



# Medium-Term Management Plan (FY2023-2025)

April 11, 2023



Life Design Developer

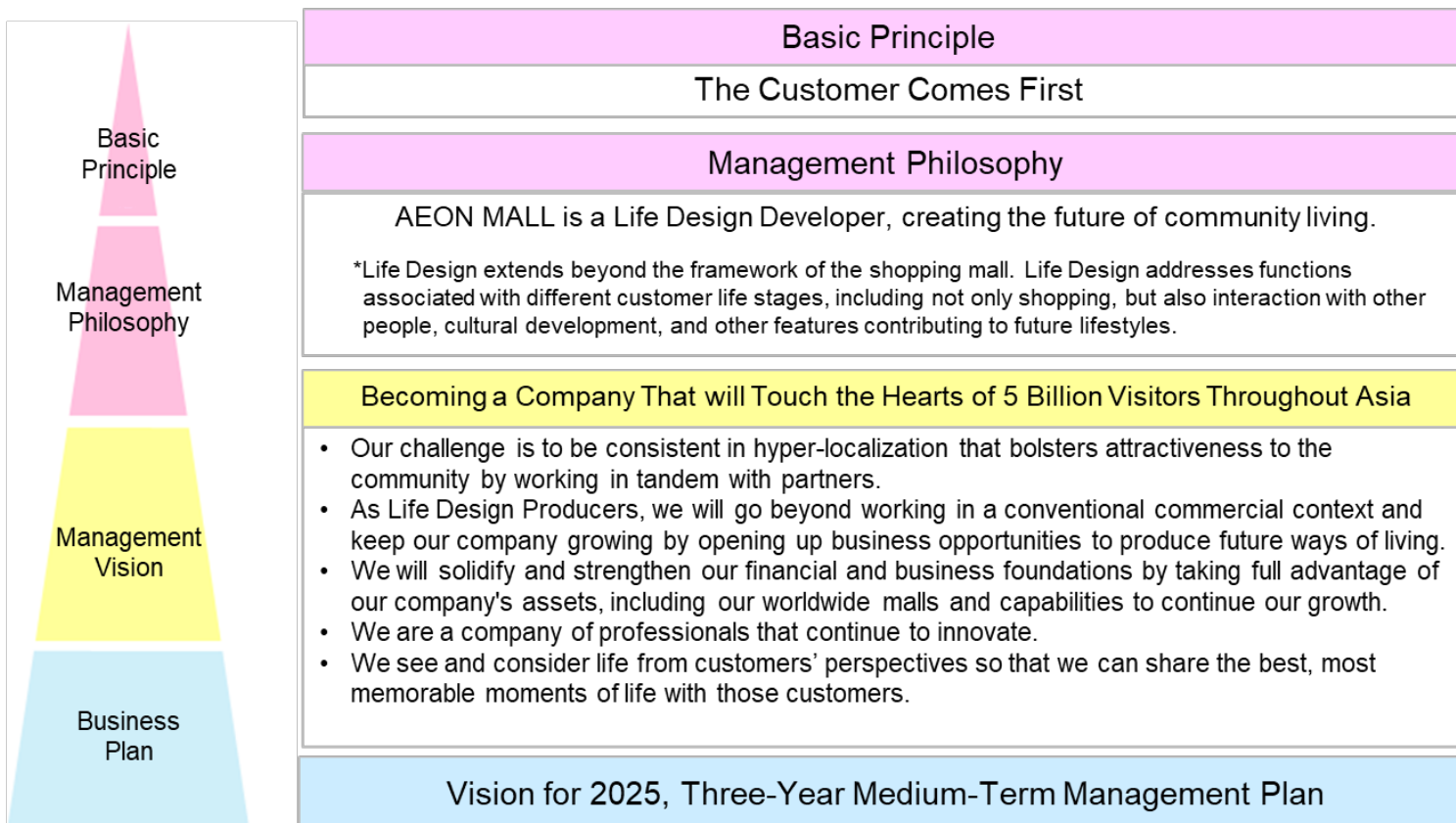


イオンモール株式会社

# Management Policy / Materiality

# Management Policies and Long-Term Vision

## Management Policies












In pursuit of our management philosophy of being a Life Design Developer, we use the phrase "Heartful Sustainable" to describe our efforts to contribute to and revitalize communities and societies toward the creation of sustainable societies.

