we crafted a new 2030 Vision, *Co-Creating With Our Communities*.

Our 2030 Vision defines the future for which we strive as a developer. This vision also describes our goals for the year 2030 as part of the process toward becoming a company that will touch the hearts of 5 billion visitors throughout Asia. To us, community co-creation means creating relationships with all manner of like-minded people, engaging in activities that lead to broader, deeper, and more sustainable futures for the communities we serve. Community co-creation is the center of the thoughts and values of AEON MALL as a company and of every AEON MALL Group employee.

Over the past several years, customers and local communities have come to expect different and more diversified values. Our specialty store partners have changed their business policies, store opening strategies, and other approaches in significant ways. Against this backdrop, we know we must contribute more than ever to sustainable societies through our business activities. However, there are limits to what we can achieve alone in an increasingly complex world.

Our 2030 Vision reflects these realities. In every country and region where we operate, AEON MALL co-creates optimal solutions, working together with like-minded companies, organizations, local governments, educational institutions, and individuals. We work in empathy with stakeholders to achieve an ideal future for community living.

To transform our company into a community co-creator, we must work along two axes: (1) what we can change as a corporate entity and (2) what we must utilize in terms of the management assets we have cultivated over the years.

The first three changes will be the value of our existence as a corporate group, the drivers of business execution, and the fields in which we conduct activities. As we leverage assets distributed throughout AEON MALL locations, we will bring new value to our communities as a presence that transcends the traditional framework of commercial shopping facilities. We will not be alone in driving the implementation of these activities, but rather work together with like-minded partners to resolve issues. And we will not limit ourselves to our own commercial shopping facilities, but instead, use every aspect of the community as our playing field to create solutions to local issues.

Leveraging our management assets consists of three elements: Our physical locations spread across Japan and Asia, our networks and the aggregate value of these networks, and the safety, security, reliability, and operational excellence we have cultivated over the years. Our locations—tangible

2030 Vision

AEON MALL, Co-Creating With Our Communities.

Our corporate stance is the following:



assets—are found throughout Japan and Asia, creating unique interconnected networks. These locations and networks represent a major competitive advantage no other company can match if they attempt to build from scratch. And each location represents a community platform offering collective value that brings people, goods, and information together in one. We will use these platforms to offer value beyond commerce. Further, consumers identify our brand with safety, security, and reliability, which we have cultivated through unified operations in Japan and Asia. Our structures and corporate culture ensure we offer stable, high levels of service. This brand and culture are overwhelming advantages no other company could hope to attain. These elements are also a source of competitive advantage in our transformation as a community co-creator, and we intend to capitalize on these strengths.

Based on these perspectives of change and utilization, we launched a co-creation program last fiscal year, entered into a capital and business alliance with Marimo Co., Ltd. (a residential and income-producing real estate development company), established the Life Design Fund CVC, and are working toward the 2024 completion of a joint transportation system to solve logistics issues. In these ways and more, progress toward our 2030 Vision is already bearing fruit.

No doubt, more emphasis will be placed on solutions tailored to each community rather than a one-size-fits-all solution across countries or regions. This is exactly why we are unwilling to be bound by a conventional framework centered on commercial shopping facilities but rather pursue transformation toward community co-creation to solve the issues faced by each community.

2030 Vision Movie

2030 Vision: AEON MALL, Co-Creating With Our Communities. We produced a 2030 Vision short movie to communicate our vision to stakeholders.

[▶ https://www.aeonmall.com/en/ir/movie_01.html](https://www.aeonmall.com/en/ir/movie_01.html)



studio LIFE DESIGN

studio LIFE DESIGN is an internal, cross-organizational project to discuss the future of AEON MALL under an operating approach of *free thinking and no rules*. Participants representing a cross-section of job descriptions and seniority look ahead to the future and discuss the type of company AEON MALL should strive to be for society and the steps to achieve this ideal future, translating words into actions.