We aim for better societies not only through our own efforts, but also in partnership with customers, local communities, partner corporations, shareholders, and investors.

# Management Policies and Long-Term Vision

## Engaging With Materiality

	Material Issues (Materiality)	Vision for 2030 (KPIs)	Vision for 2050 (KGIs)
<b>Develop community and social infrastructure</b>  	Develop sustainable and resilient infrastructures	(1) Establish disaster prevention centers in all Japanese malls as a measure to strengthen BCP systems (2) Sign disaster prevention agreements with local governments	A society in which all community members feel safe and secure
	Production and consumption formats	(1) Pursue ethical consumption Ratio of Green purchasing (2) Pursue plastic-elimination initiatives	A society in which appropriate production and consumption leads to as close to zero impact on the global environment as possible
<b>Build community relationships</b>  	Cultural preservation and inheritance	Sponsor traditional and cultural events initiatives; expand to other communities overseas	Societies with existing cultural heritage platforms
	Low birth rates, aging society	(1) Enhance services for children (2) Number of dementia patient supporters	A society in which all live comfortably, including children and seniors
<b>Environment</b>     	Climate change, global warming	(1) Expand EV charger installations; number of EV chargers installed (2) Create renewable energy to reduce total annual CO <sub>2</sub> emissions by 35% (3) Strengthen environmental awareness initiatives for community residents and specialty stores (4) Earn eco certification at all facilities	(1) A decarbonized society (2) A society of environmentally conscious citizens
	Protecting biodiversity, resources	(1) Number of malls acquiring ABINC certification (2) Achieve a recycling rate of 70% (excluding thermal recycling)	An environmentally friendly society coexisting in harmony with nature
<b>Diversity and Work-Style Reform</b>   	Health and welfare	Propose healthy lifestyles	A society of physically and mentally healthy citizens
	Diversity, work-style	(1) Ratio of women in management positions (2) Achieve 100% of male employees taking parental leave (3) Develop human resources capable of engaging in global activities	A society that provides equal opportunities to all people regardless of race, nationality, age, gender, or location
<b>Accountability in Business</b>  	Human rights	(1) Establish and adopt a human rights due diligence process (2) Achieve 100% participation in human rights education and training	A society that respects the human rights of all people
	Bribery	(1) Conduct education on bribery and raise awareness to ensure compliance with basic anti-bribery rules (2) Continue to comply with anti-bribery provisions in employment regulations (3) Review compliance systems for Basic Rules for the Prevention of Bribery, report on compliance status to the president at least once a year, and ensure that corrective measures are taken	Zero incidents

# **Three-Year Medium-Term Management Plan Consolidated Numerical Plan for FY2023**

# Three-Year Medium-Term Management Plan (Numerical Plans)

## Long-Term Vision

### ◆ Long-Term Vision (Updated April 11, 2023)

We made the following changes, taking into account the factors that increase costs, including soaring unit prices of electricity in Japan and the increase in labor costs due to higher wages.

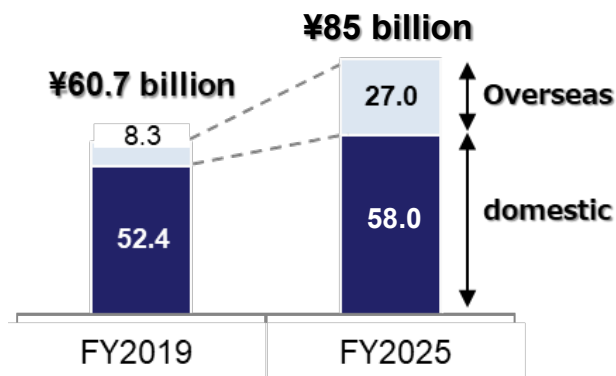
### Vision for 2025

#### <Qualitative Goals>

- (1) Build a portfolio of multiple business models, rather than rely on domestic malls as a single source of profit generation.
- (2) Make AEON MALL a leading global commercial developer, targeting **consolidated operating income of ¥85 billion**.
- (3) Conduct floor space expansions and renovations in Japan to become the overwhelmingly dominant mall in each region.
- (4) **Secure growth markets overseas, expand overseas business to 50 malls, and record operating income of ¥27 billion (20% profit margin)**.

\*Changed figure for consolidated operating income from ¥90 billion to ¥85 billion yen on April 11, 2023.

#### <Quantitative Goals>



# Three-Year Medium-Term Management Plan (Numerical Plans)

## Medium- and Long-Term Numerical Targets

As of April 11, 2023

Medium-Term Management Plan (FY2023-FY2025) Vision for 2025			FY2019 Results		FY2023 Plan		FY2025 Plan
Profit Plan	Operating Revenue	¥324.1 bn			¥447.0 Bn		¥520.0 bn
	Operating Income	¥60.7 bn	*Op. margin 18.7%		¥58.5 Bn	*Op. margin 13.1%	¥85.0 bn *Op. margin 16.3%
Operating Income by Segment	Domestic Mall Business	¥52.6 bn	(86.6%)		¥45.0 Bn	(76.9%)	¥57.0 bn (67.1%)
	Overseas Business	¥8.3 bn	(13.7%)		¥15.0 Bn	(25.6%)	¥27.0 bn (31.8%)
	Urban Shopping Center Business	- ¥0.2 bn	(-0.3%)		- ¥1.5 Bn	(-2.6%)	¥1.0 bn (1.2%)
Financial Indicators	EPS Growth Rate <small>*Annual growth rate beginning FY2019</small>	—			-5.7 %		5.4 %
	Net Interest-Bearing Debt/EBITDA Ratio	4.7 x			5.9 x		6.1 x
	ROIC	4.3 %			3.1 %		3.7 %

# Three-Year Medium-Term Management Plan (Numerical Plans)

## Consolidated Plan for FY2023 (Fiscal Year Ending February 29, 2024)

### ■ Earnings Plan

	FY2023 Plan	YoY Change
Operating revenue	447,000	112.2%
Operating income	58,500	133.0%
Ordinary income	49,000	134.6%
Net income attributable to owners of parent	27,000	207.8%

(Unit: ¥, Million)

FY2022 Actual	FY2021 Actual	FY2020 Actual	FY2019 Actual
398,244	316,813	280,688	324,138
43,979	38,228	34,394	60,794
36,409	32,540	28,437	56,117
12,994	19,278	-1,864	34,239

\*Beginning with the fiscal year ended February 28, 2023, the Company has adopted *Accounting Standard for Revenue Recognition (ASBJ Statement No. 29)*, etc.

### ■ Operating Income Plan by Segment

	FY2022 Plan	YoY Change
China	9,000	+2,365
ASEAN	6,000	+2,794
Overseas Total	15,000	+5,160
MALL	45,000	+8,609
Urban SC	-1,500	+774
Domestic Total	43,500	+9,385
Adjustments	—	-25
Total	58,500	+14,520

(Unit: ¥, Million)

	FY2021 Actual	FY2020 Actual	FY2019 Actual
6,634	6,958	2,296	5,622
3,205	-701	1,474	2,686
9,839	6,257	3,771	8,308
36,390	33,499	31,845	52,664
-2,275	-1,553	-1,247	-203
34,114	31,945	30,597	52,460
25	25	25	25
43,979	38,228	34,394	60,794



# Three-Year Medium-Term Management Plan (Numerical Plans)

## Sales Assumptions Under the FY2023 Earnings Plan

### China

**Annual sales: YoY +30%**

**Rapid Recovery in Sales Associated With the  
Recommencement of Economic Activities**

\*Last year, mall closures occurred intermittently throughout the year.

- The zero-COVID policy was relaxed beginning in December 2022, and economic activity and consumer behavior began to increase rapidly under the with-COVID policy.
- The latest sales trajectory traces a sharp recovery in specialty store sales at existing malls with a year-on-year growth rate of +13.3% in January and February. We expect the trend of double-digit year-on-year growth to continue throughout the year.