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Top Message

Formulating the FY2023-FY2025 Medium-Term Management Plan

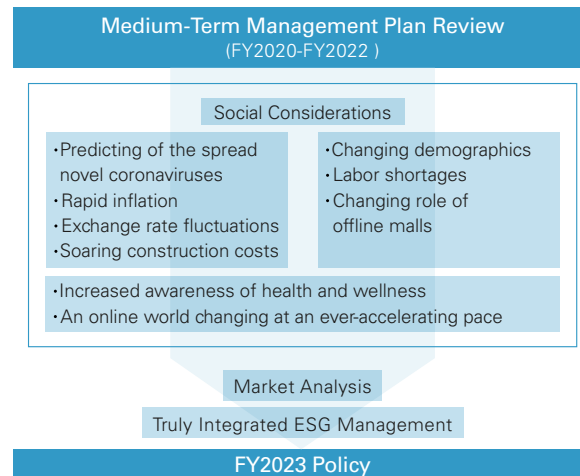
To achieve our 2030 Vision, we must identify changes in the business environment and formulate specific strategies to grow as a sustainable company together with our communities.

The COVID-19 pandemic began in 2020 and lasted so long that it fundamentally changed consumer behavior. Add to that the Russian military invasion of Ukraine and global-scale inflation for the first time in half a century. In Japan, the factors contributing to inflation are more complex, compounded by the effect of the weak yen.

Soaring construction costs caused by rising construction material prices, labor shortages, and other factors will have a significant medium- to long-term impact on our business model. We must consider not only how to improve investment efficiency, but also what investments are necessary for the future.

The impact of social change is not a complete risk for our business. I believe if we focus on each community, we will uncover many opportunities. Rather than a one-size-fits-all response to events across the country, we envision the emerging challenges each community faces and the potential challenges that will arise in the future, striving to turn the response to these challenges into new businesses.

We engage in ESG management as a measure of growth. To evolve ESG management further under our new medium-term management plan (FY2023-FY2025), we (1) pursue a regional shift in Japan and overseas and (2) create a Health and Wellness platform, aiming for sustainable growth through truly integrated ESG management that creates economic, social, and environmental value for our stakeholders. Specifically, we develop growth measures to discover and commercialize business opportunities in overseas growth markets, pursue business model innovation in Japan, and create business models that break from existing business frameworks.



We also strive to build strong financial foundations and resilient organizations from the perspective of sustainability.

We believe digital transformation (DX) is an important element in creating new business models that break from existing business frameworks. We strive to achieve DX not for its own sake, but as a means fulfill desires and to achieve the future that we envision.

ESG management is more than social contribution. It is a means for corporate survival and an evaluation standard for stakeholders to judge whether a company accurately perceives social and environmental issues as opportunities and risks, and whether a company has the mechanisms and will to address these opportunities and risks. Customers and stakeholders should look not so much at the past or the present, but whether a company will offer value in the future. Our aim is to be a company that solves social issues and delivers the economic value and social value demanded by stakeholders.



Medium-Term Management Plan (FY2023-FY2025)

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Top Message

Building Organizations From the Perspective of Sustainability

Raise awareness of the importance of human capital management and strengthen our organizational governance structure while.

We believe the most crucial factor in achieving truly integrated ESG management is the people who must implement these initiatives. Last year, we created the AEON MALL Human Resources and Organizational Vision. This vision describes *people* as the most important factor in achieving the AEON MALL 2030 Vision.

Having redefined our business as *community co-creation*, we require Group employees from every division to affirm their role as Life Design Producers and to be aware of the part they play in designing the future of living. Further, I believe we will create a sustainable corporate group and sustainable communities as we endeavor faithfully to achieve our vision, acting as a group of professionals who continue to innovate.

We view *people* as our greatest management resource for sustainable growth. Therefore, our medium-term management plan and the basic AEON MALL growth strategy will define the linkage between our human resources strategy, our management philosophy, and our growth strategy. The plan will also disclose specific initiatives that we will implement.