### ASEAN

**Annual sales: YoY +10%**

**Firm Consumption Supported by High  
Economic Growth**

- As a result of high economic growth, particularly in Vietnam, we expect a double-digit level of growth in ASEAN as a whole compared to the previous fiscal year.
- Sales trends in Vietnam remain favorable, with specialty store sales at existing malls up +27.8% year on year for the cumulative January-February period.
- In addition to revitalizing existing malls, we are securing a pipeline of new malls to accelerate openings in the future.

### Japan

**Annual sales: YoY +10%**

**Normalized Consumer Activity With the  
Shift to With-COVID**

- Consumer behavior is becoming more active gradually with the transition to With-COVID; individuals given the choice to wear/not wear masks beginning in March 2023.
- On a preliminary basis, existing mall specialty store sales improved in March 2023 at +9.4% year on year.
- AEON MALL intends to expand earnings through aggressive floor space expansions and mall renovations.

# Three-Year Medium-Term Management Plan (Numerical Plans)

## Three-Year New Mall Opening Plan

### ■ Mall Opening Plan

	Cumulative No. of Facilities as of FY2022	FY2023	FY2024	FY2025	FY2023 - FY2025	Cumulative No. of Facilities as of FY2025	
Japan	94	4	2	3	9	103	
China	22	1	2	4	7	28	
UASEAN	13	1	2	7	10	23	51 Overseas

\*In addition to the above, we contract the management and operations of 49 commercial facilities (GLA 2,136,000m<sup>2</sup>; 5,890 specialty stores) of AEON Retail and AEON Tohoku

\*AEON MALL Beijing International Mall (China) will cease operations on June 24, 2023, when the lease agreement with the building owner expires.

### Three-Year Medium-Term Management Plan (2023 - 2025)

\*Property names are tentative.

	2023	2024	2025
Japan	<ul style="list-style-type: none"> <li>•Toyokawa</li> <li>•THE OUTLETS SHONAN HIRATSUKA</li> <li>•Yokohama Nishiguchi*</li> <li>•Jiyugaoka 2-Chome Plan*</li> </ul>	<ul style="list-style-type: none"> <li>•Suzaka*</li> <li>Other 1</li> </ul>	<ul style="list-style-type: none"> <li>•Hachioji Interchange North*</li> <li>Other 2</li> </ul>
China	<ul style="list-style-type: none"> <li>•Wuhan Jiangxia*</li> </ul>	<ul style="list-style-type: none"> <li>•Hangzhou Qiantang New Area*</li> <li>•Changsha Tiantang*</li> </ul>	4 (TBA)
ASEAN	<ul style="list-style-type: none"> <li>•Sihanoukville Logistics Center (Cambodia)</li> </ul>	<ul style="list-style-type: none"> <li>•Hue (Vietnam)</li> <li>•Delta Mas* (Indonesia)</li> </ul>	7 (TBA)

# Three-Year Medium-Term Management Plan (Numerical Plans)

## Three-Year Capital Investment and Funds Acquisition Plan

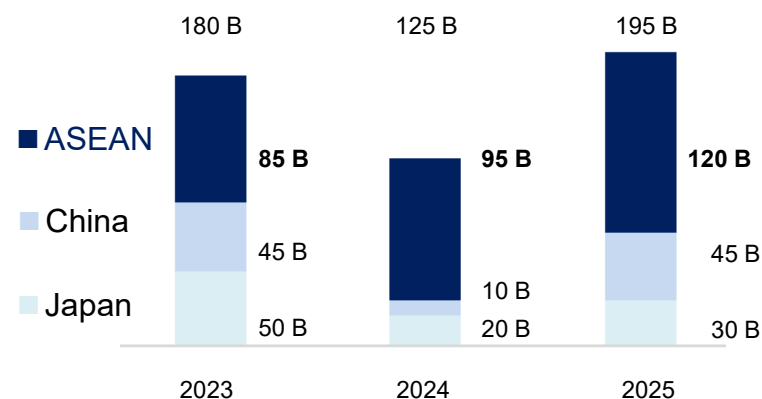
### ■ Capital Investment Plan

(Unit: ¥, 100 million)

					Three-Year Total
		FY2023 Actual	FY2024 Actual	FY2025 Plan	
Japan		500	200	300	1,000
	New malls	375	120	230	725
	Revitalization	110	50	50	210
	Urban SC	15	30	20	65
Overseas		1,300	1,050	1,650	4,000
	China	450	100	450	1,000
	ASEAN	850	950	1,200	3,000
Total		1,800	1,250	1,950	5,000

\*Capital investment plan represents net figures reflecting development type leases and the use of REITs.

### Capital Investment Plan Composition by Country

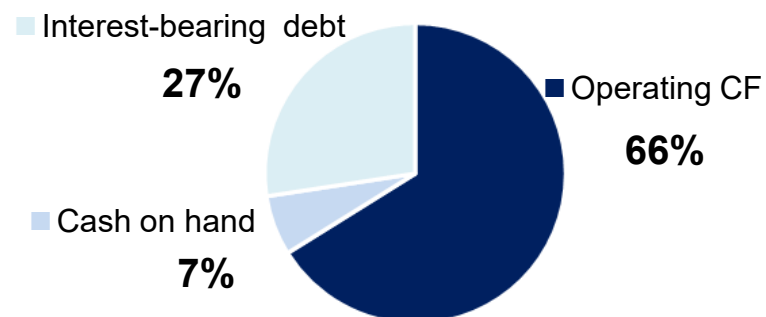


### ■ Funds Acquisition Plan

(Unit: ¥, 100 million)

					Three- Year Total
		FY2023 Actual	FY2024 Actual	FY2025 Plan	
	Capital investment	1,800	1,250	1,950	5,000
	Other	500	350	350	1,200
Subtotal		2,300	1,600	2,300	6,200
	Operating CF	1,200	1,200	1,700	4,100
	Cash reserves	250	50	100	400
	Interest-bearing debt	850	350	500	1,700
Subtotal		2,300	1,600	2,300	6,200

### Funds Acquisition Three-Year Breakdown



# Three-Year Medium-Term Management Plan (Numerical Plans)

## Target Performance Indicators

Indicator	Type	Target	FY2019	FY2020	FY2021	FY2022	FY2023 (Plan)	FY2025 (Estimate)
EPS Growth Rate	Growth	<b>7% annual</b> (Annual growth rate indexed from 2019)	2.1% [Year on year]	— *1	-25.0%	-27.6%	-5.7%	5.4%
Net interest-bearing debt/EBITDA ratio	Safety	<b>4.5 x or lower</b>	4.7 x	6.2 x	6.6 x	6.0 x	5.9 x	6.1 x
ROIC (Return on Invested Capital)	Efficiency	<b>5% or higher</b>	4.3%	2.2%	2.4%	2.5%	3.1%	3.7%

EPS: net income attributable to owners of parent/average outstanding shares during the year

Net interest-bearing debt/EBITDA ratio: (interest-bearing debt - cash and cash equivalents)/ (operating income + depreciation and amortization on the statement of cash flows)

ROIC: Operating income x (1-effective tax rate) / average equity for the fiscal year + average interest-bearing debt for the fiscal year)

\*1. We did not calculate EPS growth rate for FY2020 as we recorded a net loss per share in FY2020.

While we do not expect to achieve any of these target indicators by FY2025, we do project improvements in each, supported by high future growth potential, particularly among our overseas properties.

### EPS Growth Rate

Based on the final year of the previous medium-term management plan (FY2022), we expect a high annual growth rate of +53.5% in FY2025.