Human Resources and Organizational Vision	<p>Future Ideal for Our Human Resources</p> <p>Life Design Producer</p> <ul style="list-style-type: none"> ① Develop human resources capable of achieving self-fulfillment from the perspectives of positive outcomes for co-workers, for local communities, and for the future ② Develop human resources capable of creating and nurturing relationships ③ Develop human resources who can envision their own ideal future by making the most of their individuality 	<p>Future Ideal for Our Organization</p> <p>A Group of Professionals Who Continue to Innovate</p> <ul style="list-style-type: none"> ① Become an organization that creates customers constantly and pioneers new areas of business ② Become an organization that expands and deepens relationships ③ Become an organization with a culture that respects each employee, and allows them to maximize their talents
	<p>Basic Policy on Human Resources</p> <ul style="list-style-type: none"> • Create environments that encourage employees to take on challenges, contributing to customers, the community, and society • Trust and encourage individual potential for organizational and individual growth • Offer choices that reflect diversity and life plans, creating environments for employees to enjoy extended careers with peace of mind 	

AEON MALL is a listed subsidiary of AEON Co., Ltd. Investors and stakeholders demand that we conform to the high levels of transparency and fairness expected of a publicly listed company. In May of this year, we adopted an executive officer system to improve the effectiveness of our Board of Directors and strengthen our governance structure. In addition to increasing transparency and fairness in management, we will develop an organizational structure that clarifies responsibilities for business execution, hastens the speed of decision-making, and incorporates training for the next generation of managers.

Conflicts of interest with the parent company are one of the greatest concerns of minority shareholders in publicly listed subsidiaries. Our Governance Committee, consisting solely of independent outside directors, discusses and confirms the reasonableness and appropriateness of intra-Group transactions from a standpoint independent of the controlling shareholder and corporate management. The committee reports its findings to the Board of Directors to ensure effectiveness under this rigorous system of checks and balances.

We recognize the need to improve governance, and we intend to raise corporate value by strengthening governance through dialogue with our stakeholders.



Investing in Human Capital Human Resources Strategy Supporting Management Strategy

We understand that human capital is the most important capital in achieving truly integrated ESG management for sustainable growth. We intend to pursue human capital management (human resources management) in conjunction with management strategies for the growth of the human resources who will take the sustainable corporate value of AEON MALL to greater heights.

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Top Message



To Our Stakeholders

We are now executing our Medium-Term Management Plan (FY2023-FY2025). The tide is turning in our Japanese businesses post-COVID-19, and we intend to strengthen our efforts in recovering our ability to drive customer traffic, our No.1 priority. We will take steps that will dramatically reform the structure of properties demonstrating declining cash flow generation capacity. In addition, we will increase profitability through major suburban malls and property development across various business models to meet the needs of the communities we serve. Overseas, we plan to accelerate the opening of new malls in areas of high growth potential. At the same time, AEON MALL will take on the challenge of creating new business opportunities identified through the in-depth study of local issues.

In an era of fast-paced change and uncertainty, sustainable growth cannot be achieved by simply continuing to do business as usual, hoping that customers will return on their own. We must change with greater speed and flexibility in response to the world and its dynamic circumstances.

When a company enters a period of transformation, communicating a shared philosophy is of paramount importance.

The top-down approach to organizational change may foster speed, but such an approach dilutes the message behind the instructions. I subscribe to my own non-negotiable philosophy and share this stance with our employees. This shared philosophy will do more than ensure instructions are carried out accurately, producing results beyond what we imagine. Through a focus to share our philosophy and communicate our ideas, and by encouraging mindset reform, we hope to be a company that perfectly embodies our philosophy.

And by sharing our philosophy with customers, partners, local communities, shareholders, and investors, we will create a chain of empathy that connects all like-minded stakeholders and co-creates activities leading to a sustainable future for our communities. We will continue our efforts to co-create with our communities and strive to enhance our corporate value. I look forward to and thank you for your continued support.