### Net interest-bearing debt/EBITDA ratio

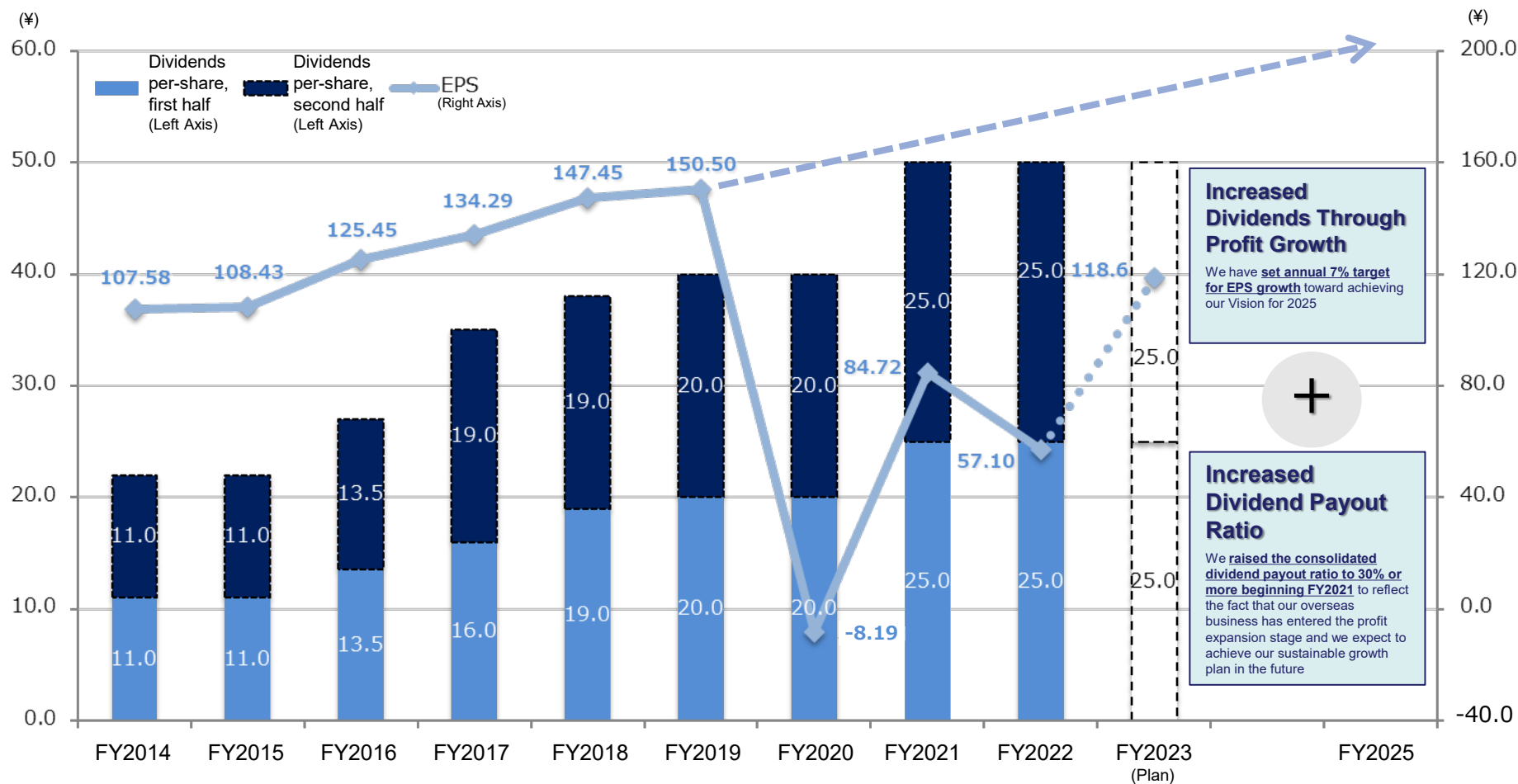
The decrease is due to a decline in cash flow generation capacity resulting from COVID-19 and an increase in fundraising to secure new properties overseas in the future. Going forward, we expect to close in on the target by FY2030, mainly by improving our ability to generate cash flows in our overseas properties.

### ROIC

Excluding the impact of investments in properties identified as construction-in-progress, we expect ROIC to be 4.7% in FY2025, mainly the result of an increase in upfront investments to secure new overseas properties for future growth. We expect to achieve this target by FY2030 through improved cash flow in line with future profit growth.

# Three-Year Medium-Term Management Plan (Numerical Plans)

## Shareholder Returns



The content and earning forecasts presented in this document contain forward-looking statements. These statements are based on information available and certain assumptions deemed reasonable at the time of publication. Forward-looking statements are not intended as a guarantee of performance. Actual results may differ significantly from forward-looking statements due to a variety of factors.